

## 2021



Approved by  
Entercard's board of  
directors March 2022.

The Board is responsible for the sustainability report.

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# Glossary

<b>AML</b>	Anti-Money Laundering
<b>CEO</b>	Chief Executive Officer
<b>CTF</b>	Counter Terrorist Financing
<b>DCA</b>	Debt collection agencies
<b>ESG</b>	Environmental and Social Governance
<b>EU</b>	European Union
<b>ISO</b>	International Organisation for Standardization
<b>IT</b>	information technology
<b>IVR</b>	Interactive voice response
<b>OECD</b>	Organisation for European Economic Co-operation and Development
<b>UN</b>	United Nation's
<b>VoE</b>	Voice of the Employee
<b>WCAG</b>	Web Content Accessibility Guidelines

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# Introduction to Entercard and how we work with sustainability

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# 1 Introduction to Entercard and how we work with sustainability

## A year of recovery

The unique challenges the world experienced in last years showed us that our products and services are of huge importance to our customers' everyday lives. This has taught us to consider the impact our products have upon society. We are proud that we have been able to turn around and improve our process and working routines to support our customers, and take care of all our employees through a difficult time. We will continue to take care of our employees and to keep our services open for our customers.

### Highlights

The Covid 19 global pandemic from 2020 continued into 2021 with regular reporting of infection and death rates. Health authorities in Scandinavia continued to manage the situation very actively with the deployment of new and modified health guidelines to mitigate the adverse effects of the prolonged personal and commercial restrictions. This environment reflected a measure of uncertainty for consumers and, as a consequence, the use of Entercard products.

### Change of CEO

After 20 years at Entercard, the last nine years as CEO, Freddy Syversen retired from his position and handed over the business to our new CEO Jan Haglund on September 1, 2021. Jan Haglund joined from Komplet Bank where he held the role of CEO since 2019. He is a proven and accomplished executive who has held senior leadership roles and brought with him 20 years of experience from the card, lending, payment and factoring business, as well as extensive experience in defining and driving change projects in the financial sector. In addition, he has started up, launched and managed financial services companies.

Previously Jan has worked at Intrum, Santander, Entercard, where he worked from 2008 to 2011 as Head of Banks and Partners, and as Nordic Head of Banks responsible for managing the bank and partner relationships.

### Hybrid working model

During the pandemic and while working for the past year, we as an organization have learned a lot. It has shown us that there are benefits to remote working, and we plan to take those learnings moving forward, allowing for a more flexible work set-up. Consequently, Entercard during the autumn launched a pilot hybrid working model in all Scandinavian countries.

The Executive Team decided to adopt a hybrid office-centric model, meaning that our base is the office where we will play our strength to collaborate, mingle, share knowledge, and exchange ideas. Additionally we will offer the flexibility to work up to two days per week remotely within the Scandinavian countries. Working remotely is offered as a voluntary opportunity.

As for most employers, this is new territory and we will not have all the answers from the beginning. We have to learn and explore as we go, and have to accept some uncertainty and unclarity during the process. We therefore chose to begin with a pilot, starting in all countries on October 4, 2021 and will run it until June 30, 2022. We will constantly receive feedback from the organization and have a final evaluation of the new set-up in summer 2022.

## 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 1,73 million customers, 50 partners and 80 different products in our portfolios.

We hold 17 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.

For our owners Barclays Principal Investment Ltd ("Barclays") and Swedbank sustainability is important, and at Entercard we follow high standards for sustainability in all our business operations.

### 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

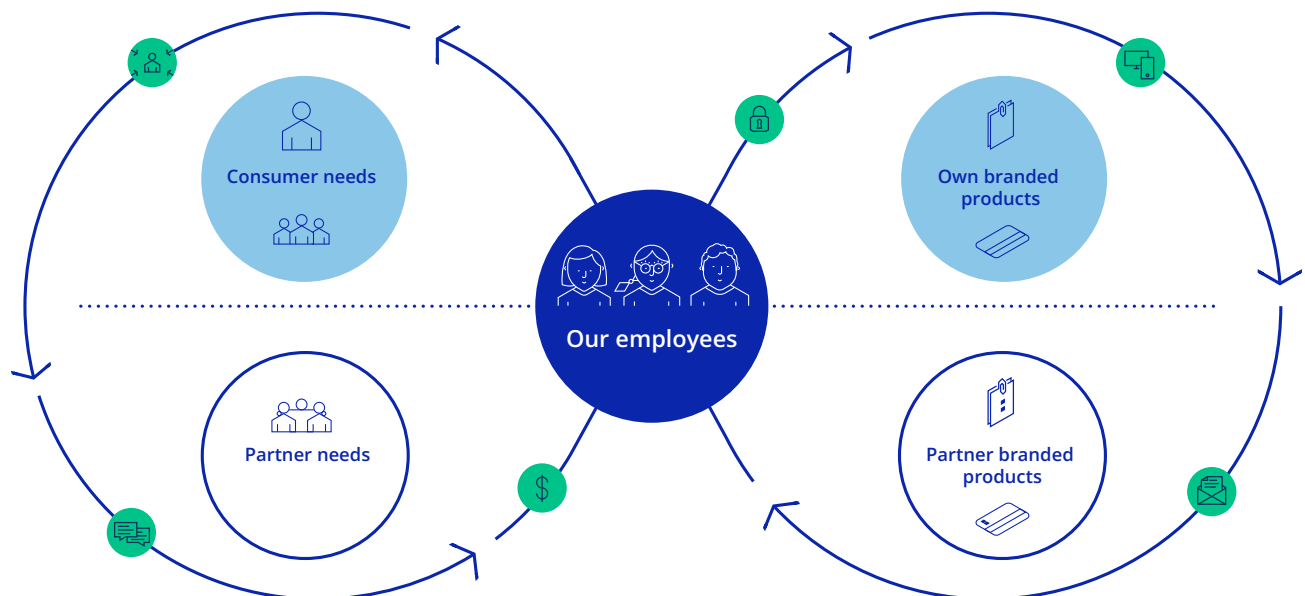
Our business is to provide customers and partners with financial flexibility in a responsible manner. We take care of the complete financing solution, from risk and money management, to customer communication and digital development. We create value through a strong consumer focus and tailored solutions. 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 values regular contact and open dialogue with our many different stakeholders, whether it is employees and unions, partners and customers or regulators and suppliers. The foundation for how we take care of our stakeholders is enshrined in our company values: passionate, innovative and genuine.



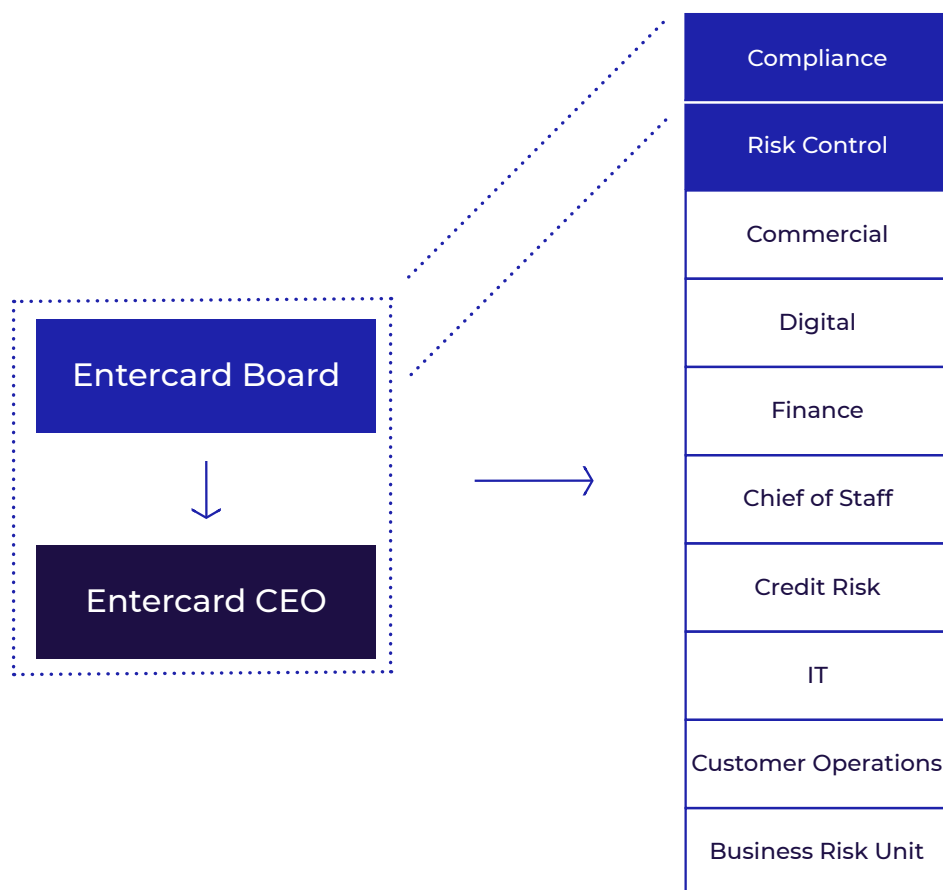


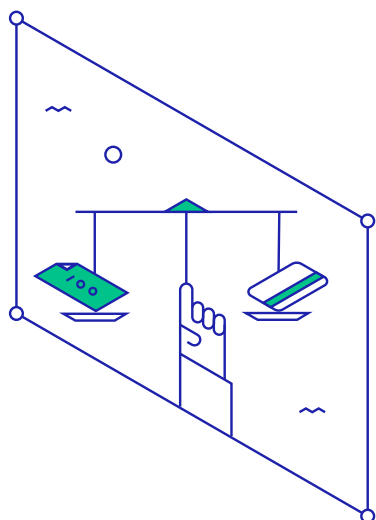
## Our organisation

Entercard is organised in nine 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, and two employee representatives. The Entercard Board has the overall responsibility for the sustainability report.

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 has endorsed 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 that our customers maintain manageable personal finances.

Our capital and liquidity management and control ensures that 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 strives 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:

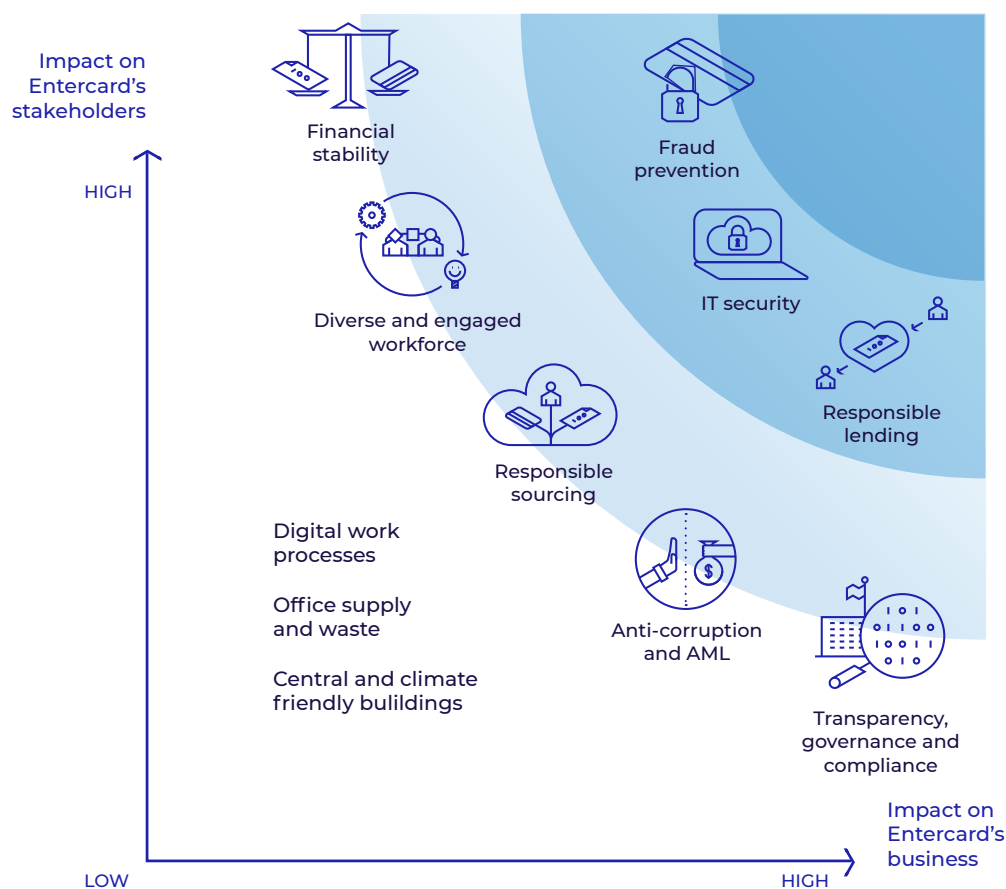
- fraud prevention
- information technology (IT) security
- financial stability
- a diverse and engaged workforce
- responsible sourcing
- anti-corruption
- anti-money laundering (AML)
- transparency, governance and compliance
- responsible lending

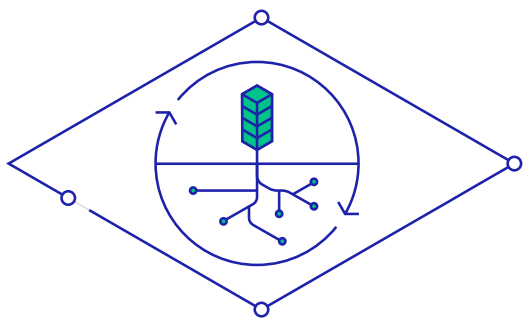
When assessing our responsibilities towards society, we have considered issues directly relevant to our business model. Security for our customers and partners are of the highest importance. This includes fraud prevention, IT security, anti-corruption, AML and transparency.

We influence society as an employer, with over 470 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 illustrates what topics we deem to be most material, when it comes to how our business affects society. These issues are what we report on.





## Entercard and sustainability: responding to the UN goals

We acknowledge that our business affects society. We strive to measure this impact through the non-financial targets we present in this chapter using central performance indicators. These indicators relate to four of the United Nation's (UN) universal goals, which are a call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

Visualising how our business contributes to this huge global effort might be difficult to grasp, but we believe that through our role as an employer, lender and actor in society, we can do our small part in helping reach the sustainability goals that UN has set.

We have chosen to focus our efforts on the following four goals:

- 4: Quality education
- 5: Gender equality
- 8: Decent work and economic growth
- 11: Sustainable cities and communities.

We try to integrate these goals in our business processes and sustainability activities.

## UN sustainable development Goals, employee welfare and how we address human rights

The UN's Sustainable Development Goals, and how we address human rights, serve as a basis for our sustainability work. As a Scandinavian company, trust between employees and management is important, and the official collaboration between the unions and the management play an important role in how we run our business. At Entercard, it is easy to join a collective union, and our employees have representatives that sit on our Board. When we outsource work, we ensure that employee rights' and human rights are considered. Entercard view it as our responsibility to ensure that we do not purchase services from companies that breach any human or employee rights.

Each year we conduct an annual Voice of the Employee (VoE) survey to monitor employee satisfaction and well-being. All leaders in Entercard are obliged to follow up our employee's satisfaction and we believe that our systematic approach to employee satisfaction is a foundation for our success in business. We focus on facilitating growth opportunities and a healthy work-life balance for all employees.



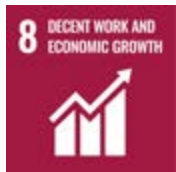
We use our strengths to help others. Our sustainability activities are activities where our diverse staff are able to contribute with their time, knowledge and skills to local initiatives. An important element of our efforts within sustainability is to encourage engagement among our employees. We believe this is a stronger approach than just donating money or participating in an Environmental and Social Governance (ESG) network. When staff actively engage the learning effect is higher.

Meeting stakeholders outside Entercard, alongside non-Governmental organisation (NGO) partners, helps our employees gain new insights. These initiatives contribute to local society, and create a more social environment at Entercard.

Entercard staff spend time and competence in volunteer-programs for youth through My Dream Now in Sweden, and the Initiative for Young Entrepreneurship in Denmark and Norway.



Gender equality is of high importance to us. We are proud to be a company where women hold around 50 percent of the leadership positions. We make sure all employees can maintain a healthy balance between career and family life. In addition to gender equality, we believe that diversity is a strength. With employees from more than 40 different nationalities, respect for different religious and cultural backgrounds is important to us.



Decent work and economic growth is a core part of our business model. We do our very best to make sure that our employees are satisfied, have equal opportunities and the ability to grow 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. We view responsible lending as a crucial part of ensuring sustainable growth and financial stability, and our employees respect the impact our products have on our customer's everyday lives.



Entercard acts responsibly in our local communities. Part of this is to make it easier for our employees to reduce their environmental footprint. 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 office's basement. The bicycle parking-garage provides electrical outlets for chargers for electrical bicycles.

In our offices our employees contribute to cleaner cities by taking part in picking litter in the city centre and participating in cleaning the local beaches. We have joined Hold Norge Rent, Hold Danmark Rent and Håll Sverige Rent and take part in the organisations' annual campaigns.

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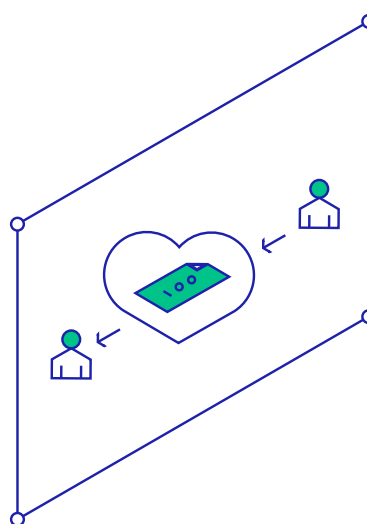
Our policies  
and how we  
act upon them

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## 2 Our policies and how we act upon them

### Our Ethics policy and Code of Conduct are 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.



### 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 works continuously to improve the consumer advice and information given through our corporate websites. These include 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 remarks, or to those under age. Our customers are assessed for affordability before they are granted a card or a loan. We always undertake an individual credit check, so that our customers feel secure that they receive a loan or credit that 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

### Our Credit Risk Strategy is based on well defined

- Risk Appetite Framework.
- Concentration limits.
- Early warning indicators.
- Sound and fair lending practices.
- Use of internal and external data to forecast customer, affordability, profitability and risk.

### 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 macro-economic scenarios.
- Adjust credit criteria to accommodate changing macroeconomic scenarios.

### 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.

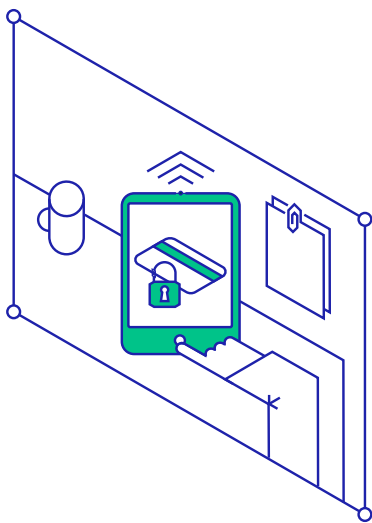


## Reputation and trust

Entercard acknowledges that regular feedback from our stakeholders on how they view us will help us improve our business. We monitor our reputation through an annually conducted reputation survey together with an external partner. Stakeholders in Norway, Denmark and Sweden respond to the survey.

We map elements known as reputational drivers, such as willingness to recommend us, impression of our products and services, innovations, sustainability, workplace, governance, leadership, performance and our corporate communication.

The data can be compared year-to-year and set the bar high in order to improve our reputation further. In recent years, results have shown that all our stakeholder groups perceive Entercard as a responsible company with high ethics and secure payment solutions.



## Combating fraud

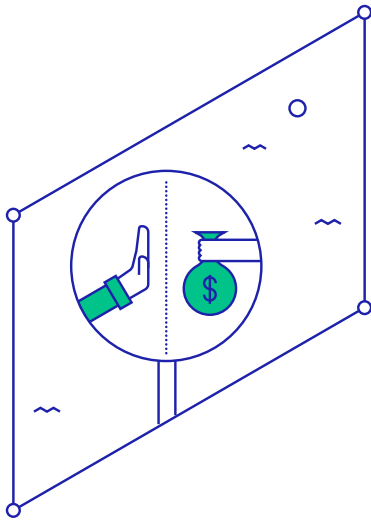
**Our commitment:** Entercard has the ambition to deliver our industry's most secure solutions in order to protect our customers and our company from fraud.

Over the years, we have invested significantly in new security systems and solutions from our partner FICO, in order to identify and prevent card transactional fraud (FICO® Falcon® Fraud Manager) as well as application fraud (FICO® Application Fraud Manager).

Fraudsters do not follow opening hours. To stop card fraud effectively in real time Entercard went live with Falcon Fraud Manager in 2013. Entercard was the first company in the Nordics to implement Falcon Fraud Manager. It is the most accurate and comprehensive solution for detecting payment fraud, using a comprehensive set of analytic techniques, including predictive analytics. This capability enables us to address fraud quickly and reliably, while minimising impact to customers from fraud reduction efforts. Falcon monitors all card transactions 24/7, and a team of skilled agents works constantly on system generated alerts. We identify more than 8 out of 10 fraud attempts, and fraud losses have significantly decreased the past years, despite the increase in the fraud attack rate.

The proliferation of data breaches, digital channels, and payments innovations has driven a surge in new account fraud. Criminals exploit technology and legacy controls to perpetrate identity theft, synthetic identity fraud and first party fraud. Early in 2020, Entercard went live with a new cloud-based solution, Application Fraud Manager. The system uses machine-learning analytics, models and rules to screen incoming applications for cards and consumer loans across all products and channels. It allows instant decision making 24/7, and stops fraud at the point of origin.

The Entercard fraud team has always strongly focused on the fight of fraud, intelligence sharing and innovative approaches to new technology, whilst maintaining a data driven approach to all aspects of fraud management.



## Major efforts to combat money laundering and counter terrorist financing

Anti-Money Laundering (AML) and Counter Terrorist Financing (CTF) are the measures used to combat financial crimes that pose a serious threat to the world's financial system and, in extension, to our society.

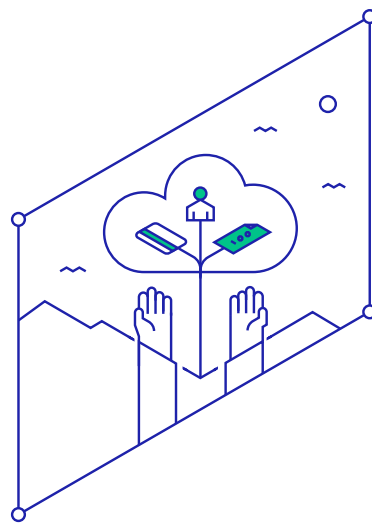
Money laundering constitute the integration of income from criminal activities, fraud or tax evasion in to the financial system. Terrorist financing is the provision or collection of funds whereby terrorists fund operations in order to perform terrorist activities.

**Our commitment:** The external regulatory requirements covering AML & CTF are extensive, detailed and ambitious. The regulators' high degree of requirements is a necessity to protect the financial system from illicit access and abuse. At Entercard, we are committed to going beyond minimum requirements and continuously strive to become best in class in the field of AML & CTF.

Our robust framework is based on an extensive risk assessment in which we gather intelligence on the criminal threats we face and identify potential vulnerabilities in the business we conduct. The outcome of the risk assessment aids us in a risk-based focus of our efforts in product design, risk monitoring and control execution.

Entercard's management teams and 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 ensure that we are up-to-date and maintain a high level of awareness across all departments within Entercard.

In 2021, we have taken additional steps on our digitalization journey by communicating with our customers through the Netbank. This has made it easier for customers to reply, made us more efficient in our everyday work and support the company's strategy for digitalization. We have also strengthened our cooperation with other teams that are committed in combatting financial crime for knowledge sharing and data analysis.



## Responsible sourcing

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

The Procurement processes are divided into different procedures, that are intended to cover the entire life-cycle of a purchase, and which clearly state which roles are involved and responsible. When we perform bigger Procurement projects, Entercard issues Request for Proposals that are sent to potential suppliers, where supplier adherence to Sustainability & Social awareness, as well as ethical standards, will be one evaluation criteria among others when choosing suppliers.

For the 2021 we have developed a new KPI to follow up on the sustainability ambition of our suppliers. From now on, Entercard will during its Supplier Performance Follow-up activity ask its 40 biggest existing suppliers, which accounts for 80% of the purchasing volume, if they:

- have an environmental and/or sustainability policy where the supplier declare the important issues/questions for their operations, and
- have an environmental and/or sustainability report where the supplier list the status/results on the important issues/questions for their operations.

In 2021, Entercard's Supplier Performance Follow-up activity resulted in the following answers from its 40 biggest suppliers:

### Suppliers' respond on sustainability goals and reporting

The Supplier have a Sustainability/environmental Policy and a follow-up report 29 | 72,5%



The Supplier do not have a Sustainability/environmental Policy, but a follow-up report 1 | 2,5%



The Supplier have a Sustainability/environmental Policy but do no follow-up report 4 | 10%



The Supplier do not have anything on Sustainability 6 | 15%



## Highest level of importance: Information security

**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 also administer new requirements by legislators, which our employees need to consider. 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 devel-

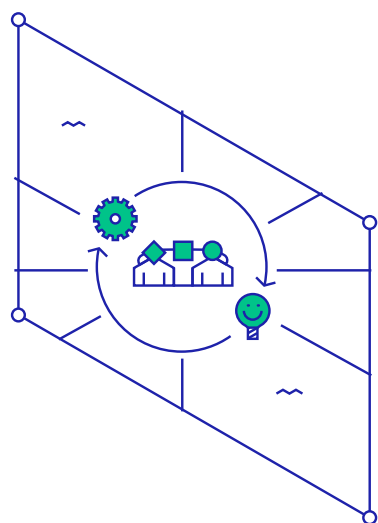
oping applications and web-based solutions, such as our online banking. We perform security tests that simulate attacks against our applications. These attacks correspond to what a hacker can do, but are carried out by professionals in consultation with us here at Entercard.

As well as testing our applications and websites, we also carry out phishing email tests. These tests 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 an individual pretends to be someone else in order to manipulate another individual 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 forms that these fraud attempts may take so that they are able to identify and avoid them, should they be exposed to such actions.

During 2020, we have been working with increasing stability and performance within our IT landscape, improving governance structures and responsibilities and moving services to cloud technology.

We are aligning our Information Security Management System with IT operations responsibilities to foster maturity in these domains. The domains cover 17 different areas, which include 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 materialise.



## A diverse and engaged workforce

**Our commitment:** Entercard is 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 will be 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. Entercard believes that the wide array of perspectives that results from a diverse workforce promotes 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, reward and interact with employees on all levels.

## Working against bias

We are aware of the risk of unconscious bias and what consequences this can have. We perform annual internal survey to map gender distribution in relation to remuneration, both when it comes to salaries, variable pay, performance evaluation and promotions. A proportional analysis of the annual reviews has shown that male employees receive a slightly higher proportion of favourable ratings compared to female employees. The potential risk of unconscious gender or other bias is addressed, monitored and followed up with workshops and initiatives among line managers and the executive team to raise awareness. This survey showed that male employees receive a higher proportion of ratings such as "Exceptional" and "Above expectations", and that female employees have the highest proportion of "fully meets expectation".

We have identified areas to monitor further the risk for unconscious bias and mitigating actions. To raise awareness and increased knowledge on bias, we held workshops in all management teams.

Human Resources Business Partners (HRBP's) in different functions facilitated a workshop in all management teams to raise awareness and knowledge about bias in general.

## Equal pay

As part of the annual salary process Entercard performs Equal pay analysis in Sweden, Norway and Denmark. While we are required to publish information on gender pay differences as part of the 2008 Discrimination Act's equal pay survey requirements, and the 2017 Equality and Anti-Discrimination Act's equal pay survey requirements, we are not required to publish information on gender pay differences in Norway.

crimination act in Norway, we are working actively to secure that our salary process fosters awareness around equal pay and train line managers to avoid unconscious bias not only related to gender and salary setting, but also in relation to equality and diversity across the people processes in the business.

## Harassment, discrimination and bullying

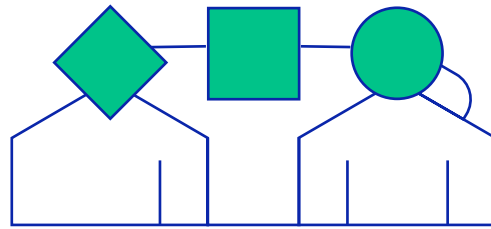
Entercard is committed to providing a workplace that is free from any form of harassment, discrimination and bullying. Harassment in the workplace is against the law, in direct conflict with our values and not acceptable in any form. When Entercard determines that an allegation of harassment is credible, we will take prompt and appropriate action.

We proactively support our leaders understand the behaviours, expectations and requirements, when it comes to harassment, discrimination and bullying, by performing periodic reviews and delivering information sessions. These include how the individual should react if they experience, or witnesses that others are exposed to harassment, discrimination and bullying.

## Employee engagement in sustainability activities

**Our commitment:** Our motto for sustainability activities for employees is “We use our strengths to support others”. All Entercard employees can spend up to 25 hours of their working hours, after agreement with their line manager, contributing to our sustainability projects. We have chosen to engage in projects that boost knowledge sharing and skills development amongst young people. Through co-operation with various partners, we are creating a win-win situation by offering our time and expertise. In addition to helping young people, we also stimulate internal motivation and interaction across the across the organisation.

During 2021, we had to make adjustments on how we work with sustainability activities, due to COVID-19. Traditionally, our activities and cooperation with partners has relied on our physical presence at events, but regulations and a concern for public health has challenged us into finding new ways of using our strengths to support others.



We work with organisations such as:

- Ungt Entreprenørskap
- Fonden for Entreprenørskab
- My Dream Now
- Hold Norge Rent
- Stiftelsen Håll Sverige Rent
- Blue Cross Norway
- Fryshuset

Initiatives with Fonden for Entreprenørskab, and My Dream Now have been possible, as events can be held digitally. Other Initiatives, like Fryshuset, still rely on our physical presence. In these cases, we have been cautious of our actions and consequences, and have followed government regulations. The COVID-19 situation in each region has demanded that we contribute in monetary ways to support others. We have supported Blue Cross Norway with a sum that was earmarked to winter clothing for children of families associated with Barnas hus at Blue Cross, in combination with Entercard employees handing in used sports equipment for cross country skiing and skating. The monetary contribution went towards families in a financially challenging situation during Christmas season.

3

# Risk and Compliance management

# 3 Risk and Compliance management

Entercard's three lines of defence.



## Compliance management

Entercard is subject to a vast number of regulatory requirements, which derive from both different national and supranational sources. Entercard is obliged to conduct its business activities in compliance with regulatory requirements at all times.

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

The Compliance Policy outlines that the Chief Executive Officer (CEO) is responsible for establishing a Compliance Function. The Compliance Function shall be headed by a Chief Compliance Officer, who reports to the CEO and the Board. Further, the Compliance Function shall be independent and organisationally separated from the business organisation and the Risk Control Function.

The Compliance Function supports the organisation, the CEO and the Board by providing advice and independent assurance.

The Compliance Function implements processes and procedures to ensure that operations are conducted in accordance with laws and regulations. The Compliance Function seeks to design and implement proportional actions to address potential changes in order not to have unknown or unwanted compliance risks in our business. It should be noted that the Compliance Function is not responsible of regulatory requirements in itself, as it is the responsibility of management, staff and ultimately the CEO.

Further, the Compliance Function is the primary interface between Entercard and Regulatory Financial Supervisory Authorities.

### The Compliance function's key processes are:

- Regulatory Watch to identify new or amended regulatory requirements
- Risk Assessment to identify compliance issues from a risk-based approach
- Yearly activities documented in the Compliance Plan
- Advice, Support and Train
- Monitor
- Report

One compliance area, which laws and regulations are managed within the Compliance Function, is Anti-Money Laundering (AML) and Counter Terrorist Financing (CTF). At Entercard the Chief Compliance Officer is appointed Central Functional Responsible (CFR), a mandatory role by AML/CTF law. The CFR has similar accountabilities and responsibilities as described above. In addition the CFR is accountable for ensuring reporting of suspicious money laundering or terrorist financing transactions and activities to the Financial Intelligence Unit (the Police), and providing the authorities with information in regards to reported money laundering or terrorist financing.

## Risk management

Entercard's Board of Directors are 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 person 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 it. This is 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 set risk appetite levels. Entercard's risk taking is both controlled and directed towards businesses that provide attractive risk-adjusted returns.

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. Credit is only granted to customers with repayment ability on the basis of sound creditworthiness and affordability assessments. Entercard evaluates 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 that promote 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 use of a risk appetite framework, which is set by the Board. Limits and targets embedded in the risk appetite framework may be adjusted by the Board in order to establish the risk strategy within the operations of Entercard.

The Risk Control function at Entercard is responsible for coordination and reporting on matters of risk management. Further, the Risk Control function is organisationally separated from both the business organisation and the Compliance function.

## 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.

### Communication and monitoring activities

Entercard performs oversight of the control environment, follow-up on the status of control activities as well as review of the risk exposure on a regular basis. The status and findings are presented to relevant stakeholders, committees and forums. In addition, the Risk Control function regularly prepares an aggregated analysis and report, which is presented to the Executive Management Committee and to the Board. Monitoring activities are carried out by the Risk Control function and Compliance function using a risk-based approach. Results from monitoring activities, mitigation actions and status are also part of the regular risk reporting.

## Overview of risks in sustainability

The risks related to the sustainability work that have been identified in 2021, are primarily:

MOST MATERIAL RISKS	RISK	MITIGATIONS / ACTIONS 2021
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 their commitment to Entercard.</li> </ul>
	Liquidity Risk	<ul style="list-style-type: none"> <li>• Funding is obtained from parent companies, with terms that at least matches the behavioural duration of the lending.</li> <li>• Entercard holds an adequately sized 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 buffer of own funds for capital needs.</li> <li>• The total capital held is appropriate for Entercard's needs and is above the regulatory capital requirement.</li> <li>• Entercard forecasts the capitalisation at least three years ahead, in both normal and stressed conditions.</li> </ul>

## DIVERSE AND ENGAGED WORKFORCE

Diversity and gender equality and engaged workforce related risks, which have relevance to over 470 employees across Scandinavia, are governed by respective steering documents. Operational risk categories that are mitigated are Process Risk, People Risk, Information Security Risk and External events. The risks are managed in Communication and sustainability, HR, Strategy and Performance.

Entercard's 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 appropriate steering documents are in place.

Additionally Diversity and Gender Equality, Remuneration, and Ethics are governed via separate steering documents.

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

As part of Entercards Business continuity management framework, dependencies are identified within all critical processes and continuity plans are tested annually. As response to the COVID-19 pandemic, a successful stress test was performed on continuity plans to evaluate how the impact of COVID-19 would affect the abilities to maintain operations even if staff would get ill.

## RESPONSIBLE LENDING

Risk of not acting and being seen as a responsible lender, leading to customers potentially ending up in financial difficulties.

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.

During 2021, Entercard's Collection department worked actively to support customers with all their questions that arose as a result of COVID-19.

ANTI-CORRUPTION AND AML	AML risk	As being part of the financial services industry, Entercard is inherently exposed to the risk of money laundering and terrorist financing. AML/CFT is a focus area. Entercard actively works with securing that our products are not used for this purpose. The focus on the department has increased over the years and efforts have been made in regards of digitalization as well as collecting and aggregating relevant data for better decision-making.
TRANSPARENCY, GOVERNANCE AND COMPLIANCE	The risk of regulatory sanctions, financial loss, or damage to reputation that Entercard may suffer as a result of its failure to comply with laws, regulations, and Entercard's policies and instructions.	Entercard makes financial reports publicly available for all quarters throughout the year, including an annual report. The reports are available in both Swedish and English on our websites. Entercard also publishes company information on our websites such as new partners and major company changes and discloses our suppliers as well as 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	As a financial institution, Entercard is exposed to fraud risk. Entercard is committed to increase control and reduce the negative consequences of fraud on our customers, our brands, the schemes and the company through our fraud platforms and solutions.
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 performing security testing on both external and internal systems, as well as phishing and social engineering attacks.  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.

## RESPONSIBLE SOURCING

The risk of indirectly operating without adhering to regulations, such as data security and privacy.

Reputational damage related to materialising third party risks.

To ensure that our most important suppliers have sufficient stability and control of their risks, all contracts follow a comprehensive Procurement process starting with requirement setting and supplier screening, agreement phase, follow-up ongoing contracts and termination or amendments of contracts.

Supplier risk reviews are performed for select suppliers throughout the lifecycle of the relationship including among others, validation of adherence to KPI's, adherence of data privacy, data quality and maintenance of contingency and business continuity plans.

## ENVIRONMENT

The risk of serious negative impact on the environment due to internal work at Entercard, or by our Suppliers when contracted by us.

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, e-mail and our own, or our partners' netbanks. Entercard's strategy include becoming fully digital in all customer touch points, further decreasing the environmental footprint.

4

# Central performance indicators

## 4 Central performance indicators

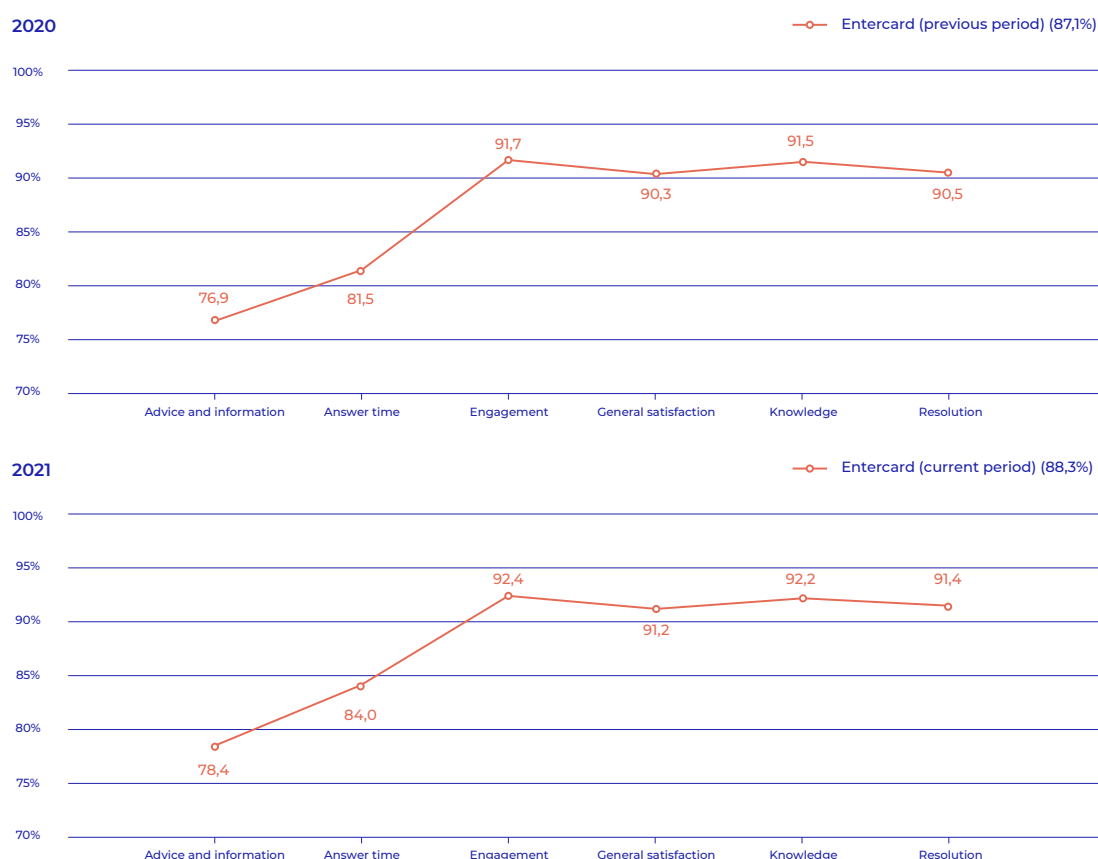
This chapter discloses central performance indicators that impact sustainability in our business.

### 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

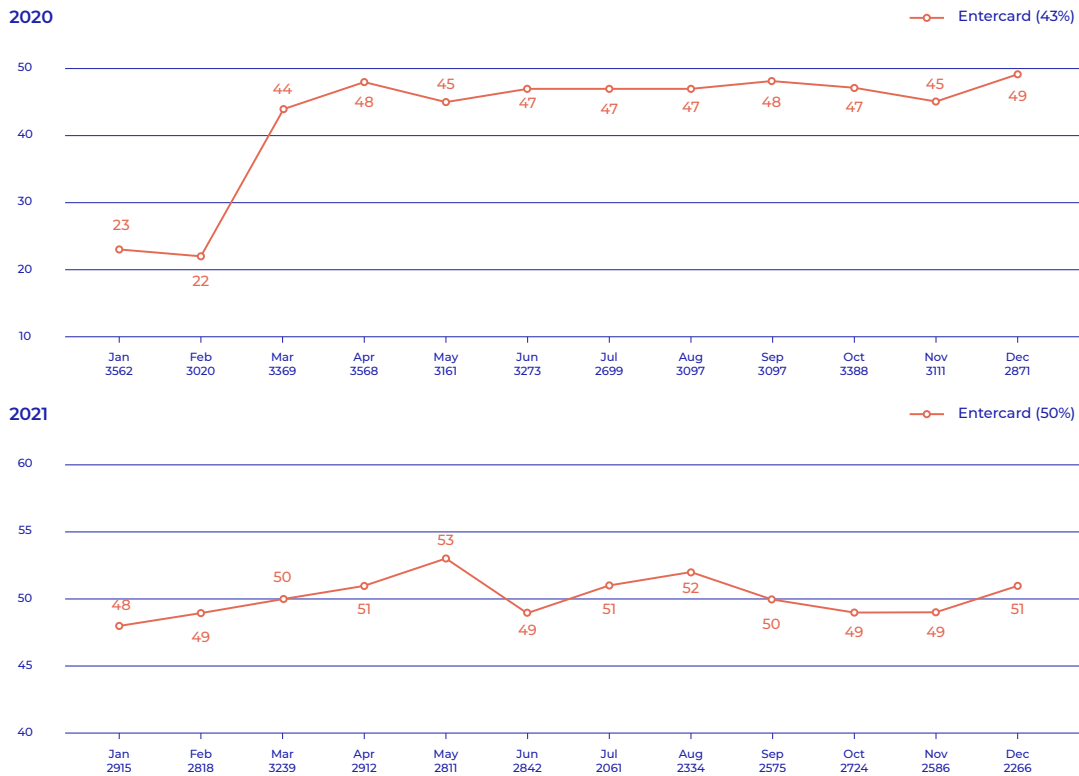
on first contact resolution, retention, cross sales, and providing beyond expectations customer experience by giving 'that little extra' to our customers.

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. The customer satisfaction 2021 has so far improved even further since the previous record-breaking year (2020). The NPS-score has during 2021 continued to show strong results.



## Transaction NPS

Transactional Net Promoter Score is the process of surveying our customers after an interaction, or transaction, with us



## Reputation survey

We have conducted a reputation survey among partners and suppliers the last five years. From the 2021 results, we see that our stakeholders see us as a reliable and trustworthy company, primarily associated with credit cards. Secure and safe solutions stand, good customer service stand out as strong attributes, while having good products.

It is difficult to compare this year's rating to last year since we had a lack of respondents; we went from 180 in 2020 to 80 respondents 2021. Nevertheless, Overall Impression (4,25 to 3,80) and Innovation (3,6 to 3,2) are subjects that we need to work with according to our respondents. To make more awareness for the subjects we will work on our communication and involve our partners more frequently.

Willingness to recommend a friend to apply for job at EnterCard is the question that increased the most, from 4,1 to 4,5. Digital channels, personal communication and employee branding has been on our agenda to attract more people to EnterCard.



		2020	2021
Overall impression	On a scale from 1 to 5, where 5 means very good, partners score an average of	<p>4,25 in overall impression of Entercard.</p> <p>For the total selection of respondents, the number is 4,5. 94% have chosen either 4 or 5 on this question.</p>	<p>3,80 in overall impression of Entercard.</p> <p>For the total selection of respondents, the number is 4,5. 82% have chosen either 4 or 5 on this question.</p>
Products and services	On a scale from 1 to 5, where 5 means very good, partners score an average of	<p>4,0 on the question related to high quality products and services.</p> <p>For the total selection of respondents, the number is 4,3. 80% have chosen either 4 or 5 on this question.</p>	<p>4,1 on the question related to high quality products and services.</p> <p>For the total selection of respondents, the number is 4,3. 79% have chosen either 4 or 5 on this question.</p>
Innovation	On a scale from 1 to 5, where 5 means very good, partners score an average of	<p>3,6 on the question related to innovative business.</p> <p>For the total selection of respondents, the number is 3,8. 58% have chosen either 4 or 5 on this question.</p>	<p>3,2 on the question related to innovative business.</p> <p>For the total selection of respondents, the number is 3,7. 53% have chosen either 4 or 5 on this question.</p>
Social responsibility	On a scale from 1 to 5, where 5 means very good, partners score an average of	<p>3,7 on the question related to whether Entercard shows social responsibility in a relevant way.</p> <p>For the total selection of respondents, the number is 4,3. 62% have chosen either 4 or 5 on this question.</p>	<p>3,9 on the question related to whether Entercard shows social responsibility in a relevant way.</p> <p>For the total selection of respondents, the number is 4,1. 62% have chosen either 4 or 5 on this question.</p>
Ethical Standards	On a scale from 1 to 5, where 5 means very good, partners score an average of	<p>4,2 on the question related to high ethical standards.</p> <p>For the total selection of respondents, the number is 4,5. 79% have chosen either 4 or 5 on this question.</p>	<p>4,2 on the question related to high ethical standards.</p> <p>For the total selection of respondents, the number is 4,1. 80% have chosen either 4 or 5 on this question.</p>

		2020	2021
Willingness to recommend someone to work with Entercard	On a scale from 1 to 5, where 5 means very good, partners score an average of	<p>4,2 on the question related to willingness to work with Entercard.</p> <p>For the total selection of respondents, the number is 4,6. 91% have chosen either 4 or 5 on this question.</p>	<p>3,9 on the question related to willingness to work with Entercard.</p> <p>For the total selection of respondents, the number is 4,4. 85% have chosen either 4 or 5 on this question.</p>
Willingness to recommend a friend to apply for job at Entercard	On a scale from 1 to 5, where 5 means very good, partners score an average of	<p>4,1 on the question willingness to recommend a friend to apply for a job at Entercard.</p> <p>For the total selection of respondents, the number is 4,5. 82% have chosen either 4 or 5 on this question.</p>	<p>4,5 on the question willingness to recommend a friend to apply for a job at Entercard.</p> <p>For the total selection of respondents, the number is 4,4. 76% have chosen either 4 or 5 on this question.</p>
Responsible lender	On a scale from 1 to 5, where 5 means very good, partners score an average of	<p>4on the question related to responsible credit lender.</p> <p>For the total selection of respondents, the number is 4,2. 56% have chosen either 4 or 5 on this question.</p>	<p>3.7 on the question related to responsible credit lender.</p> <p>For the total selection of respondents, the number is 4,1. 56% have chosen either 4 or 5 on this question.</p>

## Web accessibility

The idea that the World Wide Web should be available to everyone, regardless of background and whatever system and hardware they are using, is fundamental. 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 highest number of people, and find ways to make sites useful to those with impaired eyesight and hearing. Entercard has acted on our ambition to improve on site accessibility.

During 2020, we worked intensively on improving our accessibility, which included introducing a new design on our web pages. For example, our new design featured a higher level of contrast and different colours making text and links easier to see. We also updated our logo and colour scheme in line with a more modern and aesthetically expression, and improved our methods of displaying

links; making them more obvious to all users in general, especially those with impaired eyesight.

In addition, we updated our webpage to a colour that increased contrast in order to achieve the highest possible readability. In 2020, our webpage got a contrast ratio of 6,19:1 and fulfilled all of the criteria to WCAG AA (the level of web conformity level most organisations aim to meet).

In 2021, we have also continued working on resolving website errors and warnings. Data from our measurement tool "Siteimprove" shows that the general level of resolving errors and warnings decreased in 2020. The negative trend in 2021 was largely due to a large number of time-consuming errors, and lack of specialized resources to solve them. From 2022 onwards, we will increase our focus on correcting errors, striving to achieve levels above those recorded in 2020.

Overall, our website is coded in accordance with the Web Content Accessibility Guidelines (WCAG).

### Illustration showing progress

Progress in resolving errors in 2020

95,3/100



Progress in resolving warnings in 2020

82,0/100



Progress in resolving errors in 2021

90,4/100



Progress in resolving warnings in 2021

72,4/100



## Employees

Our employees are Entercard's most important asset. Our team of over 470 people represents approx. 40 different nationalities. For Entercard, diversity at all levels is important. Our management team alone has six different nationalities, and women hold 3/10 management positions.

Diversity (permanent employees)				
	2020		2021	
Male	201	43%	208	46%
Female	267	57%	247	54%
Turnover (permanent employees)				
	2020		2021	
Sweden	23 persons	9,16%	35 persons	13,4%
Norway	22	13,66%	24 persons	15,5%
Denmark	0 persons	0%	2 persons	8,3%
TOTAL	45 persons	10,0%	61 persons	13,8%

## Voice of Employees 2021

To identify work climate and employee wellbeing in our organization. Entercard conducts a Voice of the Employee Survey (VoE) annually. The VoE is carried out as a web-based questionnaire. We have a 92% response rate from employees on the survey.

Voice of Employees	Thresholds	Actuals 2020	Actuals 2021
Leadership	5,5	6,2	6,1
Work climate	5,5	5,9	5,9

## 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 stimulate this behaviour 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 2020 to 2021, the share of digital invoices increased from around 56 to 58 percent.

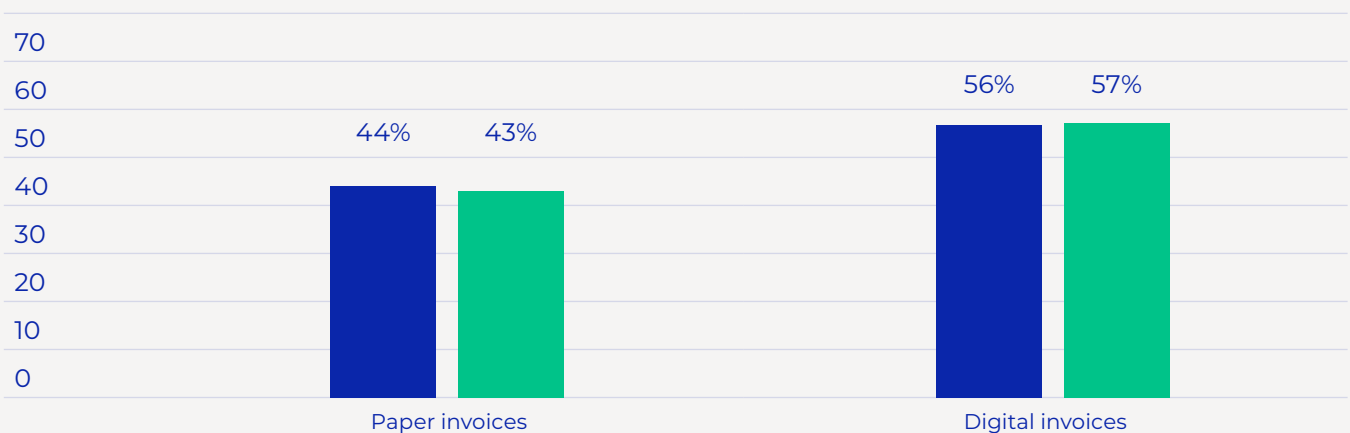
Entercard promotes digital invoicing to customers in all portfolios in Sweden, Norway and Denmark. Currently

Norway and Denmark are the most mature markets for digital invoices.

With a newly implemented marketing automation tool, we will reach the customer in the right time with the right channel, which will give us the opportunity to reduce paper communication even more. With a strategy to identify new digital channels we are continuously evaluating and developing new communication channels. As of today, 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.

	2020	2021
Annual volume paper invoices	5.836.346	5.212.546
Monthly volume paper invoices	459.992	435.735
Annual volume digital invoices	6.705.607	7.033.899
Monthly volume digital invoices	584.369	587.231
Share of paper invoices	44%	43%
Share of digital invoices	56%	57%

Paper vs. digital share 2020-2021



● 2020 ● 2021

The share of paper invoices has been reduced from 44% to 43% from 2020 to 2021.

The share of digital invoices has increased from 56% to 57% from 2020 to 2021.

