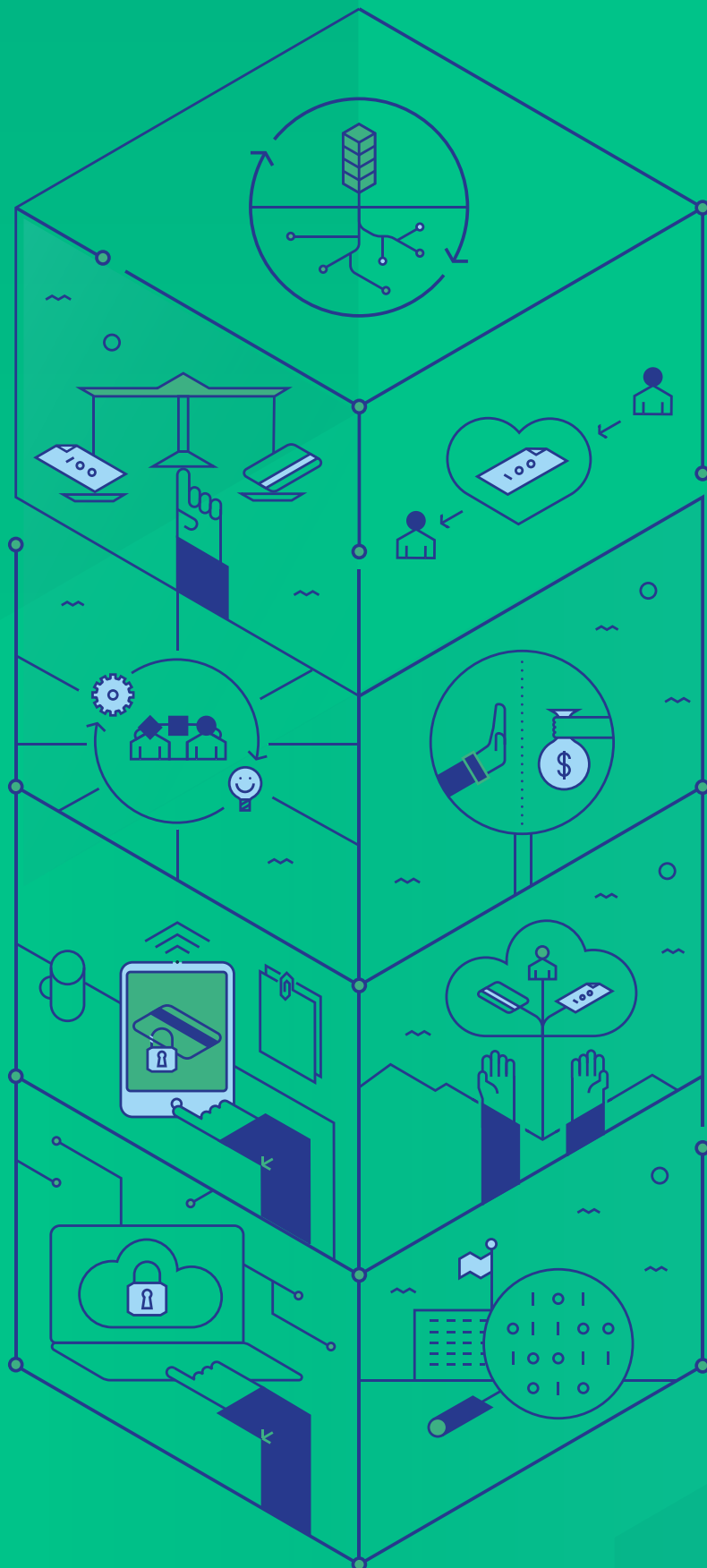


Sustainability Report 2022



Approved by
Entercard's board of
directors April 2023.

The board is
responsible for the
sustainability report.

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Glossary

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

1

Introduction
to Entercard
and how we
work with
sustainability

1 Introduction to Entercard and how we work with sustainability

A new period of uncertainty and highlights of the year

The Covid-19 pandemic as well as geopolitical and macro-economic instability have presented extraordinary challenges to the world. Against this backdrop, supporting our customers through reliable means of payment and our responsible financing solutions has been a key priority. Additionally, we have taken steps to adapt our ways of working to the post pandemic world we now live in as well as to reduce the environmental footprint of our operations.

Macroeconomic headwinds

Having just come out of the global Covid-19 pandemic, the world has entered into a new period of volatility. Fuelled by the consequences of the war in Ukraine supply chain constraints, the world economy has experienced inflationary pressures that bring to mind the stagflation of the 1970's. In response, central banks across Scandinavia have undertaken significant policy rate hikes which – while necessary – further increase cost of living and contribute to an uncertain as well as increasingly pessimistic growth outlook. As one of the leading Scandinavian consumer finance companies, we believe we are well equipped to support our customers in navigating these uncertain times by providing financial flexibility, while ensuring we continue to run our business on the foundation of sound risk management and responsible lending.

Cards made with recycled plastic

From September 2022, Entercard has started to transition its' credit card portfolios to recycled plastic. The cards are made of at least 85.5% recycled plastic, obtained from local plastic waste, close to where Entercard's cards producer's production sites are located. There will therefore be no long-distance transport of the plastic before it ends up in production.

The cards produced with recycled plastic will save 7g of CO2 per card, as well as reduce 3.18g of plastic per card compared to a standard plastic card. During one year, this sums up to approx. 3.5 tons of CO2 and 1.5 tons waste saved.

Hybrid working model

During the pandemic and while working for the past year, we as an organisation have learned a lot. It has shown us that there are benefits to remote working but also highlighted the importance of having a physical space for in-person interaction, knowledge building and sharing, and collaboration with our colleagues. Therefore we have now adopted a hybrid workplace. The Executive Team decided to adopt an office-centric model, meaning that our base is the office where we will collaborate, mingle, share knowledge, and exchange ideas. Additionally, we will continue to offer the flexibility to work up to two days per week remotely within the Scandinavian countries. Working remotely is offered as a voluntary opportunity.

The final decision of having a hybrid workplace came from the feedback and results collected from our organisation during the hybrid working pilot that we ran from October 2021 to June 2022.

Move Project

During spring it was decided that our office in Stockholm, Klarabergsgatan will be renovated during 2023 and finished Q2 2024. We will bring together all of our colleagues in Stockholm into one office. Purpose of the renovation is partly motivated by the hybrid work model, our new way of working. We are taking action how we will reduce waste in the future and some of our furniture will be used again.

Additionally we are exploring further renovations and updates at our other locations in Norway, Oslo/Trondheim and in Denmark, Copenhagen.

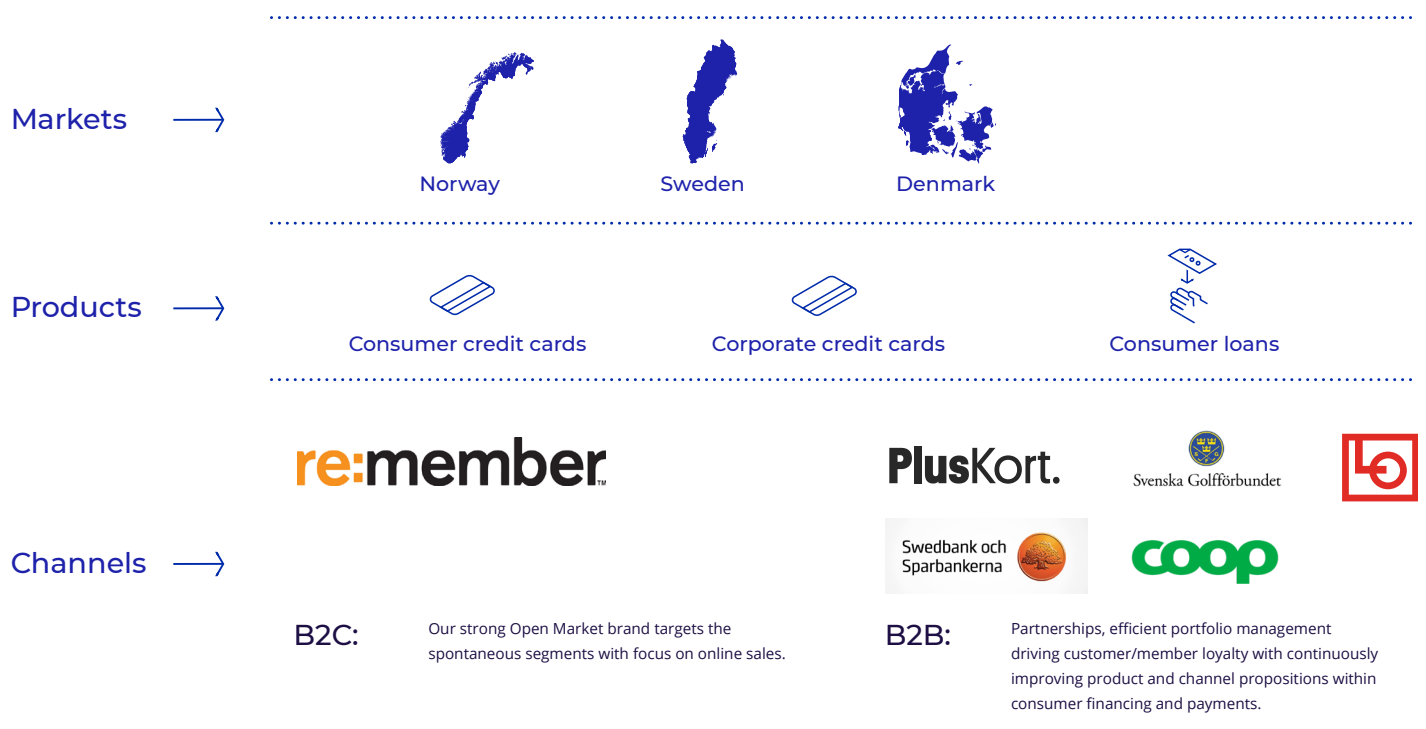
About Entercard

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

Our mission is to finance the big and small moments of everyday life. Today we have over 1.7 million customers across Sweden, Norway and Denmark. We work with a number of strong partners and offer a range of products tailored to their customers' needs.

We hold over 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 are to offer financial flexibility to 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 across all our business operations.



Our business model

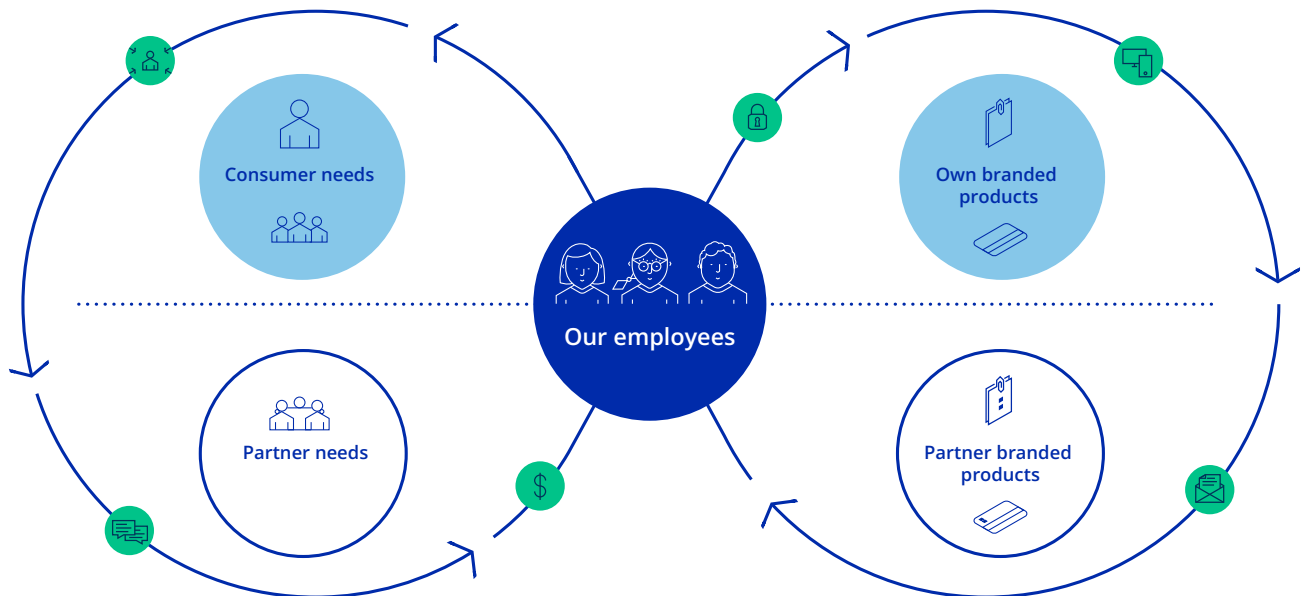
Our business is to provide customers and partners with financial flexibility in a responsible manner. We take care of the complete financing solution, from risk and money management, to customer communication and digital development. We create value through a robust consumer focus and tailored solutions.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

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: We keep our promises, we always improve, we make a difference and we win together.

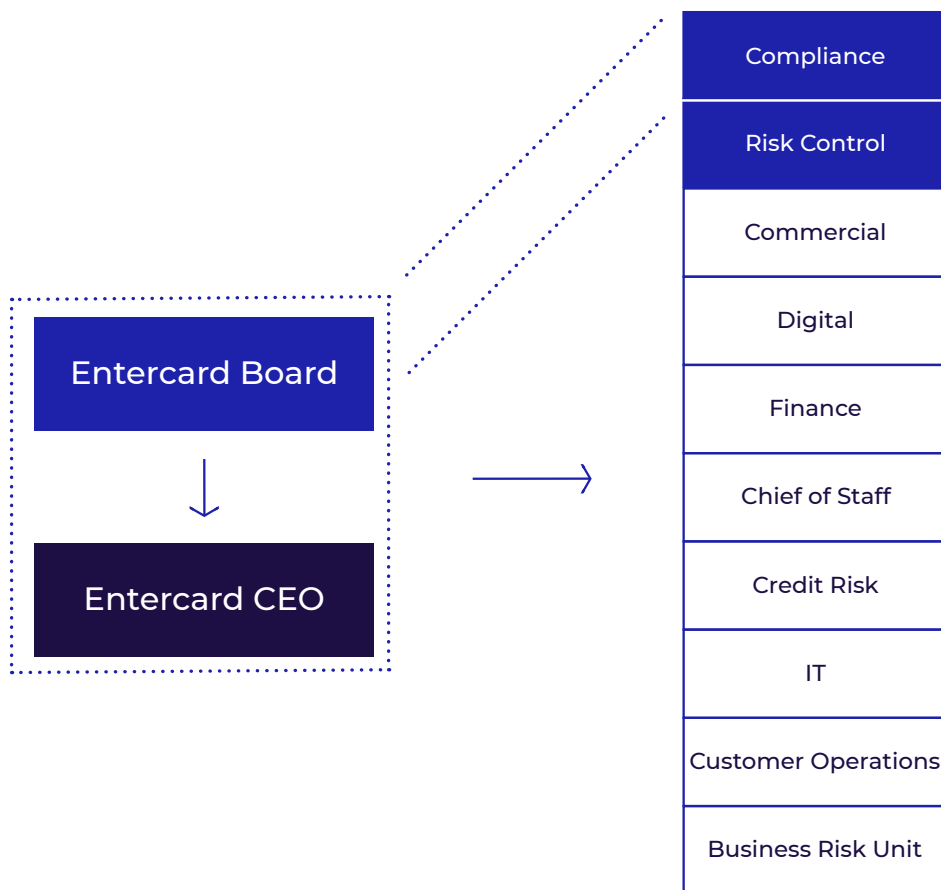


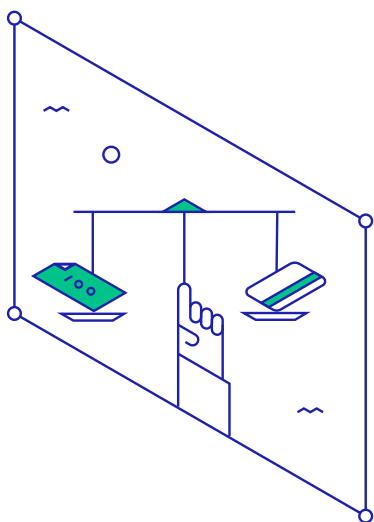
Our organisation

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

The Entercard board consists of representatives from our owners Swedbank and Barclays, and two employees representatives. The Entercard board has the overall responsibility for the sustainability report.

We collaborate as one company across borders, which enables us to apply capabilities efficiently while catering to our customers' and partners' needs in their respective markets.





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:

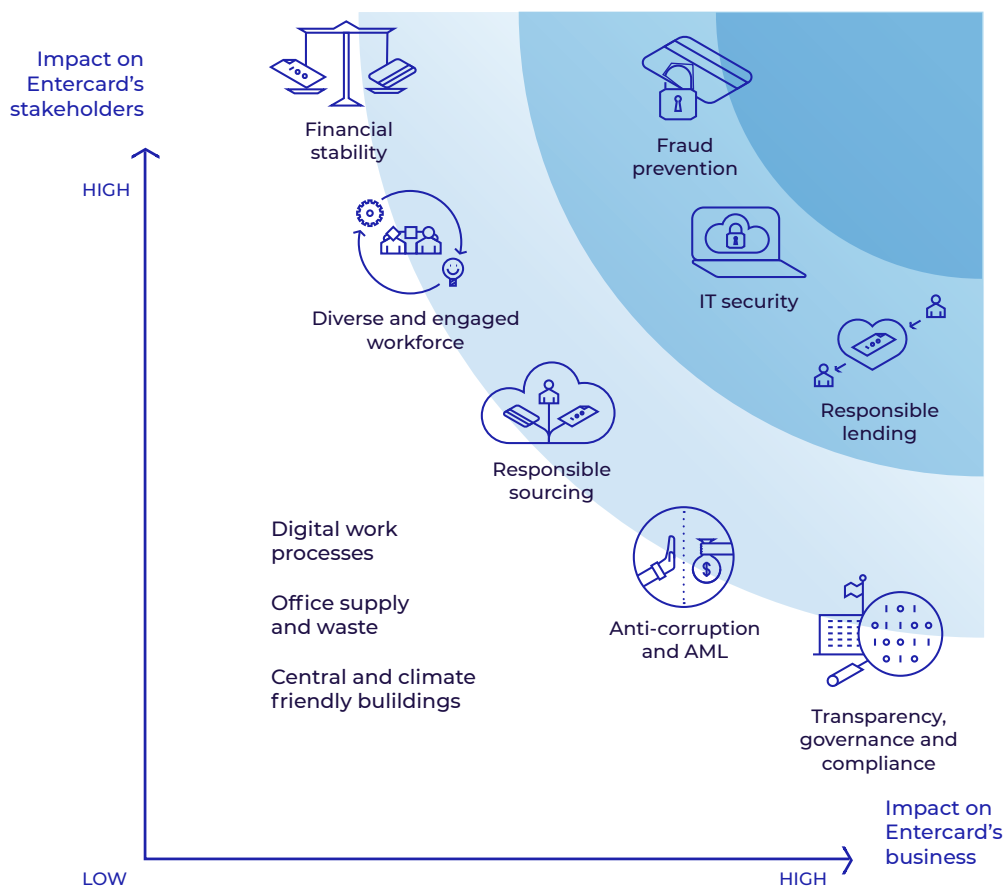
- fraud prevention
- information technology (IT) security
- financial stability
- a diverse and engaged workforce
- responsible sourcing
- anti-corruption
- anti-money laundering (AML)
- transparency, governance and compliance
- responsible lending

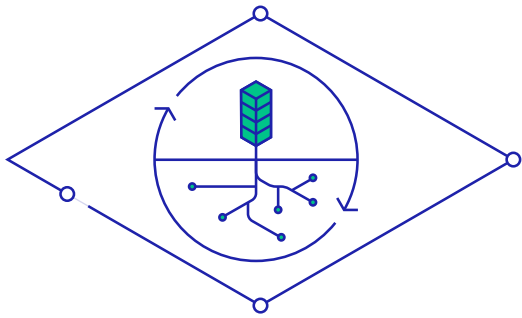
When assessing our responsibilities towards society, we have considered issues directly relevant to our business model. Security for our customers and partners are of the highest importance. This includes fraud prevention, IT security, anti-corruption, AML and transparency.

We influence society as an employer, with over 465 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.

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 Social and Governance (ESG) network. When staff actively engage the learning effect is higher.



Gender equality is of high importance to us. We are proud to be a company where women hold around 42 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. 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 initiated the Entercard Cleaning Day, as a part of World Cleaning day and take part in the organisation's annual campaigns.

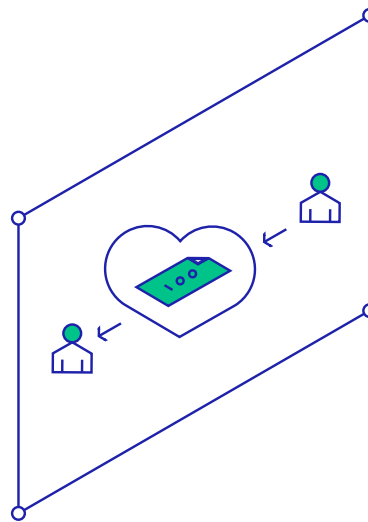
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Our policies
and how we
act upon them

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. Entercard assesses a potential customer's 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

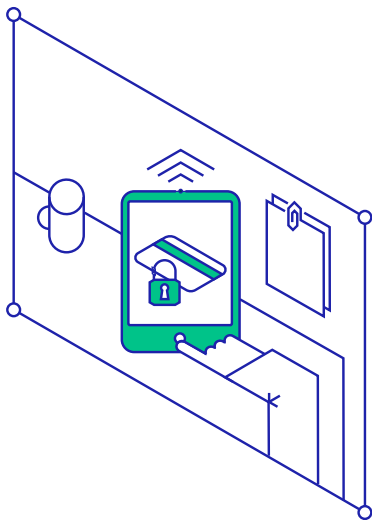
- Regularly agree thresholds with the board, providing rationale for proposals.
- Do not breach risk appetite.

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, professionalism 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

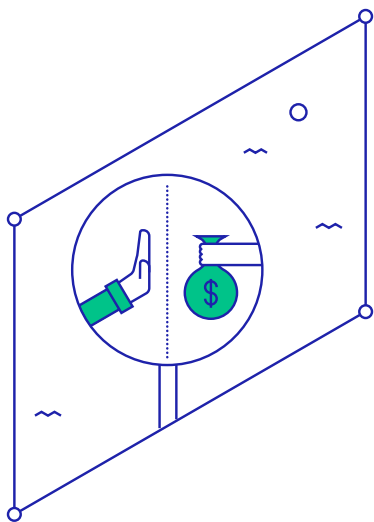
Our commitment: Entercard has the ambition to deliver our industry's most secure solutions in order to protect our customers and our company from fraud.

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 as well as application fraud.

Fraudsters do not follow opening hours. To stop card fraud effectively in real time Entercard uses Falcon Fraud Manager. 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. Entercard has a 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 combating the financing of terrorism

Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) 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 operation in order to perform terrorist activities.

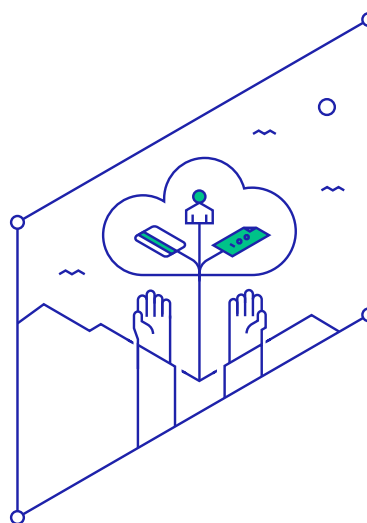
Our commitment: The external regulatory requirements covering AML & CFT are extensive, detailed and ambitious. The regulators' high degree of requirements is a necessity to protect the financial system from illicit access and abuse. At Entercard, we are committed to going beyond minimum requirements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

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 2022, we have launched a project that focuses on improvements within the AML & CFT area. The project strives to continue our digitalization journey and to improve our framework.



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 lifecycle 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.

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

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

In 2021 and 2022, Entercard's Supplier Performance Follow-up activity resulted in the following answers from its 40 biggest suppliers:



Highest level of importance: Information security

Our commitment: We provide annual mandatory Information security training to ensure that the company's employees are aware about the various threats that exist and how to avoid security incidents. We also administer new requirements by legislators, which our employees need to consider. Our employees are our greatest asset for protecting our customers' information.

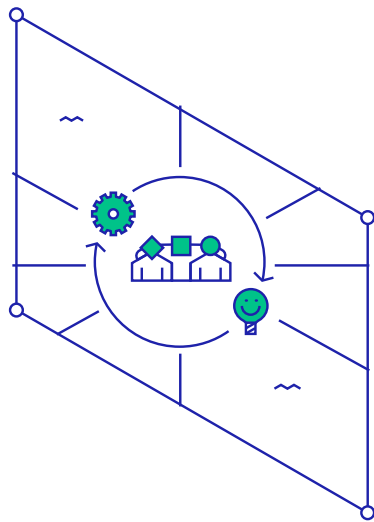
Entercard tracks developments within information security, and ensures that we have a focus on security when developing applications and web-based solutions, such as our online banking. We perform security tests that simulate attacks against our applications and infrastructure. These simulation attacks are performed by professionals in consultation with us here at Entercard and correspond to what a hacker can do to such environment.

Along with testing our applications, infrastructure and websites we also carry out phishing campaigns. These phishing 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 employees more about the forms that these fraud attempts may take so that they are able to identify and avoid them, in case they are exposed to such actions.

During 2022, we have been working with increasing stability and performance within our IT landscape, improving governance structures and responsibilities and moving some critical services to cloud technology. We adapt various best practices to secure our existing and growing infrastructure. We have implemented security controls recommended by ISF standard good practice on our cloud infrastructure.

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 and emerging technologies 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.



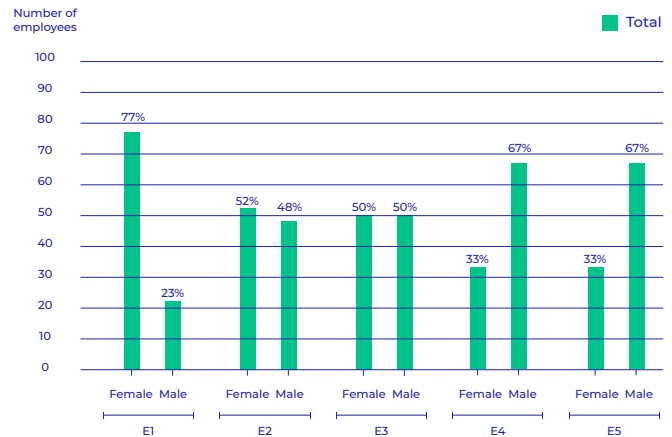
A diverse and engaged workforce

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.

As a truly diverse organisation, equality and mutual respect form an integral part of who we are. For us it is important that everyone has the opportunity to contribute to the company's success and to realise their own potential.

Employees and others involved in Entercard's business are selected and treated in a manner that does not discriminate according to gender, colour, religion, age, disability, sexual orientation, nationality, social or ethnic origin, political beliefs, trade union membership or other conditions. In Entercard, we do not tolerate any form of discrimination or harassment in our daily work. 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.



The corporate grades, E1-E5, are defining the impact, seniority and expectations including required knowledge, skills and levels of responsibility, for all roles at Entercard. The highest level of seniority is E5.

Working against bias

We are aware of the risk of unconscious bias and what consequences this can have. We therefore monitor and follow-up with workshops and initiatives, followed by an 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 Entercard within recent years has managed to minimise the differences significantly through securing a consistent awareness of biases.

Equal pay

As part of the annual salary review process, Entercard performs an Equal pay analysis in Sweden, Norway and Denmark to ensure that our employees are equally paid within the same range of job responsibilities. Equal pay is one out of four of Entercard's criteria that forms the basis for a salary adjustment. In contrary to the three other criteria's (role & responsibilities, performance & behaviour and competence) Entercard has decided to centralise the decision, meaning that any adjustments deriving out of the analysis is governed by HR. Entercard publish information on gender pay differences, as required according to the 2008 Discrimination Act's in Sweden, and the 2017 Equality and Anti-Discrimination Act in Norway.

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 Entercard's values and not acceptable in any form. When Entercard determines that an allegation of harassment is credible, prompt and appropriate action will be taken.

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

Entercard is conscious of its impact on society as an employer, responsible lender and business partner. Since actions speak louder than words and a vital part of our work with sustainability is citizenship, empowering employees to do good things. We call our citizenship engagements for re:sponsibility. Post pandemic there is a need to review how and where to focus citizenship activities. We want to engage employees across our functions and countries in activities that are meaningful while contributing to a better society.

For us, at Entercard it is important to keep our environment clean. Therefore, this year we initiated the Entercard Cleaning Day, as a part of World Cleaning Day. Our employees contributed to garbage cleaning in three of our four locations in Scandinavia.

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 number of steering documents, including 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 scans upcoming regulatory changes and 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

At Entercard, the Chief Compliance Officer is appointed Central Functional Responsible (CFR), a mandatory role required by Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) laws and regulations. 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.

The Data Protection Officer (DPO) is placed within the Compliance Function, however with direct reporting lines to the CEO and the board. The DPO is involved in all of the Compliance Function's key processes as mentioned above with focus on data privacy laws and regulations, such as the General Data Protection Regulation (GDPR). Further, the DPO is supporting the organisation with GDPR specific processes such as data breach management, impact assessments and responding to data subject's requests.

The DPO is the primary interface between Entercard and the Data Protection Authorities.

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 2022, are primarily:

MOST MATERIAL RISKS	RISK	MITIGATIONS / ACTIONS 2022
FINANCIAL STABILITY	Credit Risk	<ul style="list-style-type: none"> • Entercard applies restrictive underwriting criteria through scoring models and policy rules. • Entercard lends money only when there are sound grounds to expect that the borrower can fulfil their commitment to Entercard.
	Liquidity Risk	<ul style="list-style-type: none"> • Funding is obtained from parent companies, with terms that at least matches the behavioural duration of the lending. • 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.
	Market Risk	<ul style="list-style-type: none"> • Entercard matches the interest rate duration of the funding with the contractual interest rate duration of the lending. • Entercard does not take any active trading positions. • 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.
	Capital	<ul style="list-style-type: none"> • Entercard holds a buffer of own funds for capital needs. • The total capital held is appropriate for Entercard's needs and is above the regulatory capital requirement. • Entercard forecasts the capitalisation at least three years ahead, in both normal and stressed conditions.

**DIVERSE
AND ENGAGED
WORKFORCE**

Diversity and gender equality and engaged workforce related risks, which have relevance to over 465 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 the Chief of Staff area and in particular within HR and Corporate Communication and Sustainability.

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 Entercard's Business continuity management framework, dependencies are identified within all critical processes and continuity plans are tested annually.

**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 2022, Entercard's Collection department worked actively to support customers with all their questions that arose as a result of high inflation and rise of interest rates.

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 is 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

Customer feedback

Providing great service to our customers is vital for our business and important to us. 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 employees within customer operations are focused on first contact resolution and providing a great customer experience by giving 'that little extra' to our customers.

Customer operations also provides support to our partners. It is important for us to monitor how our customers experience our services.

We measure Net Promoter Score (NPS) and customer satisfaction. The customer satisfaction scores for 2022 have again improved since the previous year (2021) from an already high level. The NPS has during 2022 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. We receive the feedback real time which allows us to have a good overview of our customer experience.



Reputation survey

We have conducted a reputation survey among partners and suppliers the last six years. This year we made a qualitative survey with 14 partner interviews. From the Reputation Survey 2022 results, we see that our stakeholders see us as:

- a company with a strong reputation– this was mainly driven by the partners viewing Entercard as competent and professional as well as widespread satisfaction with the products
- a company that value stability and security among our partners
- giving them secure and safe solutions

We could also see an area of improvement such as:

- Entercard might be anonymous as a company
- Entercard is not seen as being in forefront regarding development and innovation
- the partners are missing an interest for other aspects than the credit card business such as trends and technological solutions

The results of the Reputation Survey are standing questions for how Entercard will continue to develop further on.

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.

In 2022 we have to continuously resolving errors and warnings continually. From 2023 and onwards, we will keep focus on correcting errors and striving to achieve levels recorded for 2022. Overall, our websites are coded in accordance with the Web Content Accessibility Guidelines (WCAG).

The Siteimprove Accessibility product has been implemented with a set of web accessibility checks, based on Accessibility Conformance Testing (ACT) rules. The ACT Rules Format 1.0, which is an industry- standard for testing Web Content Accessibility Guidelines (WCAG) coverage. Siteimprove has upgraded their system for 2022 and the accessibility modules we measured in 2020 and 2021 are unfortunately no longer available. They have created a new Accessibility score for 2022 which is listed below. The guidelines aim to make websites accessible to people with a broad range of disabilities, including sensory, intellectual, learning, and physical disabilities. Top score is 100.

Accessibility score:

Entercard.no 82,4/100



Entercard.se 80,6/100



Entercard.dk 82,4/100



Entercard.com 82,7/100



Our employees

Our workforce is made up of 52% women, and of all leaders, 46% are women.

Diversity at all levels is essential, and our executive leadership team represents five nationalities, and women hold 3/10 positions.

Diversity (permanent employees)				
	2021		2022	
Male	208	46%	241	48%
Female	247	54%	222	52%
Turnover (permanent employees)				
	2021		2022	
Sweden	35 persons	13,4%	29 persons	9,7%
Norway	22 persons	15,5%	17 persons	10,6%
Denmark	2 persons	8,3%	1 person	4,2%
TOTAL	61 persons	13,8%	47 persons	9,3%

Voice of Employees 2022

Every year we run our employee survey, "Voice of the Employee," to learn more about our organization's work climate and employee well-being. With a 93% participation rate, the results and feedback give us a foundation to help us develop as an organization and an employer. We take the employees' feedback seriously and create action plans to always improve.

Voice of Employees	Thresholds	Actuals 2021	Actuals 2022
Leadership	5,5	6,1	6,2
Work climate	5,5	5,9	6,0

Paper use at Entercard

We are continuously working to reduce the use of paper, by promoting digital invoicing to customers in all portfolios in Sweden, Norway and Denmark. Currently Norway and Denmark are the most mature markets for digital invoices. To stimulate further digitization, we have implemented QR code for e-invoice enrolment, and customer service offers to enrol the customer to e-invoice as a part of the customer call.

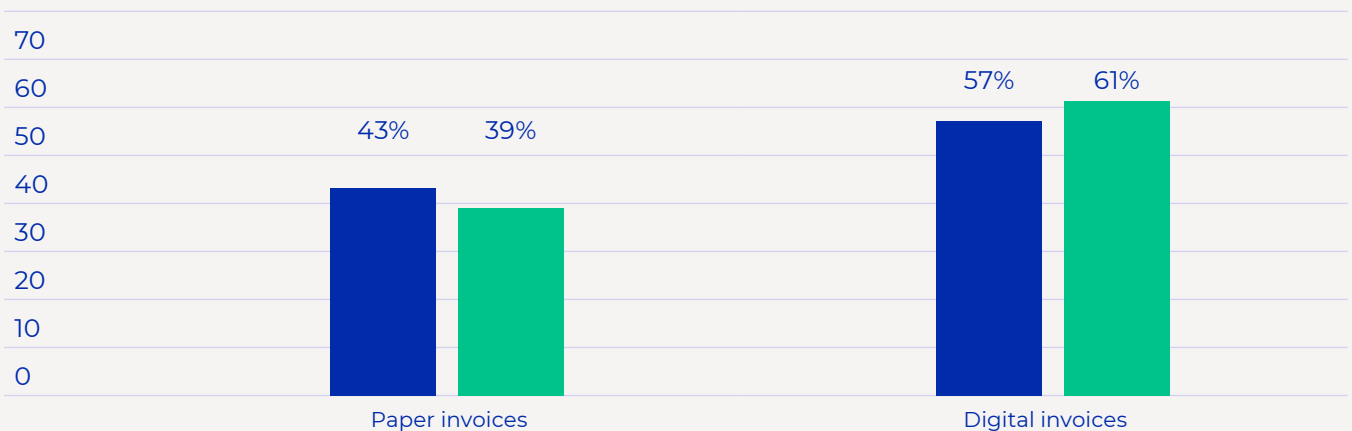
We have also reduced the use of paper by using the Entercard App and Netbank, and digital mailboxes like Kivra, Digipost and eBoks for distribution.

From 2021 to 2022, the share of digital invoices increased from 57 to 61 percent, and 61 percent of the annual tax reports were distributed digitally.

With our marketing automation tool, we reach the customer in the right time with the right channel, which gives 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.

	2021	2022
Annual volume paper invoices	5.212.546	4.844.828
Monthly volume paper invoices	435.735	373.747
Annual volume digital invoices	7.033.899	7.012.351
Monthly volume digital invoices	587.231	594.258
Share of paper invoices	43%	39%
Share of digital invoices	57%	61%

Paper vs. digital share 2021-2022



● 2021 ● 2022

The share of paper invoices has been reduced from 43% to 39% from 2021 to 2022.

The share of digital invoices has increased from 57% to 61% from 2021 to 2022.

