

AXACTOR

Sustainability Report



2020

Axactor sustainability report 2020

The foundation of Axactor's sustainability work

Axactor's purpose is to help people and companies to a better future. Axactor recognizes that business has a role to play in solving social challenges through responsible investments, by supporting and developing the skills of the employees, and by offering innovative products that cater to customers' needs. This combines faster payments and respectful treatment of debtors, brings down outstanding credits, secures a stronger financial market, and increases quality of life for many people in financial difficulties. Through the core business and supply chain, Axactor create economic value and opportunities for society and communities, provide jobs and develop capabilities among for employees and beyond the company. Axactor wants to be close to the community where it operates, where the country organisations are the hub of the customer relationships, based on knowing local regulations and market conditions for customers and debtors.

Responsible operations are essential for the license to operate and an enabler of long-term value creation. Sustainability begins from within the organization. Everyone from the top management level throughout the entire organization are accountable for conducting business in an ethical, sustainable, environmentally and socially responsible manner, practice good corporate governance, and respect internationally recognized human rights principles. Axactor has zero tolerance for corruption, fraud, money-laundering and terrorist financing. To safeguard compliance and support the effectiveness of such acts, the company will maintain an open and ongoing dialogue on these issues, internally and externally. Axactor strives to maintain the highest level of professional standards and places maximum focus and importance upon honesty, integrity, accountability, transparency and compliance in all aspects of its conduct of business.

Highlights from 2020

Sustainability has been a natural part of Axactor's business operations since the foundation of the company in 2015. Axactor has had the right mindset and a solid ESG platform always with strong focus on good debt collection practices, ethics, corporate governance and compliance among others but reporting and measurement has not been done in a systematic way. During 2020, Axactor has increased the maturity and awareness within the whole organization and improved policies, processes, systems and reporting mechanisms.

The new strategy has focus on sustainability as one of the key enablers for its success. As part of the strategy development, Axactor conducted a materiality analysis to identify its material sustainability aspects - the areas considered to be the most important for Axactor and its long-term value creation.

To ease access to information and ability to pay, digital solution has been developed like QuickPay in four countries and debtor portals in five countries. Many debtors and customers experienced more difficult times due to the pandemic situation. Axactor worked hard

to find good solutions for everyone. Payment plans and payment postponements were widely accepted.

To further improve data privacy and information security, extensive awareness trainings have been given throughout the year including practical security training and phishing campaigns. This has been increasingly important in 2020 with many employees working remotely. Assessments are performed across the Group to identify improvement potential and secure the quality of the processes, new systems and processes implemented as further detailed below.

The policies and process to prevent and detect unethical behaviour, fraud, corruption, money-laundering and terrorist financing have been assessed and strengthened. Internal audit has thoroughly investigated systems, reporting, accounting and processes.

A common HR system including common HR reporting standards and processes is implemented which among others improve the human capital development metrics and human capital risk assessment reporting. Axactor Academy has increased number of courses. Parameters to ensure equality and diversity has been assessed and principles clearly communicated. An employer branding project is established to attract and retain talents.

Reporting on energy consumption is developed and several initiatives to further reduce energy consumption, travels and the waste hierarchy, both in the day-to-day operations and in the lifetime management of IT-equipment.

As described in the Board report chapter 4 Financial performance fewer portfolios have been purchased and fewer 3PC agreements entered. The momentum has been used to improve the know your customer (KYC), due diligence (DD), contractual and onboarding processes to improve responsible selection of clients and portfolios and to retain.

Strategic focus 2021

Axactor's vision is to be the industry benchmark. A company that delivers the best advice and fairest treatment of debtors, with more satisfied customers, happier employees and, with higher return to investors. Axactor's values "passion, trust and proactive" help set direction and guide the decisions, actions, and the way it interact with others. Axactor is constantly looking for areas to improve.

In addition to continuous work on the platform developed, a few examples of strategic improvement areas planned for 2021 follow. Axactor will set clearer KPIs, work more target oriented and implement new systems to increase focus and be able to measure and document better the results of all the good work conducted. Systems will among others include a governance, risk and compliance management and controlling system and a common tool for monitoring anti-money laundering to further improve internal control, complete implementation and increase

usage of QuickPay and debtor portals and a new group wide system for recruitment connected to Axactor’s web will increase focus on talent attraction. Focus on performance management will increase, especially talent development including ensuring that the many competent women in the organization is given the possibility to and grab the opportunities to develop within the company. The employer branding project will together with Axactor Academy increase number of and the participation in knowledge and performance developments offered. Employee and customer satisfaction surveys will be conducted. The debtor satisfaction score model established in 2020 will be implemented in all countries and strict KPIs for lost complaints on treatment in local courts/complaint boards set. Improved procedures for customer and portfolio selections will be implemented. The data privacy and information security platform developed will continuously be improved especially the communication interface with debtors. Vendor management will be strengthened in regard to data privacy, information security and risk areas such as fraud and corruption.

Reporting boundaries

Defining consistent boundaries for sustainability reporting is challenging due to the complexity of ownership and operational arrangements in six different countries with among others different legislation. Axactor strives to be consistent and transparent about variations in boundaries and provide a complete report in line with industry practice. Implementation of common reporting system and development of common definitions and reporting standards have raised the quality of the report, but there are still improvements to be made e.g. to be able to report correctly on incidents year over year and have HR data aligned for full year. Historic numbers are sometimes adjusted due to for example changes in reporting principles, changes of calculation factors used by authorities, or re-classification of incidents after investigations.

Policy documents

The Board’s commitment for ensuring that the company keeps good corporate governance standards is explained in the Board’s corporate governance report, and the commitment to sustainable operations in this sustainability report. The Board review and approve annually policies applicable for every employee in the Axactor group to ensure that everyone comply with these commitments. The Board approved

the following policies in 2020 which all contains elements to ensure sustainable operations:

Corporate governance	Code of Conduct	IT and information security
Procurement	Finance	Communication
Human resources	Legal and Compliance	Operations
Delegation of authority	Physical security	CSR
Environmental	Debt purchase	Anti-corruption and anti-money laundering
Data protection	Insider	Treasury

To further strengthen Axactor’s focus on sustainability and the commitment to the UN global development goal # 16 as described below, the Board approved 23 February 2021 new policies regulating trade sanctions, antitrust and anti-money laundering, and updated Code of Conduct and policies regulating legal & compliance and anti-fraud & anti-corruption. Due to the implementation of the market abuse regulations in Norway 1 March 2021, an updated Insider policy was also approved.

Material issues and stakeholder engagement

Axactor conducted a materiality analysis in 2020 to identify its material sustainability aspects - the areas considered to be the most important for Axactor and its long-term value creation. The materiality analysis defines the challenges and issues that Axactor and its stakeholders perceive as most essential, and where impact on society and the environment can be most significant.

The materiality analysis is based on feedback from external and internal stakeholders who have responded to and provided comments on a questionnaire based on relevant topics inspired by Global Reporting Initiative standards, either by survey or through interviews. External stakeholders included customers, partners, regulators, supply chain, investors, and lenders. Internal stakeholders included various Board, Executive management and employee representatives.

The survey covered key factors for Axactor’s daily operations and long-term value creation related to governance, people and the environment. The response helped identify the most material challenges and opportunities that Axactor needs to focus on both its day-to-day operations and long-term strategic development to ensure sustainable value creation. The focus areas and associated issues are presented in the materiality matrix below.




Materiality matrix



Axactor's contribution to the UN's Sustainability Development Goals

The UN Sustainability Development Goals (SDGs) were agreed by all 193 UN member states in 2015, and provide a common guidance for governments, civil society and the private sector to help create a better future for people and the planet.

Axactor see the SDGs as important guidelines for the business, and the SDGs described below are those considered the most material, i.e. those where the Axactor group can have the greatest impact, but Axactor also takes responsibility for contributing to the other SDGs. Here are a few examples of how Axactor contribute through its daily operations:

UN Goal and Axactor main focus area	Examples on Axactor's contribution
 <p>5 Achieve gender equality and empower all women and girls</p> <p>5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.</p>	<p>Gender equality is important to Axactor's working environment, corporate culture, skills, decision making and debtor and customer service.</p> <p>65% of the employees in Axactor are women and women are represented at all levels within the company. In 2020 more than 50% of new employees were woman.</p> <p>Performance management and succession planning are core HR processes which will be further developed in 2021 with specific focus on development of and facilitating work environment for talented women. Axactor aim to have an even gender balance within all managerial teams, where genders are represented within a range of 40%–60%.</p>
 <p>8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p>	<p>Debt collection generates many positive effects, promotes inclusive, long-term sustainable economic growth.</p> <p>Axactor wants to help create jobs and growth in countries where it conducts its operations. Axactor recognizes the importance of diversity of its people's backgrounds and personal qualities. Axactor wants to attract talent regardless of gender, age, ethnicity, sexual orientation, religion, or any other traits that are irrelevant to the job description.</p> <p>Axactor has many years of experience working inclusively with various job initiatives, such as student programs, so that more people enter the job market, which also helps the company to meet its own talent needs. The student program aims to support the company's succession- and competency planning to promote gender equality and diversity and provide work experience to groups who are outside of today's job market. As part of this program, students work at the office during their years of study, takes relevant professional development courses and get valuable work experience.</p> <p>Axactor has 255 employees below 30 years and 204 employees above 50 years. In Germany retired employees may continue to work on temporary contracts.</p> <p>Strong focus on creating equality for all employees through training plans, transparency in the selection process and promotion of equality and diversity.</p> <p>Ensure certain positions are filled by employees with disabilities.</p> <p>The payment solution service 'Quick Pay' offers debtors and companies to pay their debts smooth and quickly.</p> <p>The above initiatives are a few of many current initiatives where Axactor combines business and social benefits through increased integration and diversity.</p>
 <p>16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p> <p>16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.</p> <p>16.5 Substantially reduce corruption and bribery in all their forms.</p> <p>16.6 Develop effective, accountable and transparent institutions at all levels.</p>	<p>Policies and processes to prevent and detect unethical behaviour, fraud, corruption, money-laundering and terrorist financing have been established. The company is committed to zero tolerance policy.</p> <p>Knowledge is important to be able to combat financial crime and secure sound financial operations. All employees are given awareness training and key resources more in-debt customized training.</p> <p>Audits are conducted to identify weaknesses in the policies and processes. Axactor is, and will continue to be, a financially stable company, pay taxes and fees and employ staff, which encourages the building of accountable institutions at all levels.</p> <p>Axactor contributes to the wider community by paying taxes and government fees.</p> <p>Axactor is simplifying its legal structure and ownership structure to increase transparency and build more effective, accountable and inclusive institutions.</p>

Building a viable financial system for people and society

The objectives of the Axactor Group are to engage efficiently, responsibly and profitably for investors, customers, debtors, partners and employees. Axactor assists improving cash flow, increase liquidity and minimize risk of its customers and help debtors get out of debt through fair debt collection practises and by providing support and advise. Axactor build trust and confidence through transparency. Strong ethical values promoting fair treatment of its stakeholders to protect reputation and company values are essential to the company's success. Mechanisms are in place to ensure employees are aware and updated on policies, frameworks and procedures to ensure ethical behaviour.

Axactor is committed to respect human rights, respect the rights of employees and their representatives, protect the environment, enable fair competition and fight financial crime. At Axactor, responsibility is always taken for own actions and decisions and rules are followed. Axactor shall comply with laws as well as internal and external rules, agreements with employee representatives and its Code of Conduct. In Axactor, one learns from the past and always rise to new challenges. Everyone is encouraged to stand up and contribute with their opinion when something is not right or does not feel right. Different opinions shall always be respected, and people are encouraged to question the decisions of others. The business principles and practices apply to all deals, large or small, and drive the behavior expected of every Axactor employee, including temporaries, in their conduct of Axactor's business.

At Axactor, everyone shall be treated with fairness and respect. Team spirit, mutual trust and a respectful attitude are important. It is the responsibility of management to lead by example, to ensure that all employees are aware of these principles and behave according to them. The Code of Conduct is explained to all employees, including temporaries, at the beginning of their employment.

Ethical business conduct compliance

The Group's corporate principles are reflected in policies, procedures which describe how to make decisions, act, and prioritise both while planning and when conducting day to day operations. Simply complying with the policies and procedures are not sufficient and it is essential that each employee, manager and partner always act with the highest standards of ethical behaviour enshrined with Axactor's values and business principles.

Axactor shall:

- always balance potential benefits of actions, against the consequences to society
- incorporate profitable business with social, ethical and environmental goals and actions
- clearly communicate its demands and expectations regarding corporate responsibility and ethical conduct to employees and business partners
- have corporate responsibility as a defining factor when developing financial products and services, and a defining factor in asset management operations
- work to reduce its environmental footprint, and when purchasing products or services, high environmental quality shall be emphasized
- work to prevent any potential criminal activities from occurring within the organisation

- have a transparent management structure in line with national and international standards for good corporate governance building
- have a strong compliance and internal control culture with an open reporting environment to receive and handle, in full confidentiality, at the earliest stage possible, all reports made about any occurrence, whether established or soundly suspected, of a breach of applicable laws and regulations, the company's Code of Conduct, or other ethical concerns reported
- only cooperate with customers, business partners and suppliers who operate in compliance with laws and regulations, good business practices and who maintain high ethical standards
- ensure that all shareholders and other financial market players are treated and informed equally, and that the information is consistent, reliable, available and not misleading

Axactor sets clear responsibilities and expectations for its leaders, employees and partners. This enables Axactor to operate efficiently with the necessary oversight and control. Effective governance structures further allow the Group to work smoothly by ensuring that everyone has a clear understanding of the distribution of roles, responsibilities, rights and accountability. The corporate governance of Axactor complies with formal regulations and generally accepted best practices.

The risk management framework shall also ensure efficiency and control of the business operations in compliance with laws and regulation and the business ethics, as well as profitability and continuity. Axactor has adapted a three line of defence governance model to identify, analyse, define, address and mitigate risks. The design and implementation of effective internal controls are based on the framework outlined by the Committee of Sponsoring Organizations of the Treadway Commission's ("COSO"). Axactor's internal control and risk management system consists of a set of policies and procedures covering e.g. strategy, operations, business ethics, regulatory compliance, and internal and external reporting. All employees receive adequate training regularly throughout the year. Compliance is monitored and reported, and continual improvement work carried out. Axactor operates a structured risk management process that includes strategic risk, financial risk, reputational risk, technical risk, and legislative and regulatory compliance risks. The Board carries out regular reviews of the most important areas of risk exposure and its internal control arrangements. The internal control framework shall assure that the operations are effective and aligned with the strategic goals and correct, reliable, complete and timely financial reporting and management information. The Board of Directors was not made aware of any material breaches of Axactor's processes in 2020. Axactor has implemented procedures for complaints and whistle-blower reports. Due to the Covid-19 pandemic customer satisfaction survey was not conducted in 2020, but the company kept close dialogue with the customers. Debtor and employee satisfaction were measured through surveys. In addition, Axactor is under the supervision of regulatory authorities in all its markets. None of these channels have uncovered any material deviations from the sustainability principles.

All new employees are introduced to the Code of Conduct as part of their training program and sign a declaration confirming they have read and understood it and re-confirm this during the employment. The company has established an independent whistle-blowing channel for all employees to report any concerns related to illegal or unethical conduct. The company's Chief of Staff is responsible for work related to business ethics.

Whistleblowing

The company has a whistle-blower channel for all employees within the Group to use if they wish to report censurable conditions, broadly unperpetrated, at or relating to Axactor, or if they require advice in relation to ethical matters. The whistleblowing channel is easily accessible by all employees through the "intranet", independent and available 24/7. The channel handles reported cases in local language with integrity, respect and confidentiality and ensure protection of any reporter reporting in good faith. The whistle-blower channel shall offer full anonymity and allows users to enter written dialogue and to exchange information without losing their anonymity. The whistle-blower report shall be processed in accordance with the company's procedure and the Board be informed of all cases reported, the types of misconduct and measures taken.

In 2020, 6 internal notifications were registered in Axactor's whistle-blower channel, compared with 5 cases in 2019. The majority of cases in 2019 and 2020 were issues related to the working environment and what appeared to be personnel disputes. All reports have been followed up by HR Director and Compliance Officer locally who investigate improvements based on the findings.

Ethical debt collection by treating debtor fairly

Effective, secure and sound collection processes are essential tools to achieve Axactor's strategic, operational and financial targets. Axactor has implemented an operational policy to ensure that these targets can be met without compromising the highest ethical standards and principles of good collection practices. All debtors shall be treated with integrity and respect, while at the same time keeping the customer's best interest in mind. The creditor, being the customer under third party collection servicing, selects the debt collection agency, whereas the debtor pays the debt collection expenses. The debtor is responsible for his/her payment delay, but the consequences must not be unreasonable. Debt collection is in most of the countries Axactor operates strictly regulated through specific debt recovery acts requiring a license to operate. Operations are supervised by the authorities. Spain has no debt recovery act or licence requirement as such but follow the clear branch guidelines through the branch association ANGEICO (member of FENCA) where one of the country managers of Axactor Spain is president. Axactor is in all countries also following other laws such as enforcements laws and data privacy laws. In addition, Axactor has developed policies and guidelines for good debt collection practises to ensure the fair treatment of debtors. Axactor seeks to find sustainable solutions for customers and debtors.

Axactor will among others always ensure that the process does not cause unreasonable consequences or unnecessary inconvenience to the debtor. Collection are only conducted on obsolete undisputed debt, guidance is provided, phone collection is not performed at inconvenient hours and all contacts replied within given deadlines. The case handlers shall always be tactful, never insulting and not put on unethical pressure to achieve payment but seek to find good solution e.g. by offering payment plans. The debtor's right to privacy must always be respected. Information provided shall be correct and not misleading about the consequences of neglecting to pay or about other matters that are important to the debtor. Collecting debt from minors is restricted. Axactor provides information and advices to debtors to prevent payment problems from becoming more serious.

To ensure compliance to good debt collection standards, extensive training and awareness campaigns are provided to all employees within operations. It is key that the case handlers have solid understanding of debt collection regulations and each debtor's situation. All calls are taped to ensure quality and security. Many employees within operations are certified. Axactor encourage the employees to get certified. Experienced personnel conduct reviews and give advice to ensure compliance and quality. An integrated part of the call center activities in Sweden is monthly debtor satisfaction survey. The results for the fourth quarter was an average score well above 4 out of 5. The debtor satisfaction survey will be rolled-out to all countries in 2021. Axactor has implemented a complaint process in each country. A limited number of complaints were received from debtors and none considered critical. All complaints are handled in accordance with the procedure; investigated, answered, errors (if any) corrected, reported and filed. Axactor's customer conducts regularly reviews to ensure compliance. Axactor has developed solid internal controls monitored by compliance.

Axactor is actively involved in the local branch organizations.

Ethical debt collection is not only about treating debtors fairly but also ensure that the products offered are sustainable and ethical, and ensure a responsible selection of customers, portfolios and vendors. Axactor are part of a value chain and will not be better than the weakest link. Axactor has a structured purchasing processes and sourcing strategies to ensure that the services and goods acquired are ethical and of high quality. Axactor ensure that suppliers involved in the debt collection process such as field collectors commit to Axactor's code of conduct and have implemented sufficient organizational and technical information security measures to protect the privacy of the personal data processed. Only collection agents through the acknowledged organization LIC are used for international collection.

Axactor's core business is collecting unsecured consumer debt mainly from regulated financial institutions. The customers are chosen among other due to the quality of the claims as the customers are operating under strict regulations and supervision from the authorities. A "know-your-customer" shall always be conducted before entering a contract. Customers which represent a reputational or compliance risk shall not be accepted. However, risks may be mitigated. Axactor has high focus on the mutual contractual obligations including ethics and compliance throughout the value chain. Information on good debt collection practices, requirements to the collection process related to information, transparency, guidance, interest etc. are provided to the customers to ensure compliance and high quality throughout the process. The process is monitored and where weaknesses are discovered corrective measures are implemented. If weaknesses or errors are discovered in the customer's process information is provided immediately.

Privacy protection and information security

Axactor respect the personal integrity of individuals. Different types of personal data are processed in different ways and situations, depending on whether a person is representative of a customer, vendor or public authority, debtor, employee, job applicant, visitor, etc. A robust data privacy framework is required when handling huge amount of data including sensitive data related to individual's financial and, in many cases, vulnerable situation. As a listed company and with

great respect for the trust given by partners and investors, Axactor also focus on safeguarding confidential information and trade secrets of which Axactor has access.

One of the prioritized areas for Axactor in 2020 has been activities related to data privacy and information security. Policies and procedures have been adjusted to reflect the risk situation. Data protection impact assessments have been established for all relevant processing activities, art. 30 registers, privacy declarations and cookie policies updated, retention periods reviewed, efficient communication especially with debtors and use of encryption discussed, data privacy agreements reviewed, vendor agreements regulated by safe harbour framework updated due to the Schrems II verdict.

Regardless of situation, Axactor shall only process personal data in accordance with applicable data protection regulations. Appropriate technical and organizational measures are implemented in accordance with Regulation (EU) 2016/679 (GDPR) and local data protection laws. This year special focus has been on ensuring an appropriate security level and ensure the integrity of data subjects while working remote from home. Axactor had the following information security policies and procedures in 2020:

IT and Information Security	Access Control and Administration	Antivirus Security	Backup
Physical Security	Remote Access	Data Encryption and Communication	Security Incident Management
Vulnerability Management	IT Assets Inventory	Routines for IT development	Practice guidelines for IT & Information Security

Following the minimisation principle, only personal data necessary for the relevant processing is collected, and only processed fairly and lawfully towards the data subject. To ensure transparency and safeguard the rights of the data subject, information on Axactor's data processing is provided at Axactor's web pages, in email and letters sent, in agreements, internal communication and external calls. Personal data are deleted when Axactor no longer has legal grounds for processing and the purpose is fulfilled. Anonymisation and pseudonymisation techniques are used to remove unnecessary personal data, e.g. during system testing activities. Axactor process requests from data subjects regarding their rights and inform about data breaches in a timely manner. The number of complaints from debtors claiming breach of GDPR due to incorrect registration of the debtor in public debt register has increased. However, not the number of cases where the local supervisory authority has ruled in favour of the debtor complaining.

To build a solid security culture Axactor carries out awareness activities continuously. All employees receive regularly data privacy and information security awareness trainings including digital trainings covering both theoretical and technical aspects, more advanced trainings adjusted for respective job roles in combination with practical initiatives, e.g. phishing test campaigns to increase the employee's awareness of potential threats and cybersecurity issues. Due to the increased number of employees' working from home office, this has had increased focus during 2020.

The data privacy policy and IT and information security policy with detailed procedures applicable for all employees within the Group with clear roles and responsibilities have been reviewed and approved by the Board. The Group CISO role, the security committees and the data protection officers (DPOs) at group and country level monitor risks and govern compliance and report to management regularly, and the Board's audit committee at least quarterly. Data processing agreements are entered with all vendors processing data on Axactor's behalf. The vendor responsible for most of the Group's infrastructure confirms their compliance through independent third party ISAE 34002 Type II and ISAE 3000 Type II audit reports. The main vendor for application operations and IT development is ISO 27001 certified.

Access management has been improved through implementation of a role-based access management system, CMDB, common titles, single-sign on etc. as well as documented regular control activities. Practices and technology are adopted to preserve confidentiality, integrity and availability of data, through different forms of encryption, multi-factor authentication and vulnerability management. Automated internal security scans are performed regularly within the infrastructure area. A complementary external penetration test from an independent specialised company is conducted for an additional level of vulnerability identification.

Deviations and data breaches must be reported internally through the established incident and data breach notification channel. A clear operational process for security incident and data breach management has been implemented, but awareness must be improved and types of incidents to be reported and follow-up clarified. Awareness activities reflect the number of reported incidents. In 2020 focus has been on phishing.

Physical security assessments are performed at all locations to identify gaps and potential improvements to secure the quality of the processes.

Going forward focus will among others be on repeatable and optimizing the information security processes, early detection and root-cause mitigation, automatising of tools and workflows including improved incident reporting and continuous awareness.

Responsible selection of customer and portfolios

Axactor has a process for ensuring that new customers are satisfactorily evaluated and approved, to ensure compliance, avoid loss of reputation and secure an appropriate quality and service level according to both parties' expectations. A policy sets out clear and appropriate guiding principles for how new customers are approved and contracts are set up.

Management shall ensure responsible investments. No portfolios which include use of unethical lending terms or aggressive sales methods or are considered unethical for other reasons shall be purchased. Through a "know your customer" procedure Axactor conducts appropriate checks to avoid entering into agreements with customers involved in any fraudulent, corruptible, money-laundering or other illegal activities, or coming from a sanctioned country, and to prevent any conflict of interest. All Axactor's contracts shall contain warranties of compliance to relevant laws and regulations.

Preventing financial crime

Each year, millions of transactions pass through Axactor. This represents a risk for financial crime. Axactor is committed to comply with applicable laws and regulations to combat fraud, anti-money laundering, bribery and corruption in the jurisdictions in which Axactor operates, and to prevent Axactor from being used for any illegal activity. This also includes complying with all relevant trade sanctions regulations. Axactor has a zero-tolerance attitude. Non-compliance with policies to prevent financial crime may result in criminal or civil penalties which will vary according to the offence. Axactor prohibits facilitation payments, kickback or other improper payment for any reason. Axactor actively involves in local debt collection organization to protect its and the industry's interest, but always act with transparency and integrity and never mislead or try to obtain information dishonestly through inappropriate lobbying. Employees are not permitted to receive or give any stakeholders any gifts or other benefits that endanger the decision-making to be based on sound financial principles and /or strategic decisions. Legitimate charitable contributions may be given, but adequate measures shall be taken to prevent misuse before entering into such agreements. All donation requires Group approval. Charitable contributions to political parties shall never be approved. Axactor has strict rules for cash management and accounting. No invoices, customer or vendor who lack documented legal foundation shall be approved. Cash payments should be avoided, and when exceptionally used strict procedures must be followed. Axactor has detailed policies regulating different preventing and mitigating actions. These Board approved policies are updated annually to reflect the risks identified through the annual risk assessments.

All employees are made familiar with Axactor's Code of Conduct and shall confirm their awareness. Axactor shall provide adequate training for all employees consistent with Axactor's different operating units risk profile and appropriate to employee responsibilities on a regular basis. Axactor provided both general awareness training and awareness directed at specific groups e.g. focusing on conflict of interest and payments methods. Employees are encouraged to report of any suspicions of violations through one of the many reporting channels. Axactor is committed to follow up all reports of suspicion acts and take appropriate action.

Through a "know your customer" procedure Axactor conducts appropriate checks to avoid entering into agreements with customers involved in any fraudulent, corruptible, money-laundering or other illegal activities, or coming from a sanctioned country, and to prevent any conflict of interest. All contracts shall contain warranties of compliance to relevant laws and regulations.

Solid vendor management is another key area to fight financial crime. Axactor has a structured purchasing processes and sourcing strategies to ensure that the services and goods acquired are the result of transparent, objective, time and cost-effective decision making and risk management. Ethics, regulations, professionalism and equal treatment of suppliers are absolute requirements in this work. All purchases shall among others be fair, unbiased, consistent, and aim to attract the widest and most diverse pool of applicants possible and appropriate. Axactor shall never engage any suppliers involved in any fraudulent, corruptible, money-laundering or other illegal activities. Axactor has consequently partnered with e.g. IT contractors that are ISO-certified under 9001 Quality, 27001 Security or similar standard such as ISAE3402 type II and ISAE 3000 type II. Under these certifications, the contractors are obliged to ensure high information security standards.

Axactor encourages competition by ensuring non-discrimination in purchase and uses competitive purchasing processes and promotes use of resources in an efficient, effective and ethical manner. Decision making shall be conducted in an accountable and transparent manner in accordance with the Delegation of authority policy. The suppliers shall be compliant with good corporate governance and not involved in any illegal activities that can cause negative consequences and harm the reputation of Axactor, consistent with socially responsible, diverse and ethical business operations and practices. The selection of suppliers should be based on transparent and objective criteria, free from personal interests, biases, or other untoward or political influences. All records should be as complete and accurate as possible, and timely kept. During the contractual period the respective manager responsible for the contractual relationship should assess that relevant suppliers provides the right quality and quantity of goods or services at the greatest total value to Axactor. Axactor has implemented a Group contractual system and a Group accounting and invoicing system to management all vendor agreements and invoices in an appropriate manner. In 2021 Axactor aim to strengthen vendor management among others by establishing a tool to be used for monitoring and request the chosen suppliers to develop and close identified gaps to meet Axactor's expectations.

A financial management process is defined as a supporting process to Axactor's core business processes. The standardized Group systems and solutions are designed and built unison and transparent throughout the Group. The Group financial documents are more general principal documents, while local managers are responsible for building a robust financial function locally with the required detailed level. One example is the ERP system that is built on the same business model with standard chart of accounts, cost center structure, projects, service lines and segments. Finance functions locally are obligated to use the One Axactor standard systems and procedures and cannot build any procedures in conflict with Group procedures.

In addition to regular internal control activities, a self-assessment where respective managers need to confirm that all preventive actions within their area of responsibility are implemented has been conducted. All feedback was promptly received, the results documented, analysed and reported to the Board's Audit committee. Few, non-critical, deviations from the requirements were reported and a mitigation plan established.

Axactor regularly evaluate systems, internal control mechanisms and procedures, to ensure that they are effective and efficient. In addition, appropriate measures are taken to correct any identified deficiencies. All transactions must be executed in accordance with management's general or specific authorization. Accurate books and records that fairly document all financial transactions, risk assessments and due diligence shall be maintained available for inspection. Financial authorities across the jurisdictions Axactor operates are naturally interested in Axactor's efforts to combat financial crime and Axactor has an open and active dialogue with its regulators.

Part of the internal audit work is to provide the Board of Directors with reasonable assurance that controls are present and functioning, also from a fraud preventive perspective. Internal audit has during the year had focus on the implementation of segregation of duties and duality when conducting payments and transactions related to collection and the handling of client funds. The internal control structure and process when purchasing and managing Axactor purchased portfolios have also been evaluated. Further, Group Internal Audit has conducted

audits of the anti-money laundering process in Sweden, including the local policy, the know your customer process, risk classification of customers, monitoring of transactions and risk assessments. Anti-money laundering and the preventing of terrorist financing will also be a focus for the Internal Audit in 2021. The results of internal audits are reported to Axactor Board of Directors, risks are when identified managed and mitigating actions are always followed up by the Board. No material findings were reported by Group Internal Audit in 2020.

Through 2020 Axactor has further simplified its legal and ownership structure to ease transparency e.g. by transferring the shares of Geveran to Axactor giving 100% ownership of the Axactor Invest 1 instead of shared ownership with a trust structure. This work will continue in 2021.

Sound economy for customers

Axactor generating financial value for its customers by helping customer get paid for their goods and services which enables further investments and economic growth. Axactor strives to ensure and improve customer satisfaction. Due to Covid-19 pandemic a customer satisfaction survey was not conducted in 2020. However, the feedback provided from the customers, numbers of complaints and contracts renewed show trust in Axactor and a high level of satisfaction in all the markets Axactor operates. Within the 3PC segment, Axactor has throughout the year won a high number of benchmarks resulting on increased volumes from the customers. Axactor has prepared to run a customer satisfaction survey in 1H 2021.

Axactor has a process for ensuring that new customers are satisfactorily evaluated and approved, to ensure compliance, avoid loss of reputation and secure an appropriate quality and service level according to both parties' expectations. A policy sets out clear and appropriate guiding principles for how new customers are approved and contracts are set up. As part of the onboarding process and throughout the contractual term guidance is given to ensure compliance to relevant regulations and to ensure good debt collection practices.

Innovative and efficient product offering

Axactor's core business is third party collection of unsecured consumer debt and purchase of portfolios for own collection. These operations are run on solutions with high degree of digitization and user-friendliness. In 2020 Axactor launched several digital solutions, e.g. debtor portals and Quick pay in several countries, contributing to shorter and more efficient payment processes towards companies and consumers, sounder payment flows in the market in a more environmentally friendly manner.

Operations are performed in accordance with common KPIs across Axactor. Through common reporting systems using advanced analytics and business intelligence, Axactor managers locally and at group monitor performance daily. This enables managers to act instantly and implement mitigating actions when deviations from expected performance occur. In 2021 Axactor will continue to mature in use of advanced analytics and business intelligence to among others build predictable scorecards to improve collection processes to increase efficiency and good debt collection practises through advanced segmentation tools enabling adjustment of means when approaching debtors. Axactor also plan to develop customer self-service portals. Other improvement projects to raise quality initiated during 2020

and planned for 2021 are described in the annual report chapter 2 Operations.

Axactor has a responsible product offering and monitors the social impact and risks of products and services. A process for approving new products and business developments prior to launch and to secure an appropriate quality and service level must be followed. Axactor strives to ensure and improve customer and debtor satisfaction. Each country has a complaint process. A limited number of complaints were received from debtors and none considered critical. All complaints are handled in accordance with the procedure; investigated, answered, errors (if any) corrected, reported and filed. Operations are performed in accordance with common KPIs across closely monitored by group and reported to the Board regularly. Several improvement project to raise the quality have been initiated and are closely monitored. Portfolio investments (NPL) and REOs are also closely monitored by the Group investment management team and the Board's Investment Committee quarterly.

Responsible value chain and partnerships

Management shall ensure that all investments conducted are responsible and the Axactor only cooperates with companies sharing good business ethics. Board approved procedures for know-your-customer, decision making, due diligence etc are followed.

Relations with regulators and organisations

Axactor operate under strict supervision by the authorities both as a listed company and through the business conducted. An open, honest and transparent dialogue with legislators, authorities and sector organisations are practised. Axactor are closely involved in local debt collection organizations and involve actively in discussions related to debt management regulations and practices.

Changes in the regulatory environment is monitored regularly and policies and processes adjusted accordingly e.g. adapting to the changes in the Norwegian debt collection act implemented 1 October 2020 and the expected changes in the German debt collection act.

People

Axactor is built around three crucial enablers – People, Systems and Funding. The employees are the carrier of the corporate values and culture which is vital to Axactor's success. The concept of how to run a successful collection business is based on trust and respect for the individual – customers, debtors and employees. With the expertise and dedication of its employees, Axactor can meet stakeholder expectations. Axactor strives to ensure that it remains an attractive workplace for its 1,235 employees by providing challenging and meaningful work and fostering a culture that empowers everyone to learn and grow. The company set clear expectations for its leaders to act as role models who promote the core values, drive customer centricity and inspire their employees to succeed by working with engagement.

Strategic goals, policies, processes, guidelines and routines coupled to recruiting, development and succession of employees are formulated at the Group level. The operating companies in the Group have a

local HR Director managing all HR related matters on a daily basis and assisting the Group's managers and leaders in respective markets. Fundamental preconditions are also the ability to act according to laws and regulations coupled to labour law and the work environment and the Group-wide policies, local procedures and collective agreements.

Diversity and equal opportunities

The Group conducts long-term work on creating an inclusive work climate and increasing diversity. The ambition is that the employees in the organization will reflect society at large. A good mix of competencies and perspectives creates better results for the entire operation.

Axactor has zero tolerance towards discriminatory behaviour and does not tolerate discrimination based on age, gender, pregnancy, maternity or paternity leave, ethnicity, political opinion, philosophy of life, functional ability, religious beliefs and/or sexual orientation, or any other characteristics. The culture and work environment shall be inclusive, with a common respect for each other and benefit from different backgrounds, competencies and experiences. Axactor employees

comes from many different backgrounds. In Sweden, as an example, approximately 25% of the employees have a foreign background.

Axactor wants to be a workplace with equal opportunities and has included in its policies regulations to prevent gender discrimination regarding salary, promotion and recruiting. Axactor aims to have an even gender balance within all managerial teams, where genders are represented within a range of 40%–60%.

Examples of measures to increase diversity include writing advertisements for vacant positions in an inclusive manner among others to attract more women in leadership positions. In 2020, Axactor continued to include gender equality and diversity leadership courses for new managers and as part of leadership development activities in all countries. On an overall level, the company employed 65% women and 35% men at the year-end 2020. The percentage of women in the country management teams has increased by 8%, from 29% in 2019 to 37% in 2020. Regrettably, Axactor has not achieved a more balanced gender distribution across all levels, business functions and countries. The Group Executive Management consists of nine men and four women, and three out of seven board directors are women.

Gender balance per country	2020			
	Number	%	Women %	Men %
Finland	63	5%	76%	24%
Germany	225	18%	66%	34%
Italy	123	10%	76%	24%
Norway	136	11%	54%	46%
Spain	640	52%	64%	36%
Sweden	48	4%	65%	35%
Group total	1,235		65%	35%

Gender balance by management type	2020			2019			2018		
	Number	Women %	Men %	Number	Women %	Men %	Number	Women %	Men %
Board of Directors	7	43%	57%	6	50%	50%	7	43%	57%
Executive management	13	31%	69%	13	31%	69%	13	38%	62%
Country managements	43	37%	63%	45	29%	71%	41	32%	68%
All Group employees	1,235	65%	35%	1,200	63%	37%	1,040	62%	38%

Axactor offers job opportunities to individuals with disabilities. In 2020, 2% of Axactor's employees in Spain were employees with a disability grade of more than 33%, and 7% in Italy were employees with a disability grade of more than 46%. All offices, except the Axactor office in Germany, are universally designed to accommodate employees with disabilities. In the spring of 2021, Axactor in Germany will move into new premises designed to accommodate employees with disabilities.

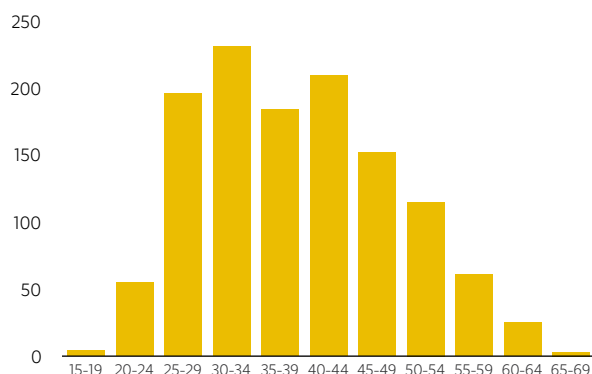
Hiring students provide young academics access to the right employers and increases employment in groups that can find themselves outside today's labour market. Axactor offers students different job training opportunities in several countries where it operates. The aim is to support the company's succession- and competency planning and promote gender equality and diversity. As part of the training, each

student works at Axactor full-time or part times of their studies, takes relevant professional development courses and learns about the Axactor culture. Several students are offered jobs with Axactor, while others gained a valuable experience for their CVs. Spain has an agreement with the university offering students practical experiences. During the year, Axactor in Germany has offered 14 students and five vocational trainees job opportunities. In Norway and in Sweden 13 students have worked part-time combined with their studies.

Axactor also has measures in place that help to ensure that older employees can continue working also after retirement age. The measures vary between countries. It includes the possibility of reduced working hours and extra holidays. Out of Axactor's 1,235 employees, 7% are in the age over 60 years.

Age breakdown 2020

Number of employees per age



Equal pay for equal work

The remuneration policy states the principle of equal pay for equal work or work of equal value considering the market condition. From a gender equality perspective and a legal perspective, it is important to monitor the development of pay differences between men and women. Axactor is working systematically to ensure equal pay for equal work or equal value and to rectify unwarranted pay differentials between women and men. An annual analysis is performed of all countries to facilitate discussions with people leaders, country management and the local unions on equal pay gaps. In 2020, Axactor worked closely with people leaders who oversee delivering fair and equal pay to create greater awareness and ensure that pay levels are correct. During 2020 Axactor has continued the work in developing a job framework across all countries to support both the identification of comparable roles, competencies and expectations and ongoing work on market-informed fair and equal pay.

It all starts from the top. The Board's remuneration for 2020 differentiates between the responsibility and type of committees, not men and woman. The remuneration for 2020 for the Group functions reporting to the CEO is harmonized. The remuneration for the country managers reporting to the CEO is harmonized with effect from 2021 but taken into account local market conditions. Unfortunately, the work to achieve equal pay for equal work is not easy to achieve short-term as salaries may not be reduced due to contractual obligations and be demotivating for the ones affected. Increase in salaries will on the other hand drive cost which is challenging for the competitive advantage of having the lowest cost-to-collect which again create value and job opportunities. Besides Germany, Axactor must comply with local collective bargaining agreements. A normal principle with a fixed percentage for salary increase for all employees will be challenged as it increases already identified differences. There are more men in the company's top positions, more women in support functions as e.g. HR and more women in part-time positions. However, these challenges are not hindering Axactor from reaching the goal of equal pay for equal work value long-term. The pay gap between women and men is being analysed to identify targeted measures to reduce the gap. In addition, guidelines for wage determination is being developed.

Salary difference women vs. men, all employees by country %^{1,2)} 2020

Finland	-25%
Germany	-23%
Italy	-49%
Norway	-27%
Spain	-29%
Sweden	-14%
Group total	-27%

1) Also includes the Executive Management

2) The table does not take into consideration either profession or management level. One reason for the differences may be that men still hold more management positions at a higher level with higher salaries.

Salary difference women vs. men Executive Management, % 2020

Executive Management	-24%
Group total ¹⁾	-27%

1) Also includes the Executive Management

Talent attraction and retention

It is important for Axactor to attract and retain skilled employees. The recruitment process is a valuable opportunity to present a positive image of Axactor as an employer. Axactor strives for objectivity in its recruitment, and extensive work has been carried out to harmonize the recruitment process and make it more professional.

The view of internal recruitment is positive and all job vacancies are advertised internally. Managers encourage their employees to apply for new positions in the Group actively. Axactor's internal mobility program helps retain crucial expertise, promote Axactor's culture and contribute to internal career development. The most recent example of internal mobility is Heidi Piispanen, who in December started her new position as the Country Manager for Axactor in Finland and previously held the role as the Group Operations Director. For the role of Group Operations Director, the company recruited the NPL collection Manager in Axactor Norway. Another example of internal recruitment is for the role of the Group Chief Information Security Officer, a position fulfilled by the IT Director of Axactor Italy. In Axactor Italy, all team leaders within operations were recruited internally.

Recruiting managers are responsible for the decisions made in connection with recruitment and conducting recruitment according to an established process. In 2020 a recruitment process with more digital system support was ready for implementation as a part of the Groups new HR-system.

A structured approach to succession planning is crucial to satisfy the current and future demand for managers. One important task for managers at Axactor is to identify, encourage and develop new managers. To prepare prospective managers, development programs are carried out that focus on change management and developing the business model. Managers at Axactor must be exemplary ambassadors for the company's corporate culture. Many managers are, therefore, recruited internally.

To ensure success on developing and attracting employees it is important to monitor the development of new hires and employee turnover. The Group employee turnover rate for 2020 was 11,2%, which was higher than in 2019 due to efficiency measures and organizational changes.

Employee turnover by country and gender, % ¹⁾	2020			2019
	Total %	Women %	Men %	Total %
Finland	12.0%	9.2%	20.0%	3%
Germany	9.6%	9.5%	9.8%	5.5%
Italy	11.7%	10.5%	15.1%	4%
Norway	15.9%	12.4%	20.2%	24%
Spain	9.8%	7.4%	14.0%	3.5%
Sweden	21.7%	11.3%	35.9%	11%
Group total	11.2%	8.8%	15.6%	8.5%

1) Employee turnover refers to the proportion of permanent employees who have left the company in relation to all permanent employees for the period 1.5.2020 - 31.12.2020 including voluntary turnover, retirement, death and dismissals.

New employees by country and gender	2020		
	Number	Women %	Men %
Finland	32	75%	25%
Germany	34	65%	35%
Italy	25	56%	44%
Norway	42	60%	40%
Spain	55	56%	44%
Sweden	27	59%	41%
Group total	215	61%	39%

Constant development

It is important to Axactor that everyone can develop in their role. In Axactor, customers and debtors are treated with trust and respect, provide professional and ethically advice based on the customer's and debtor's individual situation. Axactor's HR policy states that the company is committed to the continuous professional development of its employees.

The Axactor Academy is the Group's own centre for continuing education and competence development. All employees have the right and obligation to training and competence development. The Group can direct relevant training to specific employees. Axactor Academy provides the organization with a streamlined structure to manage the competence development for all employees. All employees receive training to secure compliance to relevant laws and regulations such as debt collection regulations, tax and financial regulations, anti-fraud and anti-corruption, data privacy, information security, anti-money laundering and terror financing and other business ethical standards. Axactor's leaders take the Axactor Academy's leadership courses. Training is carried out in a combination of on-the-job-training, sharing of best practices and knowledge, and numerous e-learning courses and classroom trainings. During the year, an even larger part of the learning took place using digital tools combined with physical meetings. Axactor now has access to more online courses than last year that provides targeted competence improvement-based competence for different roles in the company. Learning and development objectives are linked to Group-wide organizational objectives.

All new Axactor employees in all countries take part in an introduction day where the Country Manager and other key personal talks about

the company's strategy, culture, values, competence-building, brand, ethics and more practical information.

Employees attend performance and learning dialogue with their immediate managers at least once a year, and together they draw up and establish the respective employees' development plans. 100% of all the employees had a performance and learning dialogue during Q2.

The company runs bi-annual employee satisfaction surveys to help us measure engagement and well-being. The most recent Group survey was conducted in September 2018. Leaders have the largest impact on employees' performance, well-being and day-to-day engagement. During the strenuous year 2020, with impacts of the Covid-19 pandemic, the planned Group survey was exchanged to country-specific initiatives to be even closer to its employees and considering local market conditions. During the year, leaders engaged in daily and weekly dialogues within and across their teams to ensure everyone had the opportunity to perform and grow. The different outcomes/results show positive development especially in the focus areas: the right conditions to do a good job working from home office, support during periods of high workload, feedback and clear communication of expectations by managers. Managers have become better at informing, providing feedback and being aware of employees' performance. Many respondents state that they get support when there is a high workload, which has resulted in a decrease in stress.

In addition, a Group survey conducted in January 2021 measuring the employees' satisfaction during 2020 showed that over 80% of the employees were very satisfied with the handling of the work situation during the pandemic, worked efficiently from home, were well managed, received sufficient information, had close contact with their

colleagues and experienced a good work-life balance, giving a score of 4-5 out of 5.

Remuneration and benefits

The main purpose of the company's remuneration is to encourage a strong and sustainable performance-based culture which supports growth in shareholder value over time, based on responsible business practices and aligned with company values. This is stated in the Group's remuneration policy, determined by the Board of Director and supported by the general meeting.

To attract and retain employees, Axactor offers competitive employment terms in line with local market conditions. The individual salaries are typically set in the annual salary dialogue review between manager and employee. Conditions and benefits differ within the Group and are adapted to the markets where the company operates and to the collective agreements which have been entered. The company has collective bargaining agreements in Sweden, Finland, Norway, Italy and Spain. 77% of all employees are covered by collective bargaining agreements. Axactor has also offered employees in Germany to sign up for collective bargaining agreements. Axactor commits to the International Labour Conventions on the freedom of association and the right to collective bargaining among its employees and has

constructive discussions and collaboration with the unions. The collective bargaining agreements regulate, among others, salaries, terms of employment such as notice period. Axactor collaborates well with the unions and facilitates their work by offering use of Axactor offices and equipment for Axactor union-related work.

Axactor recognizes the importance of a good work-life balance and has a high number of part-time workers, of which most are women. To Axactor's knowledge, all part-time work is voluntarily chosen. It is mostly related to students working in combination with studies and mothers with younger children requesting part-time work after maternity leave. In Italy, the amicable and field collection advisors work part-time, 6 hours per day on a shift from 8 to 20. This has been part of a restructuring project of 2018, where the affected employees voluntarily accepted the part-time reduction. However, committing to the UN development goal #5, Axactor aims to decrease the number of part-time workers and encourage women to develop, grab the opportunities given, and facilitate a good work environment for talented women. The form of employment shall be a topic in all appraisal talks. None of the employees in Axactor SE works part-time. In Axactor SE two employees had paternity leave in 2020. The leave was taken without any restrictions or consequences for the remuneration, benefits or work tasks.

Employees by form of employment	2020		
	Number	Women %	Men %
Regular employment			
- Full time	920	63%	37%
- Part time	237	78%	22%
Temporary employment	78	58%	42%
Group total	1,235		

Other benefits such as pensions advice, salary exchange, fitness subsidies follow market conditions and best practice in each of the countries and apply equally for all employees in country regardless form of employment and percentage of employment. In Norway and Sweden, Axactor offers e.g. maternity and paternity pay greater than the statutory requirement.

Health and work environment

Axactor's continuously addresses risks and opportunities related to the workforce. To sustain a healthy and safe workplace – both physically and mentally – Axactor builds its efforts on an active working-environment organisation, councils and engagement initiatives, as well as collaboration with unions, employee representatives and local management. An ongoing dialogue between managers and their employees makes it possible to detect early signs of poor health and to ensure the work situation is sustainable in the long run.

Working actively to facilitate a positive work environment, Axactor encourages the employees to be physically active and take care of their health. There are several initiatives in all countries and offices to promote employees' health, e.g. arrangements to facilitate cycling to work, sponsoring of health club membership, common training for groups of employees, physiotherapist availability in the office regularly, internal football game arrangements, annual culture and value event dedicated to physical health, and separate health insurances.

Axactor does not accept any form of sexual harassment in the work environment. Specific focus to raise awareness is given among others through the digital ethical e-learning courses mandatory for all employees to conduct.

Most managers have access to tools to be able to act upon early signs of ill-health among employees and increase the work attendance rate through proactive wellness initiatives. Axactor monitors the sickness absence trend based on systems applied within the Group. Employees employed in Axactor SE had in total 45 sick leave days in 2020 of which 8 days were due to parents being home with sick children, and 7 of the remaining 37 days employee with a sick leave rate of 60%.

Axactor has a working council with representatives from all countries elected by the employees for two years. It is a forum for information and consultations for the employees in the Axactor Group. Representatives from Executive management provide a status of the company minimum twice a year. The agenda covers structure of the Axactor Group, the financial and the economic situation and envisaged developments, anticipated progress of the business, sales etc., significant changes to any company within the Axactor Group's company structure, transfer of undertakings, mergers, cutbacks or closures of undertakings, personnel policies of the Axactor Group and equality between men and women (as well as minorities) in the Axactor Group.

The employees' well-being is a key factor in relation to Axactor's ability to recruit, develop and retain a diverse and motivated workforce. It is only with such a workforce that Axactor will be able to provide an even better service to the customers.

Quality, health and safety are integral aspects of the company's operations, and systems are in place to monitor and follow up accidents or incidents. Axactor's business is by nature non-hazardous, and no accidents or injuries were recorded in 2020.

Minimizing the environmental footprint

The environment and climate change are one of the most important issues for society today. While Axactor's environmental impact is limited, the business by nature non-polluting and harmless to the external environment, Axactor works actively to reduce the environmental impacts its operations give rise to; those generated indirectly and directly through internal operations. The company's environmental policy is adopted annually by the Board of Directors and the principles reflected throughout the corporate governance structure.

Category	Subcategory	Unit of measure	User data	kg CO2e/unit	Emissions total	Procentage emission
Scope 1	Company cars	Liter	80,422	2.54	203,979	30%
Scope 2	Electricity usage	kwh	735,348	0.40	291,198	43%
Scope 3	Flights and hotel nights	na	na	na	175,300	26%
Total emissions					670,477	100%

The main environmental issues relate to energy consumption, travel and the waste hierarchy, both in the day-to-day operations and in the lifetime management of IT-equipment.

With regards to energy consumption, all Axactor offices shall – if feasible- have systems for time-regulated monitoring of ventilation, heating/cooling and lighting. No relocations or reconstructions of existing offices shall lead to higher energy consumption. An internal audit/self-assessment performed in the second half of 2020 showed only minor deviations in Spain. In Spain the mitigation plan was postponed due to Covid-19 pandemic but will be implemented as soon as the situation is normalized. The results are presented in a separate report to the Board of Directors.

Axactor's travel procedure specifies that employees are encouraged to limit travel whether to the office on day-to-day business or for business travels and use tele-/video conferencing as much as possible. Some travels are unavoidable due to the international scope of the company's operations. Axactor strives to lower the travel ratio and encourages less carbon intensive travels. Axactor has limited use of company cars and encourages the choice of low emission vehicles. It is mandatory to select models/specifications that have a lower than average fuel consumption and emission for its class, according to in the World Light Vehicle Test Procedures (WLTP). Only employees and managers with specific need for company car to perform their operational duties or where this historically have been agreed should have company cars.

Axactor is committed to reduce waste. The general waste hierarchy is to first reduce waste at the source, secondly to reuse items if possible, and thirdly to ensure that items not possible to reuse are recycled.

Axactor's emissions are largely generated by energy consumption in the company's offices and through business travel as displayed in the following tables. The company's internal responsible for Axactor's offices encourages the use of energy-efficient and space-saving properties and works continuously with the property owners to adopt energy conservation measures in the buildings where the company operates. The company works continuously to decrease the percentage of physical meetings held using digital platforms, and by doing so free up more time and resources for the company's employees as well as reduce the environmental impact.

To limit its climate impact, Axactor works to lower greenhouse gas emissions, through measures such as a high level of resource efficiency, efficient use of energy in Axactor's offices, recycling and taking environmental impact into account in purchasing and travel. In 2020, Axactor started measuring and reporting on emission. Axactor will during 2021 continue to monitor the consumption and set KPIs to reduce the company's CO2 emissions over time.

All offices shall have recycling of paper and systems for waste sorting to secure proper handling. Not all offices have system for recycling or ensured environmentally friendly destruction of used electronic office equipment and some do not offer to handle employees' private IT waste. Mitigations are planned for 2021.

Axactor has focused on partnering with certified IT contractors obliged to ensure recycling of IT-equipment and seek efficient and environmentally friendly alternatives for sourcing, packaging and transportation. The largest energy consumption within Axactor is the data centres which are mainly run by the infrastructure vendor Intility whom among others are environment certified as a green light house, operating with 100% renewable energy and also operate with the following certifications (ISO 9001, ISO27001, ISO14001 and OHSAS 18001). The energy consumption from the data centres are included in the table above. During 2021 all Axactor's servers will be run by the same infrastructure vendor to among others strengthen the environmental impact.

Axactor has a structured purchasing processes and sourcing strategies to ensure that the services and goods acquired are provided from suppliers with an acceptable environmental standard and use products and services that represent the lowest total impact on the environment.

During 2020, Axactor has investigated the opportunity to become an Eco-Lighthouse certified enterprise, to create and even more environmentally friendly and safer work environment. However, one common group wide certification applicable cross several European countries shown to be challenging to gain. The Covid-19 pandemic made this even further challenging. Axactor has rather investigated local certifications e.g. in Spain, which aim to get certified within early 2021.

The shares of Axactor SE (publ.) are listed on Oslo Børs, ticker ACR.

Cautionary Statement: *Statements and assumptions made in this document with respect to Axactor SE's ("Axactor") current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of Axactor. Forward-looking statements include, but are not limited to, those using words such as "may", "might", "seeks", "expects", "anticipates", "estimates", "believes", "projects", "plans", "strategy", "forecast" and similar expressions. These statements reflect management's expectations and assumptions in light of currently available information. They are subject to a number of risks and uncertainties, including, but not limited to, (i) changes in the economic, regulatory and political environments in the countries where Axactor operates; (ii) changes relating to the statistic information available in respect of the various debt collection projects undertaken; (iii) Axactor's continued ability to secure enough financing to carry on its operations as a going concern; (iv) the success of its potential partners, ventures and alliances, if any; (v) currency exchange rate fluctuations between euro and the currencies in other countries where Axactor or its subsidiaries operate. In the light of the risks and uncertainties involved in the debt collection business, the actual results could differ materially from those presented and forecast in this document. Axactor assumes no unconditional obligation to immediately update any such statements and/or forecasts.*

