



# Sustainability report 2018

**List of abbreviations:**

AML	Anti-Money Laundering
BRU	Business Risk Unit
CTF	Counter Terrorist Funding
EC	EnterCard
FICO	Fair Isaac Corporation
ISO	International Organisation for Standardisation
IT	Information technology
NPV	Net Present Value
VoE	Voice of Employees

## Table of Contents

1. Company business model and how we work with sustainability .....	3
About EnterCard .....	3
Our most important stakeholders .....	4
Our organisation .....	5
Financial stability .....	6
Assessing materiality.....	6
EnterCard and sustainability.....	8
2. Our policies and how we act upon them.....	9
Ethics policy and our Code of Conduct is the basis for our reputation.....	9
Responsible lending and consumer information .....	9
A responsible Credit Risk strategy balances our growth ambitions .....	10
Reputation and trust.....	10
Combating fraud .....	11
Major efforts to combat money laundering.....	11
Responsible sourcing .....	12
Suppliers and Human Rights.....	12
Information security is a top priority .....	13
A diverse and engaged workforce .....	13
Employee engagement in sustainability activities.....	13
3. Material risks related to the subject matters and the company's businesses .....	15
Internal control system .....	15
4. Risk management.....	16
Risk management .....	16
EnterCard's three lines of defence .....	16
Overview of operational risks in sustainability.....	17
5. Central performance indicators .....	20
Customers.....	20
Reputation survey.....	20
Employee engagement in sustainability activities 2018 .....	22
Employees .....	22
Voice of the Employees.....	22
Climate friendly buildings: energy consumption per location .....	23
Paper use at EnterCard .....	24

# 1. Company business model and how we work with sustainability

## About EnterCard

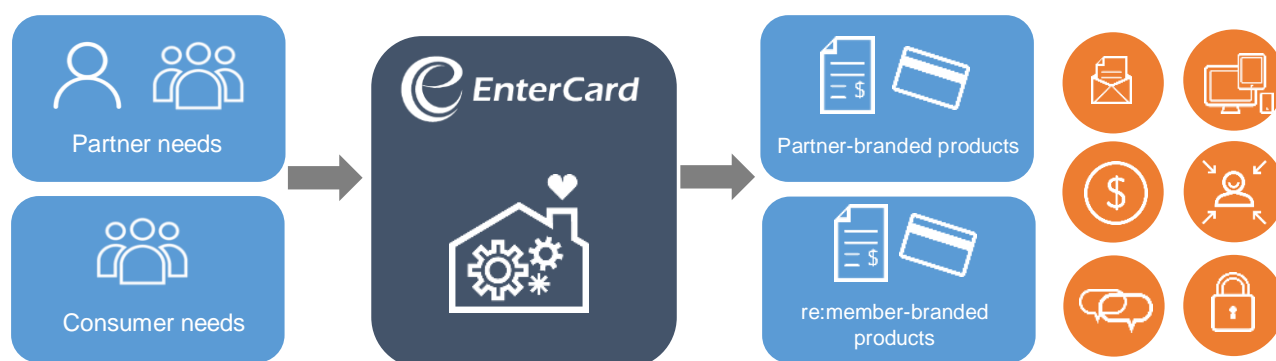
**EnterCard is a financing company that offers credit cards and consumer loans to the Scandinavian market.**

Our mission is to make our customers' everyday lives easier by delivering smart payment and financing solutions. Today we have 1,7 million customers, 50 partners and 80 different products in our portfolios. We hold 18 percent of the Scandinavian credit card market. Based on our business model, the most important things we can do when it comes to sustainability is to protect our customers, contribute to a well-functioning and transparent financial system and be a responsible lender and employer.

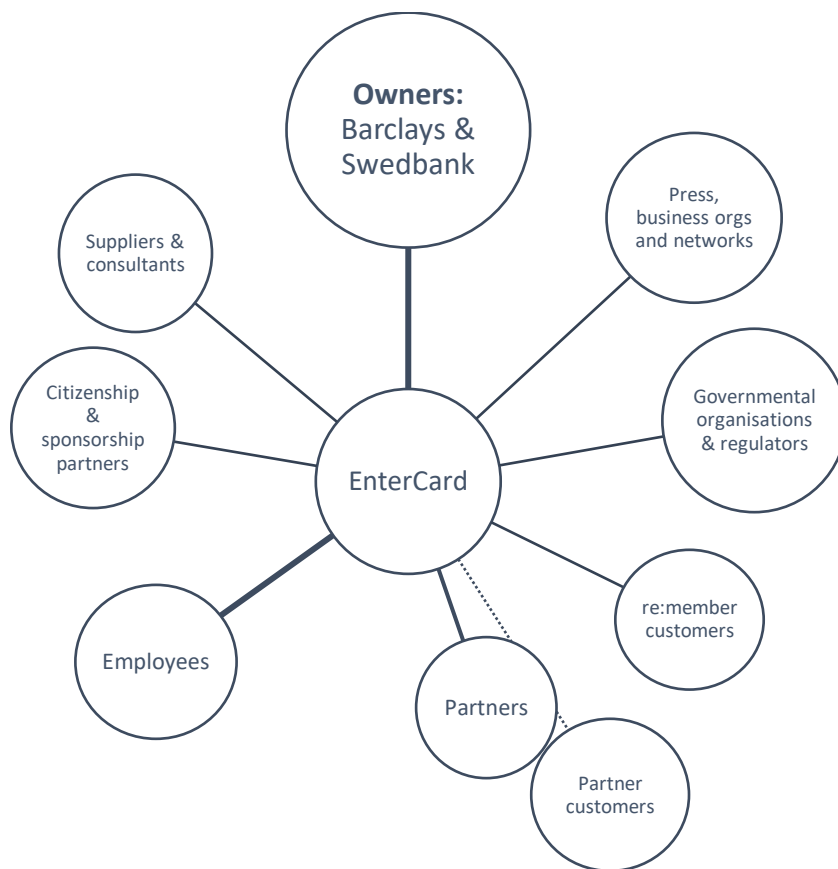


## Our business model

Our business is to provide customers and partners with financial flexibility in a responsible manner. We take care of the complete financing solution, from risk and money management, to customer communication and digital development.



## Our most important stakeholders

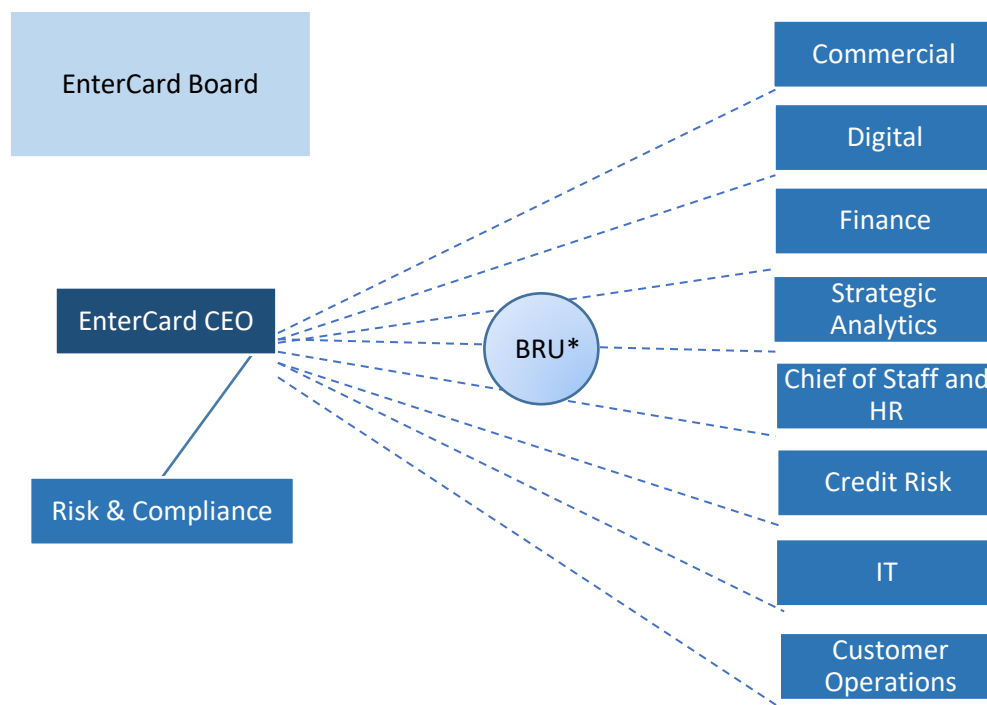


## Our organisation

EnterCard is organised in eight functions across Scandinavia. All functions have a responsibility to deliver upon our company's shared targets that generate value for our stakeholders.

The EnterCard Board consists of representatives from our owners Swedbank and Barclays Bank, and two employee representatives.

We collaborate as one company across borders, which drives our culture as a responsible lender and gives us flexibility to apply capabilities efficiently, adapt to change and execute fast for the benefit of our customers and partners in all countries.



\*BRU: Business Risk Unit.

## Financial stability

As a financial institution, we have a responsibility to be transparent and trustworthy, provide financial stability and to promote a sustainable financial situation for our customers. The way we do business has an impact on people and the environment through our lending, our payments and our investments.

Our Board endorse governing documents that contribute to the management and control of risks linked to financial stability. These include:

- Credit Policy
- Capital Policy
- Liquidity and Funding Strategy
- Enterprise Risk Management Policy.

There are several components to our business model to ensure financial stability. The main component is to be a responsible lender. This ensures that our customers maintain manageable credit amounts, that our customer's needs are met with financing solutions and ensures that ours customer maintain manageable personal finances.

Our capital and liquidity management and control ensure we act as a responsible lender. Our approach to capital planning and management is conservative and robust. Risk and capital planning follows as an extension of the medium- and short-term plan processes, and is reviewed regularly. We systematically evaluate capital and liquidity need. Our assessments are based on financial goals, risk profile and business strategy. Stress scenarios help us to define future needs. We continually monitor and report capital and liquidity coverage as part of our regulatory requirements, and undertake a detailed annual review.

Preventing and managing risks is a central part of the company's operations. Identification of risks associated with sustainability is integrated with the company's ongoing risk management. The purpose of risk management is to secure that the risks taken in the business do not threaten our solvency or liquidity, and are balanced in regards to the possible return. This is managed through securing that the risk levels do not exceed the risk appetite level, set by the Board.

The predominant risk facing us is credit risk. Our lending is striving towards ambitious objectives in terms of ethics, quality and control. We conduct active monitoring and optimising of our portfolios' credit risk. The decision to grant credit requires that there are sound grounds to expect that the borrower can fulfil his or her commitment to EnterCard.

We manage liquidity risk through funding with longer duration and a considerable buffer of liquid assets. We have a limited investment risk through a portfolio of high quality liquidity assets, held to mitigate our liquidity risk. The credit quality of the assets is very high and consists of exposures to municipalities, governments and covered bonds.

Regarding capital risks, we have a solid capital situation and a low risk profile. We strictly adhere to the capital adequacy regulation and minimum requirement for regulatory capital. EnterCard has an overall satisfactory risk management within all risk appetite levels.

## Assessing materiality

Based on our business model, our most material issues for sustainability are:

- fraud prevention
- information technology (IT) security
- financial stability

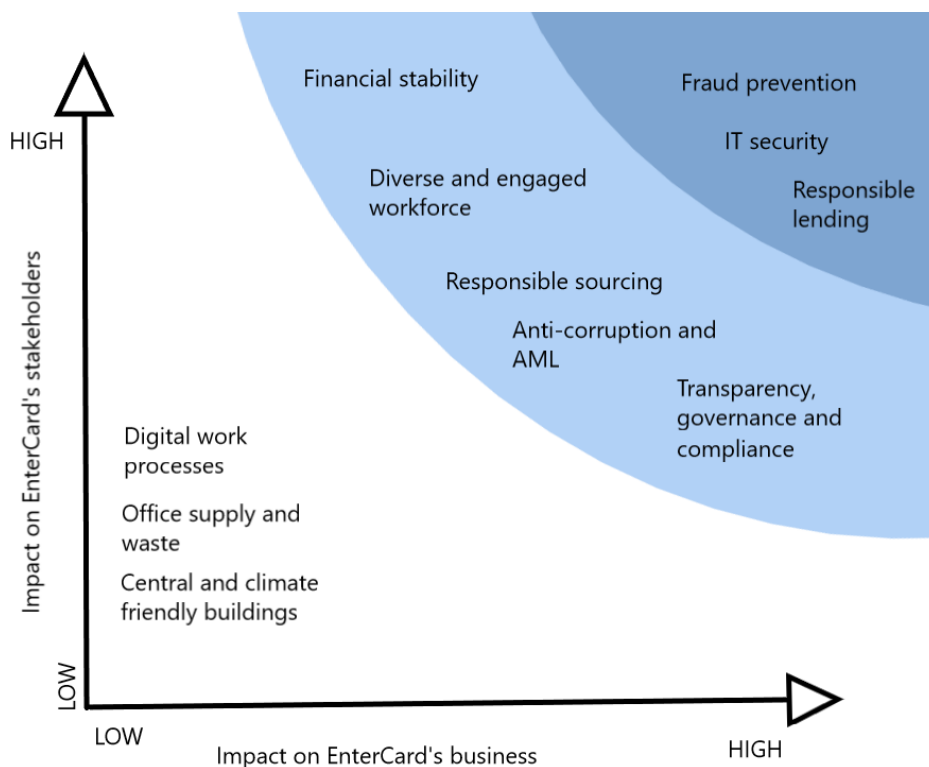
- a diverse and engaged workforce
- responsible sourcing
- anti-corruption and Anti-Money Laundering (AML)
- transparency, governance and compliance
- responsible lending.

When assessing our responsibilities towards society, we have considered issues directly relevant to our business model. Security for our customers and partners are of the highest importance. This includes fraud prevention, IT security, anti-corruption, AML and transparency.

We influence society as an employer, with over 450 employees. We are committed to having a diverse and engaged workforce, ensuring equal opportunities for our employees, and providing quality services to our partners and customers. As a lending company, we are committed to being a responsible lender and contribute to financial stability to our customers. Some of the steps we take to ensure we are a responsible lender include providing easily available and transparent information through our websites and delivering accessible and helpful customer service.

### What affects our stakeholders the most?

The materiality figure below offers a snapshot of the corporate responsibility issues deemed to be of the most material importance for EnterCard in 2018. These issues are therefore included in this year's report.





## EnterCard and sustainability

We are conscious of our impact on society as an employer, lender, business partner and stakeholder. We have set ourselves corporate social responsibility goals both at corporate level and for each individual employee. We carefully train employees and monitor our impact on society. Our core values – ‘passionate’, ‘innovative’, and ‘genuine’ – permeate our culture and the way in which we work. Our Ethics Policy and our Code of Conduct state clearly our focus on high ethical standards for both our employees and customers.

### UN Sustainable Development Goals and how we address Human Rights

Human Rights are the basis for our sustainability work. Our employees have the opportunity to join a collective union, we conduct an annual Voice of the Employee (VoE) survey to monitor employee satisfaction and have employee representatives in the Board. We are focused on facilitating growth opportunities and a healthy work-life balance for all employees.

Further, we support the UN Sustainable Development Goals. We have chosen to focus our efforts on the following three goals: quality education, gender equality and decent work and economic growth.

#### 4 QUALITY EDUCATION



Quality education is part of our focus on citizenship. Our citizenship activities are activities where our diverse staff are able to contribute with their time, knowledge and skills to local initiatives. These initiatives contribute to local society, and create a more social environment at EnterCard. We use our strengths to help others.

#### 5 GENDER EQUALITY



Gender Equality is of high importance to us. We are proud to be a company where women hold more than 50 percent of the leadership positions. We make sure all employees can maintain a healthy balance between career and family life.

#### 8 DECENT WORK AND ECONOMIC GROWTH



Decent Work and Economic Growth is a core part of our business model. We strive to ensure that our employees are satisfied; have equal opportunities and ability to grow here professionally. Our business contributes to society's economic growth through stability. We continue to develop our services and products to ensure that we can offer economic growth and employment.

## 2. Our policies and how we act upon them

### Ethics policy and our Code of Conduct is the basis for our reputation

EnterCard Group is dependent upon good reputation and confidence from the public. High ethical standards are the basis for the confidence our stakeholders have in us. We invest time and resources to ensure that all employees understand and respect our Code of Conduct. All employees go through a mandatory training of the EnterCode on an annual basis. EnterCode is our own Code of Conduct. It creates awareness and minimises the risk of corruption in our business activities and the way we work together.

We provide our employees with a process for whistleblowing, which employees can use to raise confirmed or suspected violations, irregularity or internal fraud anonymously and in a safe manner.

#### AML

Current AML legislation states that all employees in the financial industry must annually participate in training in how money laundering and terrorism financing is combated within the company. All employees complete the mandatory AML training once a year to ensure that we are compliant.

### Responsible lending and consumer information

Responsible lending is the backbone of our business and it is closely linked with our credit risk policy. Based on learnings from focus groups with customers EnterCard is continuously working to improve the consumer advice and information given at our corporate websites, where we have a separate section called 'consumer information' with simple animated films, word lists and explanations about how our business works.

We use proven methods and customer data, which enable us to offer a personalised credit limit to each individual. We do not grant credit to people with payment marks or those under-aged. Our customers must have solid income to be granted a card or a loan.

Before we approve an application, we ensure that the applicant can handle having credit in a responsible manner. We always undertake an individual credit check, so that our customers feel secure that they receive a loan or a credit they can afford and handle.

#### As a responsible lender we undertake the following:

- Offer correct credit limits to the right customer.
- Transparency around the communication of our products, terms, interests and fees.
- Perform a collated credit check on all applicants.
- Offer payment plans where applicable.

## A responsible Credit Risk strategy balances our growth ambitions

Only approve credit exposure if expected outcome is Net Present Value (NPV) 0	Manage reputational risk
<p>Regular updates to NPV models, including the following inputs:</p> <ul style="list-style-type: none"> <li>• expected credit loss</li> <li>• income margin</li> <li>• sustainability of balances</li> <li>• cost of acquisition and account servicing.</li> </ul>	<ul style="list-style-type: none"> <li>• Promote a culture across the organisation that incremental profits should not be sought at the cost of unacceptable risk to our and our owners' reputations.</li> <li>• This means declining certain customer segments and pricing strategies.</li> </ul>
Secure resilience of assets	Be compliant and act as a responsible lender
<ul style="list-style-type: none"> <li>• Perform regular stress-testing exercises to simulate the impacts of various economic downturn scenarios.</li> <li>• Tighten credit criteria and/or reduce growth ambitions if either the impacts are expected to be very severe or there is compelling evidence that a downturn is impending.</li> </ul>	<ul style="list-style-type: none"> <li>• Respect all relevant laws and regulations.</li> <li>• Provide compassionate solutions for customers who have entered financial difficulties.</li> </ul>
Manage concentration risk	Manage risk appetite
<ul style="list-style-type: none"> <li>• Secure a spread of credit exposure over different countries, products and customer segments.</li> <li>• Limit growth in certain areas if concentration is rising to an unacceptable level.</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly agree thresholds with the Board, providing rationale for proposals.</li> <li>• Do not breach risk appetite.</li> </ul>

## Reputation and trust

Regular feedback from our stakeholders helps us improve our business. We monitor our reputation through a reputation survey in cooperation with an external partner. The survey is conducted in Norway, Sweden and Denmark. We map elements that are known as reputational drivers, including:

- willingness to recommend others to work with us
- willingness to recommend us as an employer
- impression of our products innovations and services
- social responsibility and ethical standards
- our role as a responsible lender
- our corporate communication.

The data can be compared annually and sets the bar high in order to improve our reputation further. In recent years, the results have shown that all our stakeholder groups perceive us as a responsible company with high ethics<sup>1</sup>.

## Combating fraud

**Our commitment:** Our ambition is to deliver our industry's most secure solutions for our customers.

We have invested significantly in systems and structures to discover and handle fraud. Together with our partner Fair Isaac Corporation (FICO), we now offer credit solutions with the leading security systems in place, called FICO Falcon Fraud Manager.

Fraud and scams do not follow opening hours. For that reason, we have 24/7 service and surveillance in place. In addition, we have established a new risk surveillance department to work solely on fraud detection and handling.

Today, we discover more than eight out of ten fraud attempts towards our clients. Hence, the losses are significantly decreasing. Our goal is to increase the quality of our systems to detect all kinds of fraud.

During 2018, we have improved the response rate from customers to fraud alerts dramatically, using customer self-service resolution tools.

Integration of customer-controlled software in our apps and netbank allows geo-blocking and transaction control, improving the customer journey and security.

## Major efforts to combat money laundering

Money laundering, the attempt to integrate income from criminal activities, fraud or tax evasion in the financial system, is a serious problem for society. The Scandinavian financial authorities consider it an international challenge that could threaten the entire financial system.

**Our commitment:** We have set up a special unit that works with first line risk and has expertise in areas such as AML and Counter Terrorist Financing (CTF). We ensure that both management and employees are kept up-to-date on the industry's regulatory requirements. Our attention to preventing and impeding money laundering and terrorist financing also demonstrates that we are a serious player in the market. We view ensuring that our customers' information is safe with us as an important social responsibility. To achieve this, we have implemented sound procedures in the first line and this is one of our top priorities. All of our employees receive training on the regulations, the company's risk assessment and related procedures. It is also important that our employees are continuously updated on new ways in which the products supplied by EnterCard can be used for money laundering and terrorist financing. This way, we are up-to-date and are able to implement measures to prevent and impede money laundering and terrorist financing.

In the first quarter of 2018, a new BRU was established to develop and drive risk management in first line, including data privacy and AML/CTF. As the AML regulations are tightening both in the EU and in our markets, we need to increase our focus on AML/CTF to meet the requirements and manage the complexity of its implications across the organisation.

EnterCard has also established a new position Head of AML/CTF. The role holder will work on a strategic level with AML/CTF to be at the forefront of the continuously increasing requirements, and has overall

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<sup>1</sup> More detailed results from our 2018 survey can be found in chapter 5: Central Performance Indicators.

responsibility for AML operations. The Credit Risk function has established great analytical capabilities on fraud rules and trends, which the AML/CTF can benefit from. The close collaboration on these areas will strengthen the work EnterCard does in the AML/CTF area.

## Responsible sourcing

**Our commitment:** We have a clear Procurement Framework to govern our purchasing activities. This is to ensure that all regulations, requirements and business needs are met.

The Procurement processes are divided into different procedures intended to cover the entire lifecycle of a purchase, which clearly states which roles are involved and responsible. We have included supplier adherence to ethical standards as one deciding factor when choosing suppliers in bigger Procurement projects.

In line with that, we will add supplier adherence to sustainability standards as another deciding factor when choosing suppliers in bigger Procurement projects. This means that suppliers will be asked to demonstrate how they secure sustainability and social issues in their business. While these factors are not fully implemented, we have already started to measure our suppliers' adherence to, for example, environmental work and International Organisation for Standardisation (ISO) standards. This is done during our regular supplier assessments. For 2018, the average supplier score was 4,2 on a scale from 1-5, where 1 is unsatisfactory and 5 is leading.

## Suppliers and Human Rights

**Our commitment:** We work with several suppliers, and it is pivotal that these suppliers are working to protect the Human Rights of their employees.

CapGemini is a supplier of application development and maintenance, business information management, testing services and more. The services are delivered from Capgemini's offices in Mumbai India. According to CapGemini's Transparency Statement, the CapGemini Group was named as a 2018 'World's Most Ethical Company'<sup>2</sup> by the Ethisphere Institute. CapGemini is subject to Provision 54 of the UK Modern Slavery Act 2015<sup>3</sup>. This means they are required to disclose the steps they take to address modern slavery in their business and supply chain.

Further, all suppliers are asked to accept CapGemini's Supplier Standards of conduct, to commit to principles of Human Rights, the International Labour Organization and OECD guidelines for Multinational Enterprises. Obligations referring to modern slavery have been incorporated into all their supplier contracts.

FICO have committed to take steps to prevent modern slavery and human trafficking in their supply chain through their Modern Slavery and Human Trafficking Statement<sup>4</sup>.

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<sup>2</sup> Transparency Statement. Made under s54 Modern Slavery Act 2015 CapGemini UK plc, <https://www.capgemini.com/gb-en/wp-content/uploads/sites/3/2017/06/Transparency-Statement-with-Signature-Latest-9-7-18.pdf>

<sup>3</sup> The UK Modern Slavery Act 2015 <http://www.legislation.gov.uk/ukpga/2015/30/notes/division/5/6/1>

<sup>4</sup> FICO Modern Slavery and Human Trafficking Statement, <https://fico.gcs-web.com/static-files/8b2f6da3-f545-4d1b-9fe7-7d5ea104a85b>

## Information security is a top priority

**Our commitment:** We provide annual information security training to ensure that our employees are aware of the various threats that exist and of our customers' expectations. Our employees must also be aware of new requirements and legislations. Our employees are our greatest asset for protecting our customers' information.

We track developments within information security and ensure that we have a focus on security when developing applications and web-based solutions, such as our online banking. We perform security tests that simulate attacks against our applications. These attacks correspond to what a hacker can do.

As well as testing our applications and websites, we carry out phishing email tests. These are designed to ascertain in a controlled manner whether our personnel have a good awareness of the threats and risks from phishing or social engineering attacks. Social engineering attacks are a type of fraud where a person pretends to be someone else in order to manipulate another person into disclosing details that can be used in further fraud attempts or to obtain money. Our training courses teach our staff about the guises that these fraud attempts may take, so that they are able to identify and avoid them.

## A diverse and engaged workforce

**Our commitment:** We are firmly committed to diversity and equality across the Group. We recognise that the strength of the business is built on the understanding of individual strengths and differences, and seek to respect these.

We are working actively to secure an environment characterised by equality, diversity and mutual respect, where everyone has the opportunity to contribute to the company's success and to realise their own potential. Employees and others involved in EnterCard's business are selected and treated in a manner that does not discriminate according to gender, colour, religion, age, disability, sexual orientation, nationality, social or ethnic origin, political beliefs, trade union membership or other conditions. In EnterCard, we do not tolerate any form of discrimination or harassment in our daily work. We believe that the wide array of perspectives that results from such diversity promote innovation and business success. Managing diversity makes us more creative, flexible, productive and competitive, and promotes our ambition to be an 'Employer of Choice', where employees can grow, manage work, private life and parenthood in a healthy balance. Our employees represent over 40 different nationalities.

Gender equality and diversity are matters of awareness. EnterCard focuses on fostering gender equality and diversity in the way we attract, develop, retain and reward employees on all levels.

## Employee engagement in sustainability activities

**Our commitment:** Our motto for corporate social responsibility is: "We use our strengths to help others". All our employees can spend up to 25 hours of their working hours (after agreement with their line manager) contributing to our corporate social responsibility projects. We have chosen to engage in projects that boost knowledge sharing and skills development among young people. Through cooperation with various partners, we are creating a win-win situation by offering our time and expertise. We have a diverse staff with expertise from around the world; our employees are from more than 40 different countries. By doing something concrete together, we can get more back in return than if we simply donate money. In addition to helping young people, we also stimulate internal motivation and interaction across the organisation.

During 2018 via cooperation agreements with non-governmental organisations, our employees have utilised their strengths in a variety of ways. For example, by offering chess courses for children, careers guidance and company visits for youth, innovation and entrepreneurship, as well as support and assistance to people who are facing special challenges.

**We work with organisations such as**



- Ungt Entreprenørskap
- My Dream Now
- Norwegian chess players
- Blue Cross Norway
- Fryshuset

### 3. Material risks related to the subject matters and the company's businesses

#### Internal control system

Our internal control system consists of five components that pervade our business: control environment, risk identification and assessment, control activities, information and communication and monitoring activities.

##### **Control environment**

Our control system is an integral part of all our processes. This is the foundation for all other components of internal control within EnterCard, providing discipline and structure. As an example, the control environment factors include the integrity, ethical values and competence of the employees and management.

##### **Risk identification and risk assessment**

Our internal control system identifies, continually assesses and analyses risks that the business encounters. Our risk assessment forms a basis for determining how the risks should be managed.

##### **Control activities**

Control activities are an integral part of the daily activities at every business level within the EnterCard Group. Control activities include a range of activities as diverse as approvals, authorisations, verifications, reviews of operating performance and segregation of duties.



# 4. Risk management

## Risk management

We have a solid capital situation and a low risk profile; we strictly adhere to the capital adequacy regulation and minimum requirement for regulatory capital. We are exposed to key risks such as credit risk, market risk, liquidity risk and operational risk.

Risk management is not always about preventing risks, but rather about being aware of what risks you take and to manage them in an effective manner.

We divide risks into desirable, necessary and undesirable risks. Desirable risks are risks directly connected to our business model, necessary risks are risks not directly connected to the business model but yet necessary to run the business model effectively and undesirable risks are risks that should be avoided.

In our work with risk management, risk culture is important. This culture is built upon our behaviours and driven by attitude. Everyone needs to work continuously with protecting our business, customers and our employees. With a good risk culture, we increase the probability of maintaining a sustainable and strong growth for many years to come.

Cross-functional cooperation, transparency, customer focus, rewarding incident reporting, sound management and a risk-based approach are important for a good risk culture.

## EnterCard's three lines of defence

Board		
CEO		
<b>Risk ownership 1st line of defence</b>	<b>Risk &amp; Compliance Functions 2nd line of defence</b>	<b>Risk Assurance 3rd line of defence</b>
Owns risk and risk management activities	Establishes policies and framework, facilitates risk identification and follow-up	Tests, validates and assesses efficiency in risk management processes and activities
<b>Business Management on all levels and BRS's</b>	<b>Risk &amp; Compliance Functions</b>	<b>Internal Audit</b>
Owns risks, controls, incident management and business continuity	Own and maintain Risk Management, Control, and Compliance governance framework and processes	Assessment of effectiveness risk management and governance framework and implementation
Makes management decisions in line with risk appetite	Support, educate, advise	
Implements and embeds needed controls	Independently monitor the effectiveness of framework and processes	

## Overview of operational risks in sustainability

The risks related to the sustainability work that has been identified in 2018 are first and foremost:

MOST MATERIAL RISKS	RISK	MITIGATIONS/ACTIONS 2018
FINANCIAL STABILITY	<p>Liquidity Risk, Market Risk</p> <p>Capital Risk</p>	<ul style="list-style-type: none"> <li>- EnterCard apply restrictive underwriting criteria through scoring models and policy rules.</li> <li>- Funding is obtained from parent companies, with a term that at least matches the behavioural duration of the lending.</li> <li>- We hold a considerable portfolio of liquid assets, with high credit quality and good market liquidity, to secure that they can be sold with a short notice and a predictable price, in a stressed liquidity environment. Matches the interest rate duration of the funding with the contractual interest rate duration of the lending.</li> <li>- Does not take any active trading positions.</li> <li>- Does not take any currency risk besides the FX risk that arises in the consolidation, because the branches' own funds are in local currency.</li> <li>- Holds a considerable buffer of own funds above the regulatory capital requirement.</li> <li>- Forecasts the capitalisation at least three years ahead, in both normal and stressed condition.</li> </ul>
DIVERSE AND ENGAGED WORKFORCE	<p>Diversity and gender equality and engaged workforce related risks, which have relevance to 450 employees across Scandinavia, are governed by policies and CEO instructions. Operational risk categories which are mitigated, are Process Risk, People Risk, Information Security Risk and External events. The risks are managed in Communication and Citizenship, Group HR, Strategy and Performance.</p>	<p>Operational Risk Framework has been implemented to identify, assess and mitigate the risks.</p> <p>In order for us to be compliant and to stimulate the effectiveness of the mitigating actions policies, guidelines and instructions are in place. Diversity and Gender Equality Policy, Remuneration Policy and CEO Instruction, CEO Instruction of Salary Setting.</p> <p>Staff training mandatory and self-paced, are part of the control portfolio to mitigate risks and equip staff with adequate competency to enhance work-life balance.</p>
RESPONSIBLE LENDING	Credit risk	<p>Credit is granted to customers with repayment ability on the basis of sound creditworthiness and affordability assessments. EnterCard is committed to</p>

		responsible lending, a commitment which begins at the point at which credit is promoted and continues through to helping those who have encountered financial difficulties. EnterCard establishes ability to repay debt and does not approve credit where assessments indicate that applicants are not in a position to manage their requested borrowing.
ANTI-CORRUPTION AND AML	AML risk	For the financial industry, it is a challenge to prevent that criminals use the financial system for money laundering and terrorist financing. EnterCard takes our social responsibility to contribute to this work seriously by having AML/CTF as a focus area and working activity with securing that our products are not used for this purpose.
TRANSPARENCY, GOVERNANCE AND COMPLIANCE	<p>Risk of exclusion from market as a financial institution as consequence of non-compliance with regulations on financial and company disclosure.</p> <p>Risk of damaging reputation and license to operate in case of unavailable information to our customers and other stakeholders.</p>	We publish financial reports for all quarters throughout the year, including an annual report. These are available on our English and Swedish websites. The annual report is published only in Swedish. We publish company information such as new partners and major company changes through our websites. Our websites disclose our suppliers, financial reports and all necessary information on our products and services to our customers. This includes information on responsible lending, privacy, interest rates, our owners and contact information.
FRAUD	Fraud risk	Through our fraud platforms and solutions, EnterCard strives to increase control and reduce the negative consequences of fraud on our customers, our brands, the schemes and the company.
IT-SECURITY	<p>Risk of not being in adequate control of our IT assets and services and their respective lifecycle.</p> <p>Risk of being insufficiently capable of responding to emerging threats and timely identification and resolution of vulnerabilities.</p>	<p>We are changing our operating model from an asset-based to a service-/process-oriented way of working.</p> <p>In addition, we have increased our focus on third party management by ensuring that relevant requirements are reflected in the contracts and regular supplier assessments are conducted to verify compliance.</p> <p>We have implemented a concept for regularly conducting security tests on, specifically, our externally exposed IT services.</p> <p>Finally, we are in the process of extending and further improving our capabilities of logging and monitoring 'to do'</p>

		investigations and 'complete' investigations in case of an incident or breach and to fulfil regulatory compliance.
RESPONSIBLE SOURCING	<p>The risk of indirectly operating without adhering to regulations on data security and privacy.</p> <p>Reputational damage if crisis management not sufficient.</p>	<p>To ensure that our most important suppliers have sufficient stability and control of their risks, we conduct a third party assessment of our biggest suppliers. The assessment seeks to assure management and the regulators that we have sufficient control over our suppliers in the following areas:</p> <ul style="list-style-type: none"> <li>• Quality of data security and data privacy</li> <li>• Maintenance of contingency and crisis management plans.</li> </ul> <p>While the above not is fully implemented, we have already started to measure our suppliers' adherence to for example environmental work and ISO standards. This is done during the regular supplier assessments that EnterCard performs and for 2018, the average score for the suppliers assessed, the average score was 4,2 on a scale from 1-5 (1-Unsatisfactory – 5-Leading).</p>
ENVIRONMENT	<p>The risk that we or our suppliers cause serious environmental damage to the environment, locally and regionally.</p> <p>Damage our reputation and license to operate.</p>	<p><b>Digital work processes:</b> All of our offices have the necessary digital equipment to cooperate across teams, offices and borders without travel.</p> <p><b>Measuring office supply and waste:</b> The Oslo office has started measuring waste, to monitor if it is possible for this to be reduced in the coming years.</p> <p><b>Measuring use of electricity and heating:</b> Our offices measure use of electricity to monitor our environmental footprint.</p> <p><b>Reduction of use of paper:</b> EnterCard is continuously working to get customers over to e-invoices. We mainly communicate through SMS and e-mail and have reduced use of paper invoices by 8,37 percent from 2017.</p>

# 5. Central performance indicators

## Customers

Providing great service to our customers is vital for our business. We always aim to optimise the value from every customer relationship through delivering an efficient, informed and satisfying customer experience in every interaction with us. Our Customer Service team is focused on first contact resolution, retention, cross sales, and providing beyond expectations customer experience by giving 'that little extra' to our customers. Customer Service also provides support to our partners. It is important for us to monitor how our customers experience our service. We measure net promoter score and customer satisfaction. Both figures have had a moderate increase over the last years. The customer satisfaction from 2018 improved to the best result we have had since we started measuring.



The total Relationship Net promoter Score for Scandinavia is above 5 which classifies as good



Total customer satisfaction score for 2018 is 81 percent

## Reputation survey

We have conducted a reputation survey the last four years. From the 2018 results, we see that our stakeholders see us as a reliable and trustworthy company, primarily associated with credit cards. Secure and safe solutions and high ethical standards stand out as strong attributes, while 'having good products and services' and being a 'listening company' have had the strongest effect on our overall reputation.

### Overall impression

On a scale from 1 to 5, where 5 means very good, partners score an average of **4,36** in overall impression of EnterCard. A total of **85%** have chosen either 4 or 5 on this question.

For the total selection of respondents, the corresponding numbers are **4,45** and **91%**.

### Products and services

On a scale from 1 to 5, where 5 means strongly agree, partners score an average of **4,30** on the question related to high quality products and services. A total of **87%** have chosen either 4 or 5 on this question.

For the total selection of respondents, the corresponding numbers are **4,31** and **75%**.

### Innovation

On a scale from 1 to 5, where 5 means strongly agree, partners score an average of **3,72 (And 3,79)** on the question related to innovative business. A total of **58%** have chosen either 4 or 5 on this question.

For the total selection of respondents, the corresponding numbers are **3,81** and **58%**.

### Social responsibility

On a scale from 1 to 5, where 5 means strongly agree, partners score an average of **3,84** on the question related to whether EnterCard shows social responsibility in a relevant way. A total of **45%** have chosen either 4 or 5 on this question.

For the total selection of respondents, the corresponding numbers are **4,19** and **54%**.

#### Ethical Standards

On a scale from 1 to 5, where 5 means strongly agree, partners score an average of **4,28** on the question related to high ethical standards. A total of **71%** have chosen either 4 or 5 on this question.

For the total selection of respondents, the corresponding numbers are **4,47** and **78%**.

#### Willingness to recommend someone to work with EnterCard

On a scale from 1 to 5, where 5 means strongly agree, partners score an average of **4,29** on the question related to willingness to recommend others to work with EnterCard. A total of **82%** have chosen either 4 or 5 on this question.

For the total selection of respondents, the corresponding numbers are **4,49** and **88%**.

#### Willingness to recommend a friend to apply for job at EnterCard

On a scale from 1 to 5, where 5 means strongly agree, partners score an average of **4,32** on the question related to willingness to recommend a friend to apply for a job in EnterCard. A total of **71%** have chosen either 4 or 5 on this question.

For the total selection of respondents, the corresponding numbers are **4,46** and **80%**.

#### Open communication

On a scale from 1 to 5, where 5 means strongly agree, partners score an average of **4,23** on the question related to whether EnterCard is open in their communication. A total of **76%** have chosen either 4 or 5 on this question.

For the total selection of respondents, the corresponding numbers are **4,15** and **73%**.

#### Responsible lender

On a scale from 1 to 5, where 5 means strongly agree, partners score an average of **4 (and 4,39)** on the question related to responsible credit lender. A total of **69%** have chosen either 4 or 5 on this question.

For the total selection of respondents, the corresponding numbers are **4,0** and **69%**.

#### Expectations to our sustainability work

The following quotes are open answers to "What is important for you when it comes to EnterCard's corporate social responsibility work?":

"Our members work with improving labour conditions and increase social responsibility, and we expect that our partners do the same."

"For EnterCard to be a responsible lender."

"A high ethical standard relevant to EnterCard's business model."

These responses indicate that our corporate responsibility should be in line with our business model, and that being a responsible lender is especially important.

## Employee engagement in sustainability activities 2018



- Total number of unique initiatives across the group: 22
- Total of number employees who participated (not unique): 466
- Total of employees, unique: 270
- Total of employees, unique percentage: 60% (% of totally 450 EC employees)

## Employees

Diversity (permanent employees)

♂ = 182 | 42%

♀ = 255 | 58%

Turnover (permanent employees)

Norway	13 people	7,5%
Sweden	16 people	6,6%
Denmark	5 people	22,7%
<b>TOTAL</b>	<b>34 people</b>	<b>7,8%</b>

## Voice of the Employees

VoE	Actuals 2018 on a scale from 1-7 where 7 represents the highest score
Leadership	6,0

Work climate	5,8
Overall satisfaction	5,6 (62% promoters)
Workload balance	5,7 (82% positive)

## Climate friendly buildings: energy consumption per location

EnterCard is striving to be a responsible company in its local environment. Part of this is to make it easier for our employees to reduce their footprint as well. Therefore, our company offices are located close to public transportation. The offices are centrally located close to buses, trains, subway and trams. In addition, we have a bicycle-parking garage in our Oslo office's basement. The bicycle garage has chargers for electrical bicycles.

We are conscious of our environmental footprint and we are therefore raising efforts to measure our energy consumption and waste. The following information will be used as a benchmark for future consumption and we will strive to be aware of our environmental footprint and reduce waste and consumption when possible.

**Energy consumption** from 01.05.2018 to 16.12.18 measured at total: 66 094,33 KWT, for our Oslo offices.

**Waste EnterCard** November 2018, Oslo offices.

November	1. Invoice	2. Invoice	SUM	Share EC	
Fluorescent lights	0	27	27	2	Kg
Unsorted	4000	4440	844	589	Kg
For incineration	536	820	1356	95	Kg
Glass and metal	190	180	370	26	Kg
Cling film	50	60	110	8	Kg
Food waste	1740	1680	3420	239	Kg
Electrical and electronic waste		300	300	21	Kg
<b>Total Area OA</b>	<b>30422</b>				
<b>Total Area 6B</b>	<b>4521</b>				
<b>Area EC</b>	<b>2440</b>				



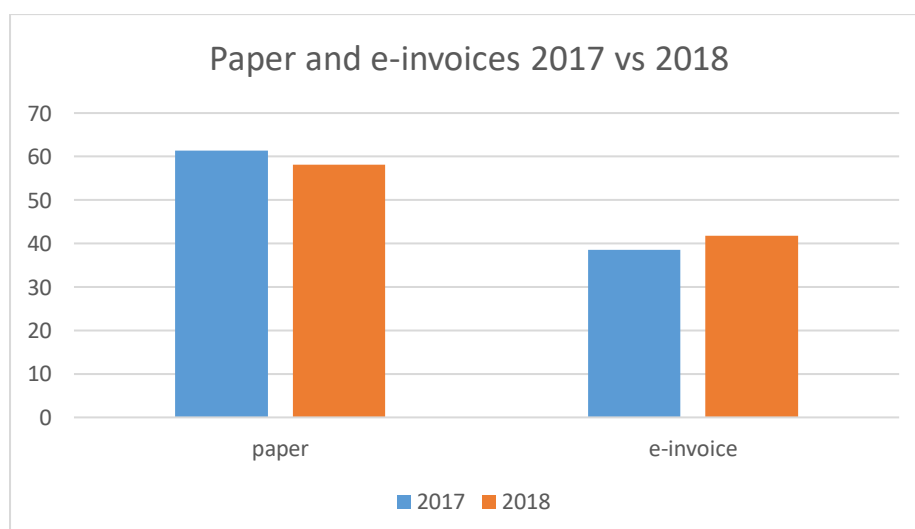
## Paper use at EnterCard

We are continuously working to reduce our use of paper. This includes motivating our customers to move from paper invoices to e-invoices. To motivate this change, we have implemented campaigns encouraging the switch. In addition, we have information on how to change from paper to digital on our websites. From 2017 to 2018, customers' use of e-invoices increased by 8,37 percent.

Portfolios using e-invoices: re:member Sweden, Denmark and Norway, LO Sweden, BBL Norway, Coop Norway, PRO, More golf in Sweden.

Communication with our customers is mainly digital through SMS and e-mail. We combine this with regular mail to ensure maximum effect during our campaigns.

2018	
Paper invoices sent out Jan-Nov	5 913 856
Paper invoices per month	500 000
Paper invoices total per year	6 400 000
E-invoices sent out Jan-Nov	4 255 070
E-invoices per month	350 000
E-invoices total per year	4 600 000
Share paper invoices	58,16%
Share e-invoices	41,84%
2017	
Paper invoices total	6 874 026
E-invoices total	4 108 793
Share paper invoices	61,39%
Share e-invoices	38,61%



Paper invoices have been reduced by 5,29% from 2017 to 2018.

E-invoices have increased by 8,37% from 2017 to 2018.