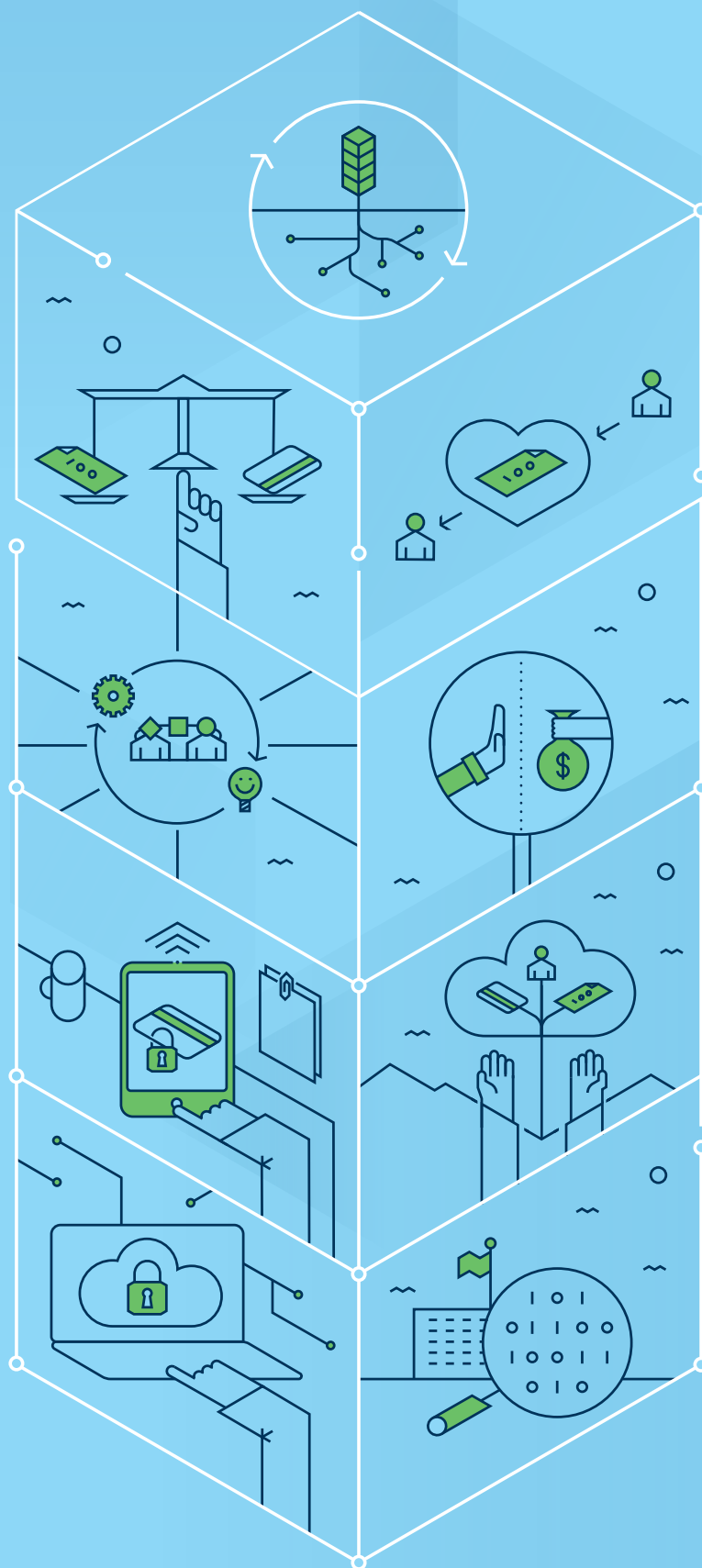


# Sustainability Report

## 2019



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# Definitions

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

1

Company business  
model and how  
we work with  
sustainability

# 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 2 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.

Markets →



Norway



Sweden



Denmark

Products →



Credit cards

We offer consumer financing products in all markets, meeting our customers' financing needs.



Consumer loans

Channels →



**B2C:** Our strong Open Market brand targets the spontaneous segments with focus on online sales.

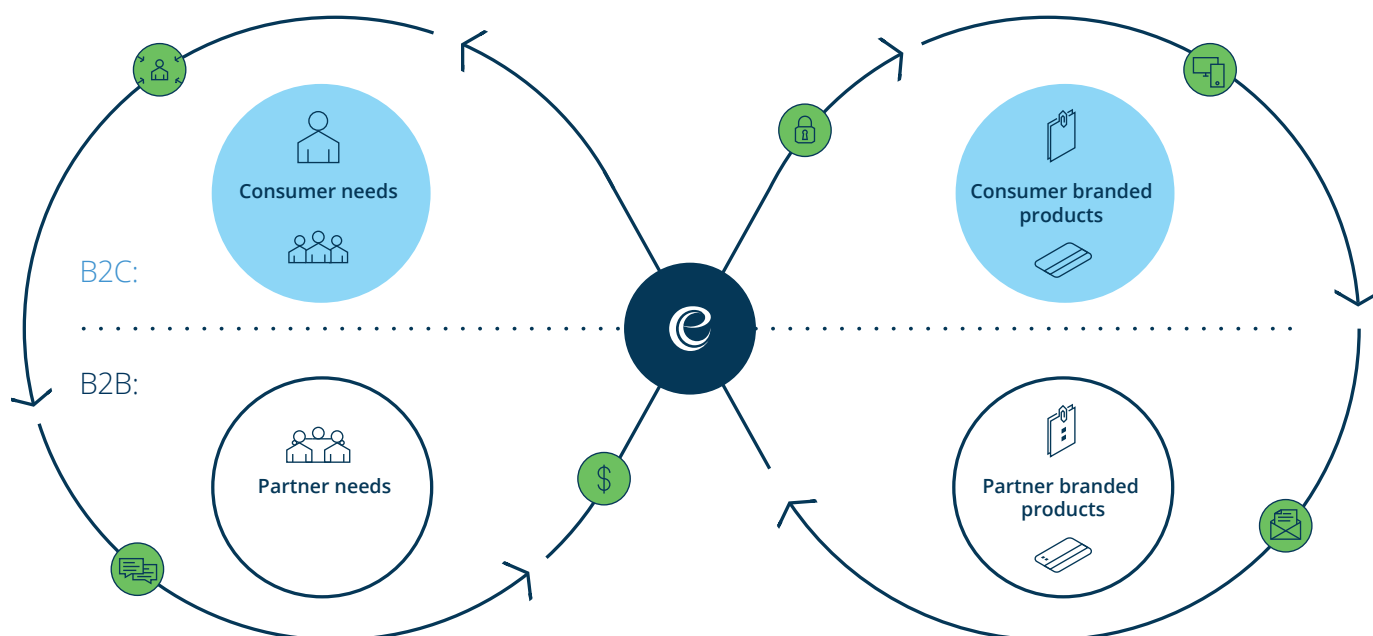


**B2B:** Partnerships, efficient portfolio management driving customer/member loyalty with continuously improving product and channel propositions within consumer financing and payments.



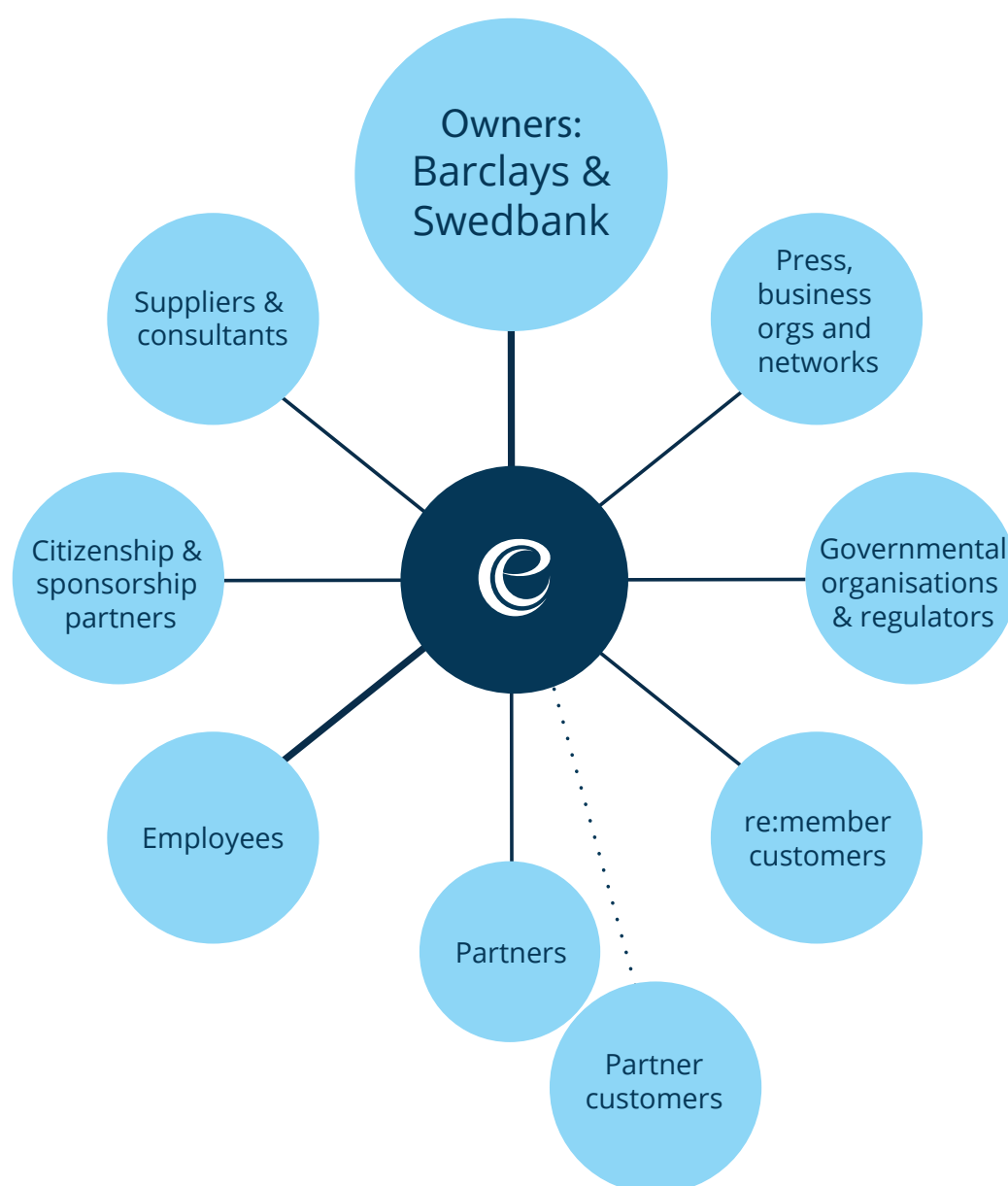
## Our business model

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. We create value by strong consumer focus and tailoring solutions. Our financially strong value network provides synergies and economies of scale.



## Our most important stakeholders

We have over 50 partners: banks, retailers and membership organisations. We tailor financial solutions that strengthen the relationship between our partners and their customers, and secure profitability and long-term sustainability. Our partnerships also span collaborations with complementary companies to develop new types of financial solutions together. EnterCard value regular contact and open dialogue with our many different stakeholders, either it is employees and unions, partners and customers or regulators and suppliers. The foundation for how we take care of our stakeholders is our company values: passionate, innovative and genuine.

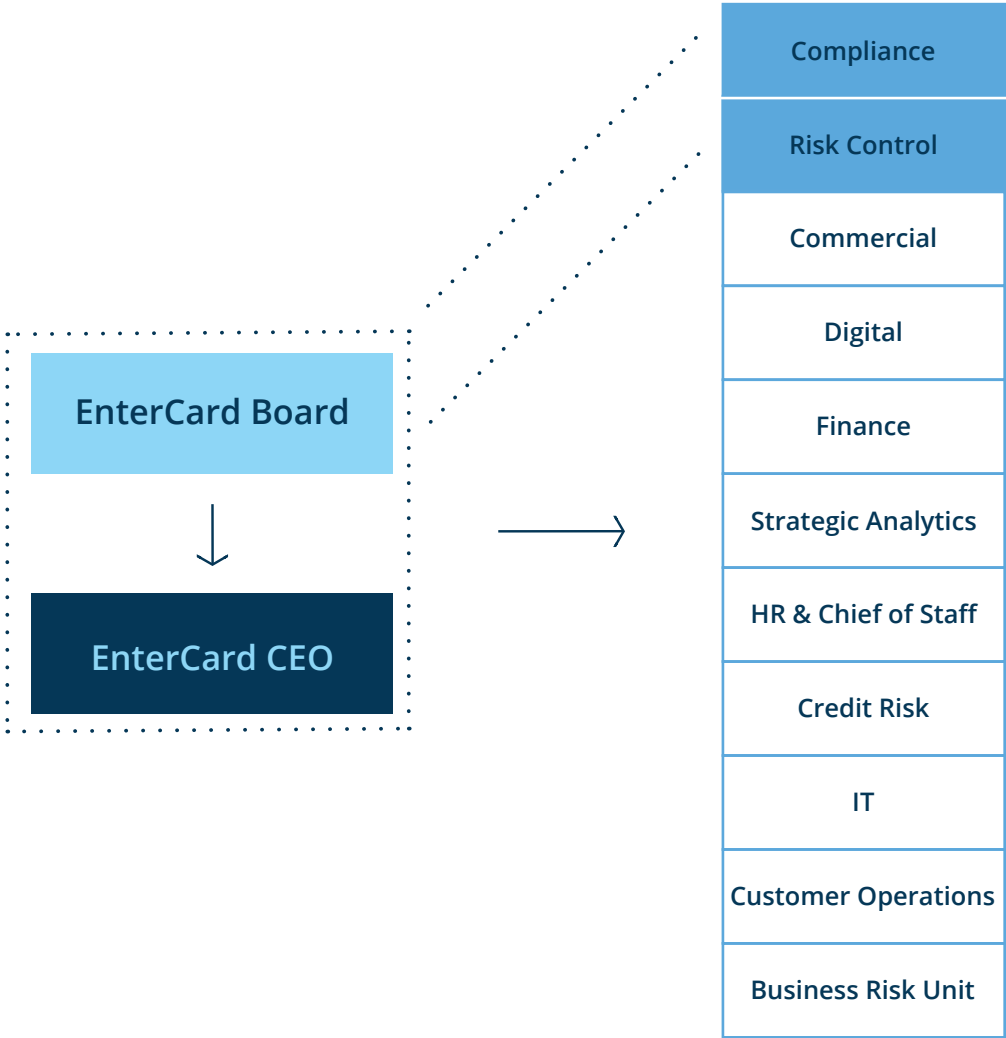


## Our organisation

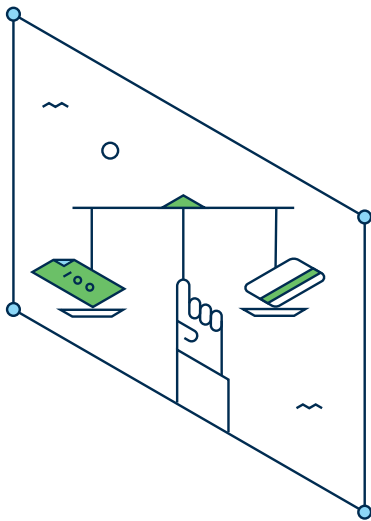
EnterCard is organised in eight functions across Scandinavia. All functions have a responsibility to deliver upon our company's shared targets that generate value for our stakeholders.

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.







## 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 systems 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 customers needs are met with financing solutions and ensures that our 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:

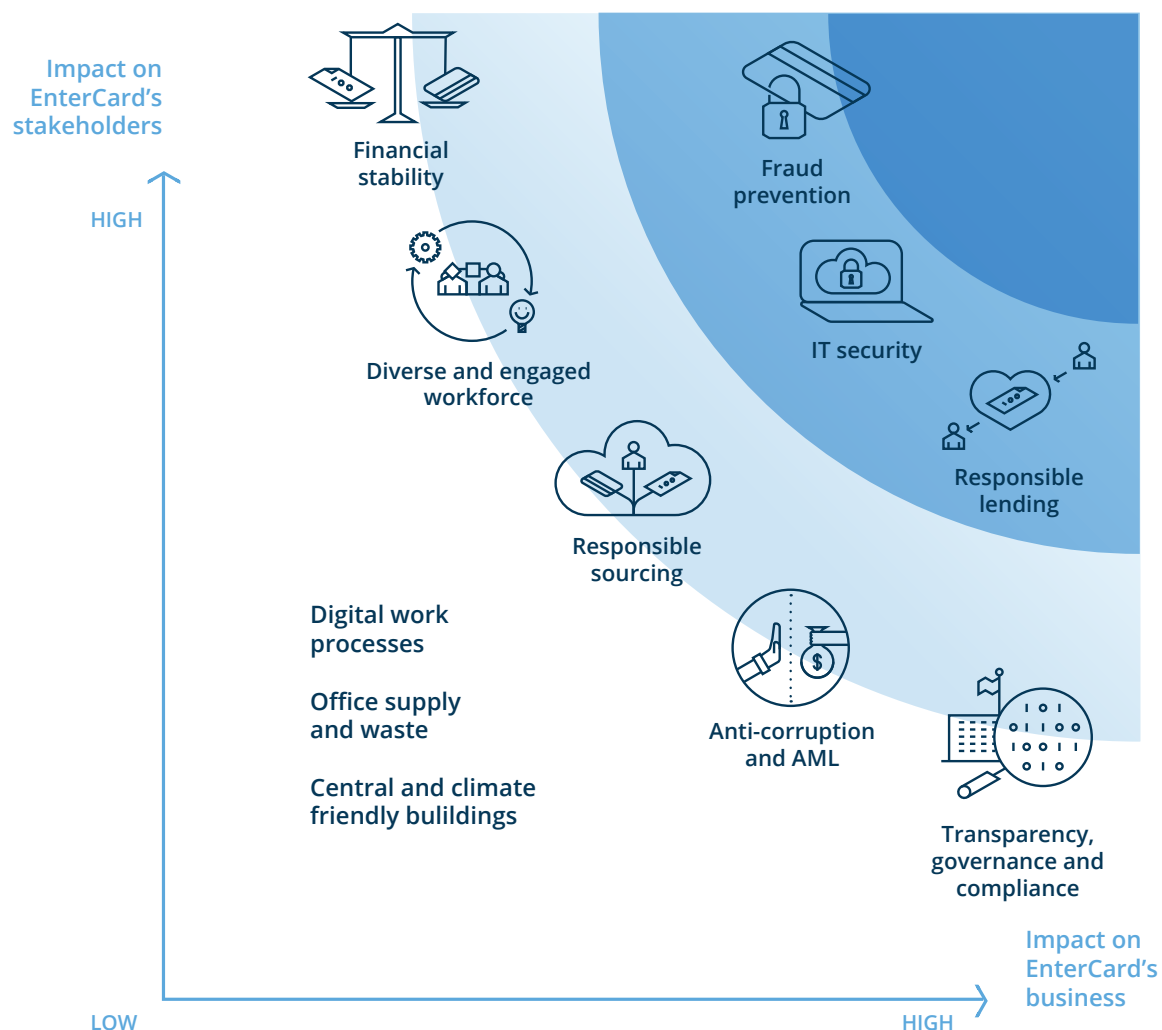
- fraud prevention
- information technology (IT) security
- financial stability
- a diverse and engaged workforce
- responsible sourcing
- anti-corruption and Anti-Money Laundering (AML)
- transparency, governance and compliance
- responsible lending.

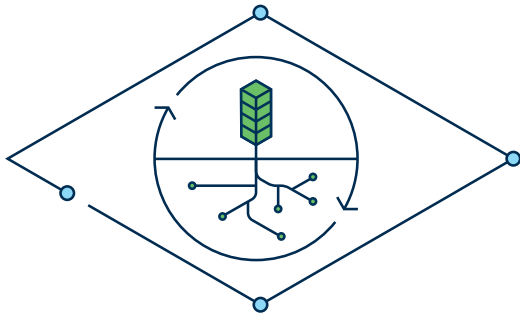
When assessing our responsibilities towards society, we have considered issues directly relevant to our business model. Security for our customers and partners are of the highest importance. This includes fraud prevention, IT security, anti-corruption, AML and transparency.

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 2019. 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.

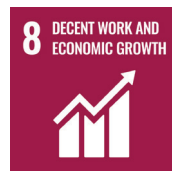
Further, we support the UN Sustainable Development Goals. We have chosen to focus our efforts on the following three goals: quality education, gender equality and decent work and economic growth.



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.



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.



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

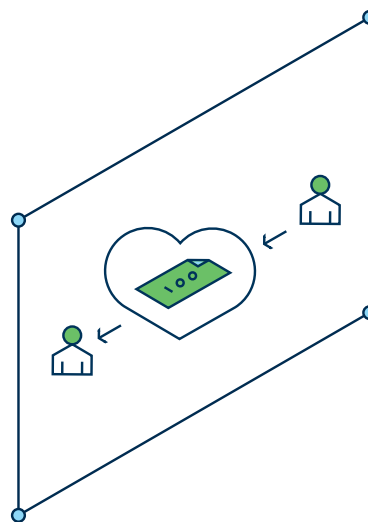
### Ethics policy and our Code of Conduct is the basis for our reputation

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 whistle-blowing, 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

Regular updates to NPV models, including the following inputs:

- expected credit loss
- income margin
- sustainability of balances
- cost of acquisition and account servicing.

### Manage reputational risk

- 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.
- This means declining certain customer segments and pricing strategies.

### Secure resilience of asset

- Perform regular stress-testing exercises to simulate the impacts of various economic downturn scenarios.
- 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.

### Be compliant and act as a responsible lender

- Respect all relevant laws and regulations.
- Provide compassionate solutions for customers who have entered financial difficulties.

### Manage concentration risk

- Secure a spread of credit exposure over different countries, products and customer segments.
- Limit growth in certain areas if concentration is rising to an unacceptable level.

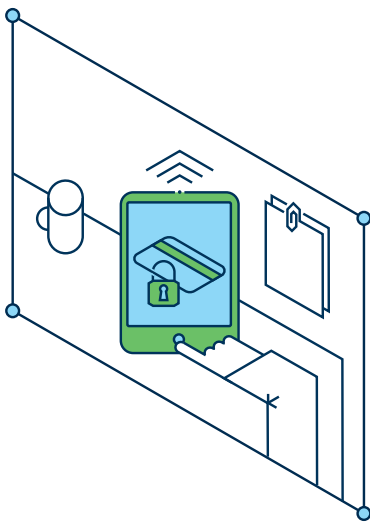
### Manage risk appetite

- Regularly agree thresholds with the Board, providing rationale for proposals.
- Do not breach risk appetite.

## Reputation and trust

EnterCard acknowledges that regular feedback from our stakeholders on how they view us will help us improve our business. Therefore we monitor our reputation through a reputation survey in cooperation with an external partner. The survey is conducted in Norway, Sweden and Denmark. Through the survey, we map elements that are known as reputational drivers like willingness to recommend us, impression of our products and services, innovations, citizenship, workplace, governance, leadership, performance and our corporate communication.

The data can be compared year-to-year and sets the bar high in order to improve our reputation further. Over the last years the results from the surveys has shown that all our stakeholder groups perceive EnterCard as a responsible company with high ethics.



## Combating fraud

**Our commitment:** EnterCard has the ambition to deliver our industry's most secure solutions.

We have invested significantly in systems and structures to discover and handle fraud. Together with our partner 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 solely work on fraud detection and handling.

Today, we discover more than 8 out of 10 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.

In 2019, EnterCard went live with a new tool, FICO® Application Fraud Manager. The system uses superior machine learning analytics and screens all incoming applications for cards and consumer loans, offering real time fraud decisioning.

The EnterCard fraud team has always been strongly focusing on the fight of fraud, intelligence sharing and innovative approaches to new technology. The EnterCard fraud team has always been strongly focusing on the fight against fraud, intelligence sharing and innovative approaches to new technology. Consequently, EnterCard was handed over the FICO Decisions Award in the category Fraud & Security in November 2019. EnterCard was selected as the winner by an independent jury, in competition with eight global players. The award recognizes our approach to fraud prevention and management.



## 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:** EnterCard has a dedicated department that has expertise in AML and Counter Terrorist Financing (CTF). We ensure that both management and employees are kept up-to-date on the industry's regulatory requirements. We also secure 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. In this way, we are up-to-date and are able to implement measures to prevent and impede money laundering and terrorist financing. Our high focus on preventing and impeding money laundering and terrorist financing also demonstrates that we are a serious player in the consumer finance market.

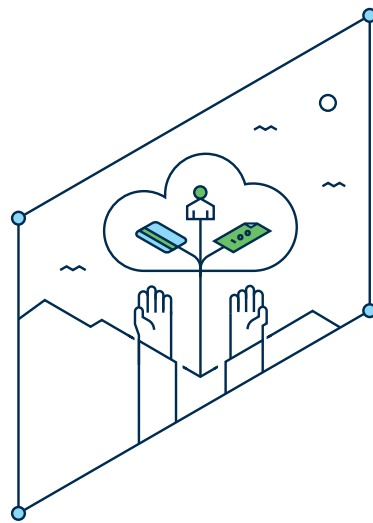
As the AML regulations are becoming more demanding both in the EU and in our markets, we need to continue adapting and strengthening our focus on AML/CTF to meet the requirements and manage the complexity of their implications across the organisation.

EnterCard established a new position of Head of AML/CTF at the end of 2018. The role holder works on a strategic level with AML/CTF and has overall responsibility for AML operations. In 2019 the AML department was further strengthened with 2 additional positions. One new AML specialist came onboard in March in Norway, and a new AML Process Specialist in December in Sweden.

AML/CTF is a data-driven area, and analytical skills are important to be able to deliver on reporting requirements and to support optimization of process parameters. With this in mind, an existing role has also recently been changed to AML Rules and Analytics Specialist. The role holder has contributed to automation of our reports, and also to a decrease in the number of "false positive" cases due to analytically-derived optimizations of monitoring parameters.

In 2019 the AML/CTF department has had two activities which have received particular focus. We gathered updated identification (KYC) data on the whole customer portfolio in all countries. This has been a time-consuming task, however cross-functional cooperation has made it possible.

We have also gathered Beneficial Owner information and verification on all Visa Business Card (VBC) accounts in Sweden. This was a challenging task since many partners were involved and there are complex owner structures in many companies, however the project set up for this work operated well and managed to secure that only a limited volume of accounts need to be terminated due to lacking Beneficial Owner information.



## Responsible sourcing

**Our commitment:** In order to ensure that all regulations, requirements and business needs are taken care of when we purchase, EnterCard has a clear Procurement framework to govern such activities.

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

In line with that, EnterCard will now also add supplier adherence to sustainability standards as another deciding factor when choosing suppliers when EnterCard performs bigger Procurement projects. This means that suppliers will be asked to demonstrate how they secure sustainability and social issues in their business. Albeit the above not is fully implemented, EnterCard has already started to measure our suppliers adherence to for example environmental work, ISO standards etc. 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 4,0 on a scale from 1-5 (1-Unsatisfactory – 5-Leading).



## Suppliers and Human Rights

**Our commitment:** EnterCard is working together with several suppliers, and it is pivotal that these suppliers are working to protect the human rights of their employees. We choose suppliers that take an active stand for worker's rights and suppliers that can document good processes when it comes to human rights. Two of our biggest suppliers are Cap Gemini and Fico.

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. CapGemini is subject to the Provision 54 of the UK Modern Slavery Act 2015. This means CapGemini is required to disclose the steps they are taking 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 is another EnterCard supplier using their solutions to combat fraud and enhance customer experience. 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.

## Information security is a top priority

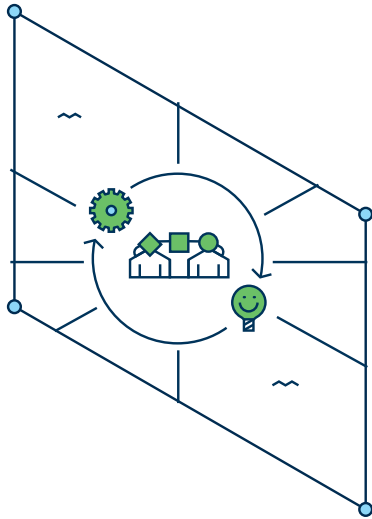
**Our commitment:** We provide annual information security training to ensure that the company's employees are aware of the various threats that exist and of customers' expectations. We are also handed new requirements by the legislators, which our employees need to bear in mind. Our employees are our greatest asset for protecting our customers' information."

EnterCard tracks developments within information security and ensures 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 but they are carried out by people whose job it is to do this in consultation with us here at EnterCard.

As well as testing our applications and websites, we also carry out phishing email tests, which are designed to ascertain in a controlled manner whether EnterCard's 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 EnterCard's staff more about the guises that these fraud attempts may take so that they are able to identify and avoid them, should we be exposed to such actions.

During 2019 have we been working with increasing stability and performance within our IT infrastructure, improving governance structures and responsibilities.

We are aligning our Information Security Management System with IT operations responsibilities to foster maturity in these domains. The domains cover seventeen different areas which covers governance, security management, access management, risk assessments, business continuity, emerging technologies and further within the information security domain. In addition we also perform security health checks on both infrastructure as well as on applications and websites in order to improve resilience against risks, threats and vulnerabilities that may materialize.



## A diverse and engaged workforce

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

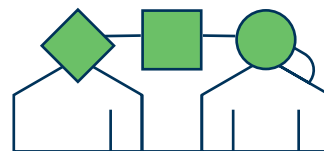
We are working actively to secure an environment characterized by equality, diversity and mutual respect, where everyone has the opportunity to contribute to the company's success and to realize their own potential. Employees and others involved in EnterCard's business will be selected and treated in a manner that does not discriminate according to gender, color, 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. EnterCard believes 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 manage work, private life and parenthood with a healthy balance.

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 EnterCard 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 amongst 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; EnterCard has employees 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 2019, EnterCard further increased its focus on environmental sustainability. One example being that our employees contributed to the non-profit organisation The Keep Sweden Tidy Foundation by encouraging more people to go out and pick up trash in their nearby environment. Another example is that more employees became engaged for social sustainability during the year and signed up for the My Dream Now mentorship - to inspire and work against segregation and youth unemployment by offering career guidance, company visits and supporting.



We work with organisations such as:

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



### 3 Risk and compliance management

EnterCard's three lines of defence.



EnterCard's risk and control framework is built on the three lines of defence model. First line of defence refers to all risk management activities carried out by the business operations and its support functions. Second line of defence refers to the Risk Control function and the Compliance function, led by the Chief Risk Officer and the Chief Compliance Officer respectively, who reports to the CEO. The Risk Control function provides independent reporting on the risk profile to the CEO and to the GOC and the Board on the risk profile. Third line of defence refers to the Internal Audit function which is governed by and reports to the GOC and the Board. According to EnterCard's risk and control framework, risk owners are appointed in the first line for the risks for which they are responsible. The risk owners are supported by Business Risk Specialists (BRS), placed in the first line to support the risk profiling process.

## Compliance management

EnterCard's Board of Directors is overall responsible for ensuring that EnterCard's operations are conducted in accordance with current laws and regulations. The Board sets basic compliance requirements through a Compliance Policy.

The CEO is, in line with the Compliance Policy, accountable for establishing procedures to ensure that operations are conducted in accordance with laws and regulations. In addition, each manager in the organisation is responsible for effectively managing compliance risk in the day-to-day operations.

Operational efforts are organised into processes and functions that both support operations in such a way that they are conducted in accordance with current regulations, and review compliance issues.

Within EnterCard there is a Compliance Function, which is responsible for coordination and reporting on matters of regulatory compliance. Further, the Compliance Function shall be organisationally separated from the business organisation and the Risk Control Function.

Compliance work shall be characterized by a proactive approach whereby the Compliance Function, shall help maintain and reinforce the EnterCard's reputation and trustworthiness. Efforts shall also strive to reduce the risk of regulatory sanctions or loss of reputation due to inadequate adherence to regulations.

The Chief Compliance Officer is responsible for the Compliance Function and reports regularly to the Board of Directors and the CEO

## Risk management

EnterCard's Board of Directors is overall responsible for ensuring that EnterCard's operations are conducted in accordance with current laws and regulations. The Board sets basic risk management requirements through the Enterprise Risk Management Policy.

The CEO is, in line with the Enterprise Risk Management Policy, accountable for establishing procedures to ensure that operations are conducted in accordance with laws and regulations and good risk management practices. In addition, each manager in the organisation is responsible for effectively managing risks in the day-to-day operations.

As a consumer finance company, EnterCard is inherently exposed to risk as part of its business model. As such, EnterCard does not attempt to eliminate risk, but rather to understand and where appropriate manage and mitigate risk in order to ensure EnterCard delivers value to its shareholders while ensuring that risk of insolvency is at all times kept low and all risks are within the Risk Appetite. EnterCard's risk taking is both controlled and directed towards businesses that provide attractive risk-adjusted returns.

Credit shall be granted to customers with repayment ability on the basis of sound creditworthiness and affordability assessments. EnterCard is committed to 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 shall evaluate credit applicants' ability to repay debt and will not approve credit where assessments indicate that applicants are not in a position to manage their requested borrowing. These principles are designed to create conditions which will promote a sound lending practice.

A disciplined approach to dealing with risk is required to ensure that all material risks are identified and appropriately managed. All risks identified are assessed and monitored as part of the overall risk management.

EnterCard limits its risk exposures through the Board, through the Risk Appetite. Limits and targets embedded in the Risk Appetite may be adjusted by the Board in order to establish the risk strategy within the operations of EnterCard.

Within EnterCard, there is a Risk Control Function, which is responsible for coordination and reporting on matters of risk management. Further, the Risk Control Function shall be organisationally separated from the business organisation and the Compliance Function.

The Chief Risk Officer is responsible for the Risk Control Function and reports regularly to the Board of Directors and the CEO.

## 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.

## Overview of operational risks in sustainability

The risks related to the sustainability work that have been identified in 2019 are first and foremost:

MOST MATERIAL RISKS	RISK	MITIGATIONS/ACTIONS 2019
FINANCIAL STABILITY	Credit Risk	<ul style="list-style-type: none"> <li>• EnterCard applies restrictive underwriting criteria through scoring models and policy rules.</li> <li>• EnterCard lends money only when there are sound grounds to expect that the borrower can fulfil his or her commitment to EnterCard</li> </ul>
	Liquidity Risk	<ul style="list-style-type: none"> <li>• Funding is obtained from parent companies, with a term that at least matches the behavioural duration of the lending.</li> <li>• EnterCard holds 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.</li> </ul>
	Market Risk	<ul style="list-style-type: none"> <li>• EnterCard matches the interest rate duration of the funding with the contractual interest rate duration of the lending.</li> <li>• EnterCard does not take any active trading positions.</li> <li>• EnterCard 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> </ul>
	Capital	<ul style="list-style-type: none"> <li>• EnterCard holds a considerable buffer of own funds above the regulatory capital requirement.</li> <li>• EnterCard forecasts the capitalisation at least three years ahead, in both normal and stressed conditions.</li> </ul>

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**DIVERSE  
AND ENGAGED  
WORKFORCE**

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.

Operational Risk Framework has been implemented to identify, assess and mitigate the risks.

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.

Staff training both mandatory and self-paced, are part of the control portfolio to mitigate risks and equip staff with adequate competency to enhance work-life balance.

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**RESPONSIBLE  
LENDING**

Credit risk

Credit is granted to customers with repayment ability on the basis of sound creditworthiness and affordability assessments. EnterCard is committed to 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.

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**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.

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TRANSPARENCY,  
GOVERNANCE AND  
COMPLIANCE

Risk of exclusion from market as a financial institution as consequence of non-compliance with regulations on financial and company disclosure.

Risk of damaging reputation and license to operate in case of unavailable information to our customers and other stakeholders.

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.

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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.

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IT-SECURITY

Risk of not being in adequate control of our IT assets and services and their respective lifecycle.

Risk of being insufficiently capable of responding to emerging threats and timely identification and resolution of vulnerabilities.

We have implemented a concept for regularly conducting security tests on, specifically, our externally exposed IT services.

In addition, we have a strong focus on third party management by ensuring that relevant requirements are reflected in the contracts and regular supplier assessments are conducted to verify compliance.

We follow a service-/process-oriented way of working supporting the capabilities of logging and monitoring incident or breaches and to fulfil regulatory compliance.

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**RESPONSIBLE  
SOURCING**

The risk of indirectly operating without adhering to regulations on data security and privacy.

Reputational damage if crisis management not sufficient.

To ensure that our most important suppliers have sufficient stability and control of their risks, we conduct a third party. The assessment seeks to assure management and the regulators that we have sufficient control over our suppliers in the following areas:

- Quality of data security and data privacy
- Maintenance of contingency and crisis management plans.

We also to measure our suppliers' adherence to for example environmental work and ISO standards.

This is done during the regular supplier assessments that EnterCard performs annually and for 2019, the average score for the suppliers assessed, the average score was 4,0 on a scale from 1-5 (1-Unsatisfactory – 5-Leading).

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**ENVIRONMENT**

The risk that we or our suppliers cause serious environmental damage to the environment, locally and regionally.

Damage our reputation and license to operate.

**Digital work processes:** All of our offices have the necessary digital equipment to cooperate across teams, offices and borders without travel.

Measuring **office supply and waste:** The Oslo office has started measuring waste, to monitor if it is possible for this to be reduced in the coming years.

Measuring **use of electricity and heating:** Our offices measure use of electricity to monitor our environmental footprint.

**Reduction of use of paper:** EnterCard is continuously working to get customers over to e-invoices. We mainly communicate through SMS and e-mail and an important part of our strategy is to become fully digital in all customer touch points

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4

# Central performance indicators

## 4 Central performance indicators



This chapter discloses central performance indicators that impact sustainability in our business.

### Customer feedback

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.

	2018	2019
	The total Relationship Net promoter Score for Scandinavia is <b>above 5</b> which classifies as good	The total Relationship Net promoter Score for Scandinavia is <b>above 5</b> which classifies as good
	Total customer satisfaction score for 2018 is 81%	Total customer satisfaction score for 2019 is 82%

## Reputation survey

We have conducted a reputation survey among partners and suppliers the last four years. From the 2019 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.

		2018	2019
<b>Overall impression</b>	On a scale from 1 to 5, where 5 means very good, partners score an average of	<p>4,4 in overall impression of EnterCard. A total of 85% have chosen either 4 or 5 on this question.</p> <p>For the total selection of respondents, the corresponding numbers are 4,4 and 91%.</p>	<p>3,8 in overall impression of EnterCard. A total of 64,7 % have chosen either 4 or 5 on this question.</p> <p>For the total selection of respondents, the corresponding numbers are 4,4 and 88,7 %.</p>
<b>Products and services</b>	On a scale from 1 to 5, where 5 means strongly agree, partners score an average of	<p>4,3 on the question related to high quality products and services. A total of 87% have chosen either 4 or 5 on this question.</p> <p>For the total selection of respondents, the corresponding numbers are 4,3 and 75%.</p>	<p>3,9 on the question related to high quality products and services. A total of 58,8 % have chosen either 4 or 5 on this question.</p> <p>For the total selection of respondents, the corresponding numbers are 4,3 and 72%.</p>
<b>Innovation</b>	On a scale from 1 to 5, where 5 means strongly agree, partners score an average of	<p>3,7 on the question related to innovative business. A total of 58% have chosen either 4 or 5 on this question.</p> <p>For the total selection of respondents, the corresponding numbers are 3,8 and 58%.</p>	<p>3,1 on the question related to innovative business. A total of 29,4 % have chosen either 4 or 5 on this question.</p> <p>For the total selection of respondents, the corresponding numbers are 3,8 and 53 %.</p>

### Social responsibility

On a scale from 1 to 5, where 5 means strongly agree, partners score an average of

3,8 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 4,2 and 54%.

3,3 on the question related to whether EnterCard shows social responsibility in a relevant way. A total of 17,6 % have chosen either 4 or 5 on this question.

For the total selection of respondents, the corresponding numbers are 4,2 and 49 %.

### Ethical Standards

On a scale from 1 to 5, where 5 means strongly agree, partners score an average of

4,3 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 4,5 and 78%.

4,3 on the question related to high ethical standards. A total of 64,7 % have chosen either 4 or 5 on this question.

For the total selection of respondents, the corresponding numbers are 4,5 and 72%.

### 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

4,3 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%.

4,2 on the question related to willingness to recommend others to work with EnterCard. A total of 64,7% have chosen either 4 or 5 on this question.

For the total selection of respondents, the corresponding numbers are 4,6 and 86%.

### 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

4,3 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%.

4,5 on the question related to willingness to recommend a friend to apply for a job in EnterCard. A total of 58,8% have chosen either 4 or 5 on this question.

For the total selection of respondents, the corresponding numbers are 4,5 and 79%.

### Responsible lender

On a scale from 1 to 5, where 5 means strongly agree, partners score an average of

4 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%.

4,5 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 4,3 and 52%.

### 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.

"That EnterCard fight against fraud"

"Responsible lending."

"The stand for equality"

"To work well with AML to combat money laundering and terrorist financing"

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

## Web accessibility

At the fundament of the web lies the idea that it should be available to everyone, regardless of background and whatever system and hardware they are using. Being available, means that developers need to make web-pages with certain aspects in mind. This can be font size, contrast, alt-attributes and information architecture. The purpose is to make the page accessible to the most amount of people, and finding ways to make sites useful to those with impaired eyesight and hearing. EnterCard has acted on our ambition to improve on site accessibility.

Our website was coded in accordance with the Web Content Accessibility Guidelines (WCAG), but to keep it up to date we are constantly improving out web pages. This year we launched our accessibility efforts this by introducing a new design on our webpages. The new design featured a higher level of contrast and different colours, which makes text and links easier to see. Further, we improved our methods of displaying links. This made the links more obvious to all users in general, and especially those with deficient eyesight.

It is important to us that we make sure information is accessible by making it effortless to find. The most effective way to ensure such results is through the creation of a logical information architecture. It was therefore natural for us to introduce an updated menu architecture to launch together with the redesign. By making information like 'How Do We Work With Security' and 'What We Do as a Responsible Lender' easily accessible, we potentially contribute to a more informed audience.

We did some simple but effective\* improvements to our accessibility this year, and this is just a great start. Our work with creating a web page accessible to everyone will continue.

\*Based on an interactive user test with 30 respondents performed in June 2019, and data collected from the measurement tool Siteimprove.

### Illustration showing progress

#### Progress in resolving errors

92,4/100



#### Progress in resolving warnings

72,2/100





## Employees

Our people are EnterCard's most important asset. Our team of 450 people represents 40 different nationalities. For EnterCard diversity at all levels is important. Our management team alone has six different nationalities, and women hold 5/10 management positions.

In 2019 we invested in a leadership program with the vision 'Performing through others' to develop and activate the behaviors and mind-sets needed to work in a more process-oriented way. During 2019 80 leaders and process owners have participated in the program.

### Diversity (permanent employees)

	2018		2019	
Male	182	42%	199	43%
Female	255	58%	262	57%

### Turnover (permanent employees)

	2018		2019	
Norway	13 persons	7,5%	22 persons	13,1%
Sweden	16 persons	6,6%	17 persons	6,6%
Denmark	5 persons	22,7%	0 persons	0%
TOTAL	34 persons	7,8%	22 persons	8,4%

### Voice of employees

#### Actuals 2018

#### Actuals 2019

Leadership	6,0	5,9 (85% positive)
Work climate	5,8	5,8 (83% positive)
Overall satisfaction	5,6 (62% promoters)	5,5 (78% positive) 55% promoters*
Workload balance	5,7 (82% positive)	5,7 (82% positive)

On a scale from 1-7 where 7 represents the highest score

## Employee engagement in sustainability activities 2019

All EnterCard employees have the opportunity to spend 25 hours of their working time to contribute to our sustainability projects. Approximately 42 percent of our employees do something during a year- some employees spend a lot of time, others less. The administration and selection of activities are run via local forums and employees drive and lead how we engage during these forums. During 2019 employees wanted to be more involved in activities related to climate and the environment and the forums were renamed sustainability forums to reflect the more holistic approach to both social and environmental sustainability.

	2018	2019
Total number of initiatives across the group	22	23
Total estimate of employees participating	256	188
Total estimate of employees participating %:	57%	42%

## 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. During 2019 we ran internal information campaigns in the offices to increase employees awareness on recycling. 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.

Location	Stockholm	Copenhagen	Trondheim	Oslo
Waste per year	9343 kg	7978 kg	5607 kg	10500 kg
Energy consumption	182246.4 kWh	2420.581 kWh	101 420 kwh	95533.76 kwh

## 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 digital 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 2018 to 2019, the share of digital invoices increased from 37,26% to 51,70% percent.

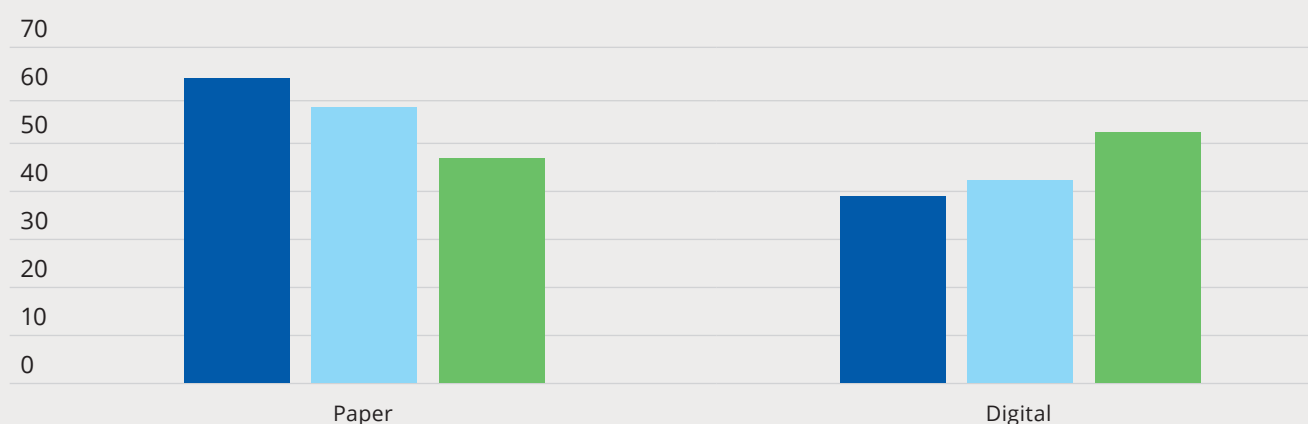
EnterCard promotes digital invoicing to customers in all portfolios in Sweden, Norway and Denmark.

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.

	2017	2018	2019
Paper invoices sent out Jan-Nov	-	-	6.188.527
Paper invoices per month	-	-	480.000
Paper invoices total per year	6 874 026	6.385.473	6.700.000
Digital sent out Jan-Nov	-	-	5.284.870
Digital per month	-	-	520.000
Digital total per year	4 108 793	4.690.829	5.800.000
Share paper invoices	61,39%	62,74%	48,30%
Share e-invoices	38,61%	37,26%	51,70%

Due to increased customer volume in 2019, the total number of invoices has increased from 2018 to 2019, but there has been a huge shift in the percentage of customers who have digital statements. We reached a milestone in September 2019, when we for the first time had more digital invoices than paper invoices.

### Paper vs. digital share 2018-2019



● 2017 ● 2018 ● 2019

The share of paper invoices has been reduced from 67,74% to 48,3% from 2018 to 2019. The share of digital invoices has increased from 37,26% to 51,7% from 2018 to 2019.

