

# AXACTOR

## Sustainability report



# Sustainability report

## The foundation of Axactor's sustainability work

Axactor's purpose is to help people and companies to a better future, by helping companies to get paid, in a sustainable manner for the debtors, enabling further investments and economic growth. 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 local communities.

Responsible operations are essential for the license to operate and an enabler of long-term value creation. Sustainability begins from within the organization, and a clear tone from the top is crucial. To increase the transparency in its sustainability reporting, Axactor has prepared this

sustainability report in compliance with the Global Reporting Initiative ("GRI") standards. This report has been prepared in accordance with the GRI Standards: Core option.

At Axactor, everyone from the Board through the executive management team, and throughout the entire organization, are accountable for conducting business in an ethical, sustainable, environmentally, and socially responsible manner. Axactor practices good corporate governance, respect internationally recognized human rights principles and supports the UN Sustainable Development Goals ("SDGs"). Becoming a signatory to the UN Global Compact during 2021 further emphasizes this and commits Axactor to the ten principles of the UN Global Compact, in each of the four areas: human rights, labour, environment, and anti-corruption. To update its stakeholders and society on its progress in implementing the ten principles, Axactor needs to annually communicate on its progress about its efforts in a "Communication of Progress". This report also incorporates Axactor's first Communication on Progress ("COP"). The ten principles are all reflected in Axactor's various Board approved policies, being the cornerstone of Axactor's governance structure.

### The ten principles of the UN Global Compact



#### Human Rights

- Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and  
Principle 2 make sure that they are not complicit in human rights abuses.



#### Labour

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
Principle 4 the elimination of all forms of forced and compulsory labour;  
Principle 5 the effective abolition of child labour; and  
Principle 6 the elimination of discrimination in respect of employment and occupation.



#### Environment

- Principle 7 Businesses should support a precautionary approach to environmental challenges;  
Principle 8 undertake initiatives to promote greater environmental responsibility; and  
Principle 9 encourage the development and diffusion of environmentally friendly technologies.



#### Anti-Corruption

- Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

Axactor has a zero-tolerance policy for corruption, fraud, money-laundering and terrorist financing. To safeguard compliance and support the effectiveness of relevant regulations, the company aims to maintain an open and ongoing dialogue on these issues, internally and externally.

The success of Axactor's business is dependent on the confidence earned from the employees, customers, debtors, and investors. Credibility is gained by adhering to the given commitments, displaying honesty and integrity, and reaching company goals solely through honorable conduct.

## Highlights from 2021

Sustainability has been an integral part of Axactor's business operations since the foundation of the company back in 2015. During 2021, Axactor has continued to improve the maturity and awareness within the entire organization and further improved policies, processes, systems and reporting mechanisms. Below a brief overview of the highlights from 2021, as detailed within the report:

### E

Development of a GHG emissions tool initiated  
Significantly reduced number of company cars  
Focused on waste reduction in offices and amongst suppliers  
Plastic reduction initiative  
Paper waste reduction initiative  
Board support to UN SDG #13  
Policies and procedures updated to further address and promote climate action and continued environmentally friendly growth

### S

Strengthened the understanding of the company's purpose for all employees  
Measured stakeholders' satisfaction  
Eased access to information and ability to pay through digital solutions: QuickPay and debtor portal  
Increased focused on sustainable payment plans, in light of the Covid-19 pandemic  
Established cooperation with Great Place To Work to measure employee satisfaction  
Set further KPIs to measure sustainability performance  
Implemented a new group-wide recruitment-tool to increase focus on talent attractions  
More courses launched through Axactor Academy  
Performance management and development, e.g. mentor- and student-programs  
Continued focus on gender equality and diversity  
New brand guideline and fonts, to ensure better readability for people with visual disabilities

### G

Ethical committee established  
Improved vendor management and introduced a Supplier Code of Conduct  
New Group risk and compliance tool implemented to improve internal control, risk management, and internal audit processes  
Improved anti-money laundering processes and begun implementation of more automated transaction monitoring  
New intranet launched; The People Hub  
Participated and shared knowledge in relevant forums, e.g. through regulatory watch initiatives in debt collection associations and responding to EBAs requests for feedback on NPL standard templates.  
Improved procedures for customer and portfolio selections  
Improved information security and data privacy governance and awareness  
Individual policies established on anti-fraud and anti-corruption, anti-money laundering, anti-trust, and trade sanctions  
Whistle-blower channel made available to suppliers  
Signed UN Global Compact

## Strategic focus 2022

Axactor's vision is to become the industry benchmark. A company that delivers the best advice and fairest treatment of debtors, with more satisfied customers, happier employees and, with high return on investments. Axactor's values "passion, trust and proactive" help set the direction and guide the decisions, actions, and the way Axactor interacts with its stakeholders. Axactor is constantly looking for areas in which to continue to improve, going into 2022, the following areas will be of importance.

### E

- Implement GHG measurement tool
- Improve climate accounts for the Group
- Reduce number of company cars
- Set emission reduction targets
- Support local initiatives to reduce waste and/or emissions

### S

- Improve debtor complaint management, e.g. through setting further KPIs for debtor complaints and implement a tool for reporting.
- Increase number of scorecards for fairer and more efficient operations
- Continue targeted efforts to improve gender equality and diversity
- Certify all six countries as a Great Place to Work
- Set KPIs for measuring and reporting on employee training hours

### G

- Strengthen information security, e.g. through network segmentation, mobile device policy, better security analysis tools, early detection and root-cause mitigation, automatizing of tools and workflows including improved incident reporting, and continuous awareness
- Improved regulatory watch: Focus on EU Taxonomy, CSR Directive, CSDD Directive, NPL Directive, etc.
- Increased knowledge-sharing
- Expand measurement model for portfolios of non-performing loans (NPL) with more input variables capturing current and future macroeconomic conditions and use of scenarios
- Continue to simplify the legal structure
- Strengthen preventive and detective measures to combat financial crime

## Reporting boundaries

Defining consistent boundaries for sustainability reporting is challenging due to the complexity of ownership and operational arrangements in six different countries, including, among others different regulatory requirements. 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 systems 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. Historic numbers are sometimes adjusted due to e.g., changes in reporting principles, changes of calculation factors used by authorities, or re-classification of incidents after investigations.

## Policies

The Board's commitment to ensure that the company maintains good corporate governance standards is explained in the Corporate

governance report, and the commitment to sustainable operations in this sustainability report. The Board annually review and approve policies applicable for every employee in the Axactor group, to ensure that everyone complies with these commitments, and that the policies are adjusted to changes in the regulatory environment. The Board approved the following Group policies in 2021 which all contains elements to ensure sustainable operations:

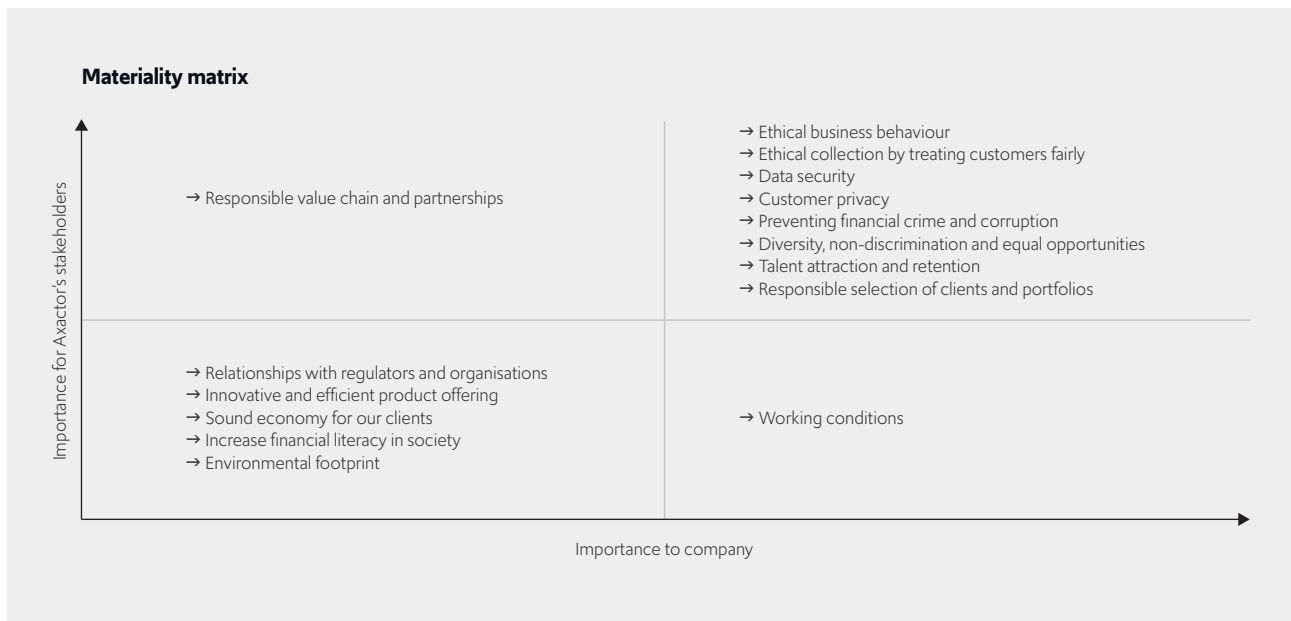
Quality	Legal and compliance	Insider
Corporate governance	Operations	Anti-fraud and anti-corruption
IT and information security	Delegation of authority	Anti-money laundering
Code of Conduct	Physical security	Antitrust
Procurement	Corporate social responsibility	Trade sanctions
Finance	Environmental	Treasury
Communication	Debt purchase	HR
Data protection		

## Material issues and stakeholder engagement

Axactor has updated the materiality analysis conducted in 2020 to ensure the continuous relevance of the material sustainability aspects identified - 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 important, and where impact on society and the environment is considered most decisive.

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 GRI standards, either by survey or through interviews. External stakeholders included customers, partners, regulators, suppliers, investors, and lenders. Internal stakeholders included representatives of the Board, the executive management, and employees. The survey covered key factors for Axactor's daily operations and long-term value creation related to governance, people, and the environment. The focus areas and associated issues are presented in the materiality matrix below. The results of the materiality analysis have been substantially the same for the last two years, which further confirms what the stakeholders believe Axactor should focus on going forward.



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

The 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. In 2021 Axactor signed the UN Global Compact, which is a CEO

commitment on implementing universal sustainability principles, which further strengthens the Group's previous commitments to the SDGs.

Axactor places the SDGs at the core of its business, emphasizing especially its commitment to the goals below, which underpins the results of the materiality analysis. Here are a few examples of how these goals come into action through the daily operations:



## UN Goal and Axactor main focus area

## Examples on Axactor's contribution



### 5 Achieve gender equality and empower all women and girls

#### Why is this important?

Gender equality at all levels in the organization is pivotal to Axactor's working environment, corporate culture, skill set, decision-making, as well as debtor and customer service.

The benefits of a conscious gender balance throughout the organization adds indisputable value, and Axactor aims to have a gender balance in all managerial teams, within a range of 40%–60%.

#### What has our contribution been in 2021?

- Continuous development of sustainable people processes with increased focus on embedding diversity and inclusion practices in them.
- Roll-out of mentorship program focused on developing talents, women have been prioritized when suitable.
- Extensive mapping of pay gaps between men and women, corrective actions completed where relevant.
- Measure of experience of equity related to, but not limited to, treatment of men and women through employee survey (Great Place to Work).
- Substantial increase in women in managerial positions since 2020.



### 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

#### Why is this important?

Sense of achievement and contribution to a bigger whole are fundamental to many individuals' well-being. Contributing to decent work for all individuals regardless of any variable that adds to their uniqueness is a strategic focus at Axactor.

The benefits of a diverse and inclusive workplace are manifold, not least to business performance.

#### What has our contribution been in 2021?

- 20% of employees are under 30 years of age and 14% of employees are over 50 years of age.
- A certain number of positions (variations per country) are reserved for by employees with disabilities.
- Continuous development of sustainable recruitment, development, and promotion processes with focus on embedding diversity and inclusion practices in them and avoiding bias in any of these.
- Roll-out of student program that aims to create a cross-border network for students for, among other things, knowledge sharing.



### 13 Take urgent action to combat climate change and its impacts

#### Why is this important?

Axactor's business is low-polluting, and not associated with any significant environmental impact. Despite this, Axactor recognizes that climate change is one of the biggest challenges of our generation. In recognition of this, Axactor actively takes steps towards reducing its operational emissions and promoting environmentally friendly behaviour amongst employees.

#### What was our contribution in 2021?

- Policies and procedures updated to further address and promote climate action and continued environmentally friendly growth.
- Project to map the Group's total GHG emissions, going further than current reporting requirements, to start working more actively towards reducing the Group's environmental footprint. The project will continue going into 2022.
- Paper management project in Spain, having the Group's most paper-intensive operations because of physical mail requirements: Successfully recycling 12,920 kg of paper. Resulting in saving 180 trees, 11,6 tons of CO<sub>2</sub> emissions, 646 m<sup>3</sup> of water usage and 26 m<sup>3</sup> of space saved in landfills.



### 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

#### Why is this important?

Axactor's focus on responsible and sustainable investment is in the larger picture aimed at achieving good long-term returns with a limited level of risk, while at the same time contributing to complete avoidance of the violation of fundamental rights.

#### What was our contribution in 2021?

- Policies and procedures to prevent and detect unethical behavior, fraud, corruption, money-laundering, trade sanctions, and terrorist financing have been established. The company is committed to a zero-tolerance policy.
- Mandatory compliance trainings for all employees.
- Regular and structured audits to identify weaknesses in policies and processes.
- Supplier Code of Conduct signed by all key suppliers, compliance with the code confirmed through a self-assessment and verified through second line controls vendor management.
- Made whistle-blower channel available to suppliers
- Continued unequivocal dedication to being a financially stable company, pay taxes and fees, and employ staff with the knowledge that this encourages the building of accountable institutions at all levels.
- Axactor contributes to the wider community by paying taxes and government fees.
- Ethical committee established.

## 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 in improving cash flow, increasing liquidity, and minimizing the risk for its customers, while also helping debtors get out of debt through fair debt collection practices and by providing support and advice throughout the debt collection process. Axactor builds 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 that employees are aware of, and updated on policies, frameworks, and procedures to ensure ethical behavior in all aspects of the business.

## Ethical business conduct

The Group's corporate principles are reflected in policies and procedures, which describes how to make decisions, act, and prioritize. Both while conducting day to day operations, but also in the planning phase of projects and strategies. Employees should always act in accordance with the intention of the policies, and not its letter, always with the highest standards of ethical integrity.

Employees and representatives of Axactor shall always:

- respect human rights, respect the rights of employees and their representatives, protect the environment, enable fair competition, and combat financial crime
- 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
- have a transparent management structure in line with national and international standards for good corporate governance
- have a strong compliance and internal control culture
- only cooperate with customers, business partners and suppliers who operate in compliance with laws and regulations, good business practices and who maintains high ethical and environmental 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 managers, 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 as further outlined in the Corporate Governance report included in the Annual report 2021. In 2021, Axactor also established an ethical committee with Board level approval, to manage and advice

on ethical considerations – in relation to a variety of topics, such as, diversity, discrimination, fraud, and corruption.

All new employees are introduced to the Code of Conduct as part of their on-boarding and signs a declaration confirming that this is read and understood. Every employee re-confirms this commitment during their employment.

In 2021, Axactor launched a Supplier Code of Conduct, which the Group's suppliers are required to sign. By signing the Supplier Code of Conduct, the suppliers acknowledge that they, and any of their affiliates, agents, suppliers, fully comply with applicable laws, and adheres to internationally recognized environmental, social, and corporate governance standards. Each supplier's commitment to the Axactor Supplier Code of Conduct is reaffirmed through regular compliance questionnaires, and where necessary through enforcement of the audit rights set out in the Supplier Code of Conduct. The Supplier Code of Conduct includes a link to a whistle-blower channel, which may be used to report actual or potential breaches to the Supplier Code of Conduct on the part of the supplier or Axactor.

## Whistleblowing

The company has an independent whistle-blower channel for all employees within the Group, and for its suppliers, to use if they wish to report censurable, illegal, or unethical conduct. The whistleblowing channel is easily accessible through the "intranet", and through a link in the Supplier Code of Conduct. The whistle-blower channel is independent and available 24/7. The channel handles reported cases in local language with integrity, respect, and confidentiality, also ensuring the protection of anyone reporting in good faith. The whistle-blower channel offers full anonymity if opted for and allows users to engage in written dialogue and to exchange information without losing their anonymity. Whistle-blower reports are processed in accordance with the company's procedures and in line with data privacy regulations. The Board is informed of all cases reported, the types of misconduct and measures taken.

	2021	2020
Group total	5	6

Three out of the five cases in 2021 were upon further inspection deemed not to be whistle-blower cases and were followed up accordingly. The remaining two were issues related to the working environment and operational practices, both considered non-material. All reports have been followed up in line with protocol, appropriately investigated and improvements proposed based on the findings.

## Ethical debt collection is an essential part of a well-functioning credit market

The markets Axactor operates in have clear local varieties in the way collection processes are done, but the main principles of the collection activities are quite aligned. This enables the possibility to set group wide operational targets and KPIs that still are relevant for the local markets. Axactor is handling volumes in many stages of the credit cycle throughout the different markets, from invoicing and pre-collection to legal collection and long-time surveillance. Paired with the element of debt purchase, Axactor is truly an integrated part

of the European credit market. The debt collection industry enables banks, financial institutions, and companies to give credit. Axactor believes that this responsibility should not be taken lightly, which is reflected in the in the operational policy, where Axactor commits to giving services of the highest ethical standards always in line with principles of good collection practices.

In the majority of countries where Axactor operates, debt collection is strictly regulated through specific debt collection acts and regulations, requiring a license to operate. Many of the financial supervisory authorities and/or associations have additional certification requirements for both debt collection companies and their employees. Axactor has all mandatory certifications and licenses in place, and

proactively seeks to certify employees within the debt collection profession. Further, Axactor is also actively engaged in the local debt collection associations and was in 2021 represented in various boards and sub-committees working on specific topics, such as new legislation and statistical reporting. Axactor's engagement in local debt collection associations is motivated by its interest in protecting its own and the industry's interest, but always with integrity and through transparent means. Axactor or its employees shall never mislead or try to obtain information dishonestly through inappropriate lobbying. In Finland, the application process has started internally to become a member of the local debt collection association Suomen Perimistöimistöjen Liitto during 2022.

Country	Debt Collection Association	Membership
Norway	Virke inkasso	Yes
Sweden	Svenska inkassoforeningen	Yes
Germany	Federal Association of German Debt Collectors (BDIU)	Yes
Italy	UNIREC	Yes
Spain	ANGECO	Yes
Finland	Suomen Perimistöimistöjen Liitto	In process

As a listed company, Axactor reports to the market on a quarterly basis. Adding to the financial numbers, Axactor has also set measurements to ensure that considerations of sustainability are closely linked with the company's activities and value creation.

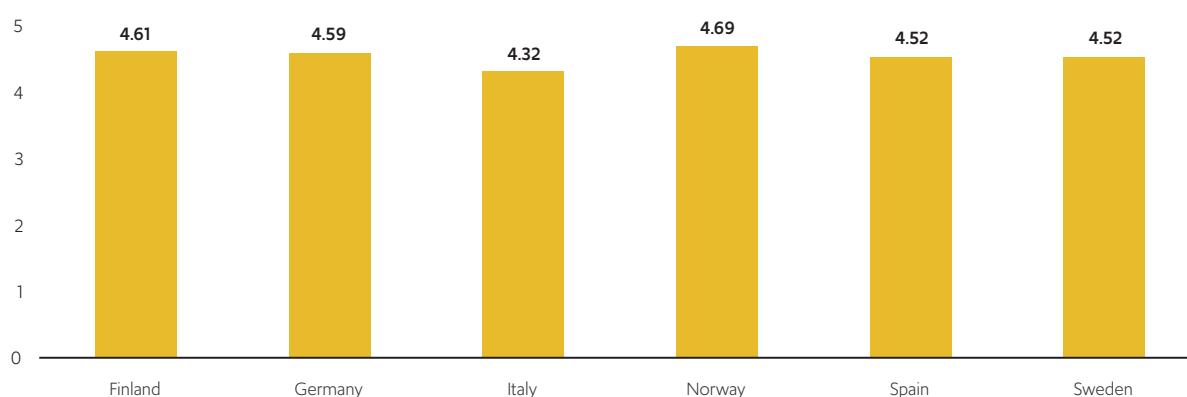
In understanding key stakeholders' satisfaction with Axactor's debt collection services, the following KPIs have been identified: debtor, employee, and customer satisfaction. The feedback from these three important stakeholders is of the utmost importance to ensure that Axactor is delivering on their ambitions and continues to always improve, both in terms of financial results but also in sustainability performance. The overall results from the surveys listed below gives Axactor confidence that the commitment to ethical debt collection is visible both externally and internally.

Provider	Survey 2021	Aggregated group-score
Internal	Debtor satisfaction	4.53 out of 5
Ennova	Customer satisfaction	8.5 out of 10
Ennova	Net Promotor Score ("NPS")	50.3
Great Place to Work	Employee satisfaction	72%

### Debtor satisfaction survey

The debtor satisfaction survey is conducted via phone after the debtor has been talking with a collection advisor. The survey is 100% automatized with no human interaction from Axactor's side. The debtor is asked three questions related to the service provided in the previous call and is asked to rate Axactor's services on a scale from one to five, where five is the highest score. Throughout 2021 all countries

### Debtor satisfaction survey





have been stable at high levels, and Axactor is committed to ensuring excellent service to all debtors contacting the contact centers.

#### Customer satisfaction survey

The customer survey is a valuable measurement of the satisfaction from key executives in Axactor's customer's organizations. Axactor has other customer related KPIs as well that are measured monthly, whereas the customer survey is conducted on an annual basis. When comparing the results for Axactor to statistics from the vendor, Axactor has enthusiastic customers which is in line with the company vision of being the industry benchmark. All countries have improved their score compared to the previous survey. The assessment scales from one to ten, with ten being the highest score.

The second part of the results from the Ennova customer satisfaction survey is a measurement of the NPS. The NPS is a proxy for measuring a combination of the customer's loyalty and satisfaction with the Axactor brand. The NPS is ranging on a scale from -100 to +100. A score above zero is positive, and a score of 50 or more is considered to be excellent.

#### Employee satisfaction survey

Within the field of human resources, it was decided in 2021 to change the vendor for the employee survey, to Great Place to Work (GPTW). One of the main reasons for choosing GPTW is the focus on trust,

reflecting one of the three values of Axactor. Trust develops when managers are perceived as credible, respectful, and fair. This survey measures the employee's relations with managers, their job, and their colleagues. In total, 1,098 eligible employees received the invitation, and 85.5% responded.

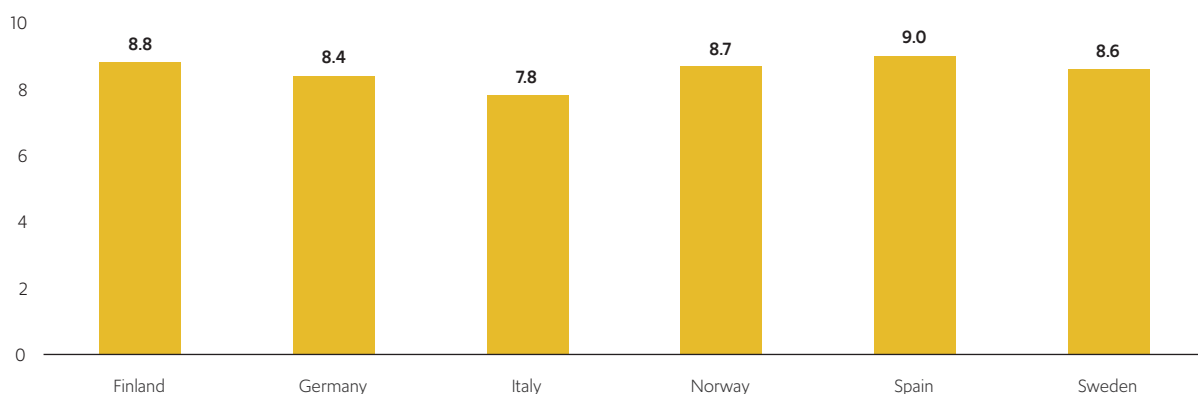
Out of six countries, Axactor managed to certify five as a great place to work in the first year of carrying out this survey and are amongst the highest performers of employers in several markets. It was only Spain that fell short of reaching the threshold. Spain was fairly close to the level required to receive the certification, and Axactor will continue the good work to secure the certification in 2022, also for Spain.

Axactor also measures on specific operational KPIs to trace performance and adherence to its business practice principles. The results will in turn be used to improve Axactor's debt collection services.

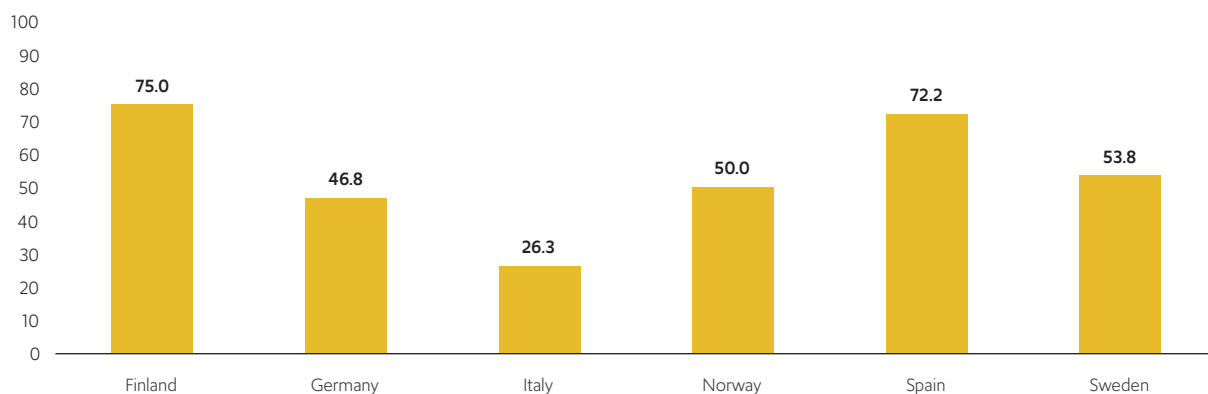
#### Phone collection

Axactor sees it as its responsibility to be available for debtors wanting to get in contact and is always proactively trying to get in contact with debtors to find sustainable solutions. Upon this background, Axactor has defined a group-wide target to achieve an average service level of answering 95% of all incoming calls to the contact centers. All contact centers have an automatic call-back function, to call back all debtors who does not reach the collection advisors, to ensure that all debtors

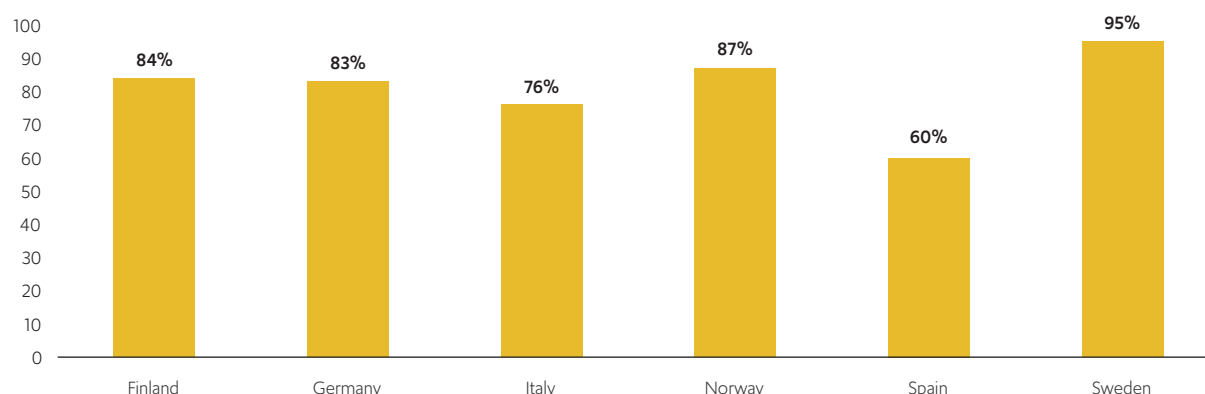
#### Customer satisfaction survey



#### NPS



### Employee satisfaction survey



are serviced. Another important measurement is the nuisance rate when doing calling activities through the predictive mode. The dialer ensures that Axactor has enough collection advisors to handle the call volumes distributed by the sophisticated dialer. The overall target is that the abandoned call rate should not exceed 1%.

The investments made in state-of-the-art contact center technology and the resource capacity-planning, ensured that Axactor delivered on the internal targets in 2021.

Service level (inbound)			Nuisance rate (outbound)		
	Target	Actual		Target	Actual
NOR	95%	98.6%	NOR	<1%	0.53%
SWE		99.6%	SWE		0.36%
FIN		99.0%	FIN		0.32%
GER		95.6%	GER		0.34%
ITA		93.8%	ITA		0.67%
ESP		99.6%	ESP		0.63%

### Quality of payment agreements

Another important KPI is the quality of payment agreements and how sustainable the agreement is for the debtor. The payer-to-payer ratio measures how many of the debtors that paid the previous month, who also paid the following month. This is a good measurement over time to ensure that payment agreements are not made on terms that are not possible to fulfil.

Year	Payer to payer (avg.)	Improvement vs. 2019
2019	71.2%	
2020	74.2%	+4.2%
2021	75.8%	+6.4%

The payer-to-payer ratio has gradually improved year-over-year and shows that Axactor's investments in training and education of employees yields positive results.

### Digital collection

Axactor has debtor portals in place for all markets to ensure efficiency and availability for the debtors. Offering digital payment solutions enables sounder payment flows in the market in a more environmentally friendly manner. The self-service solution requires debtors to log in through secure identification methods and gives debtors an extensive overview of their debt and correspondence, as well as the possibility to securely start a dialogue with Axactor.

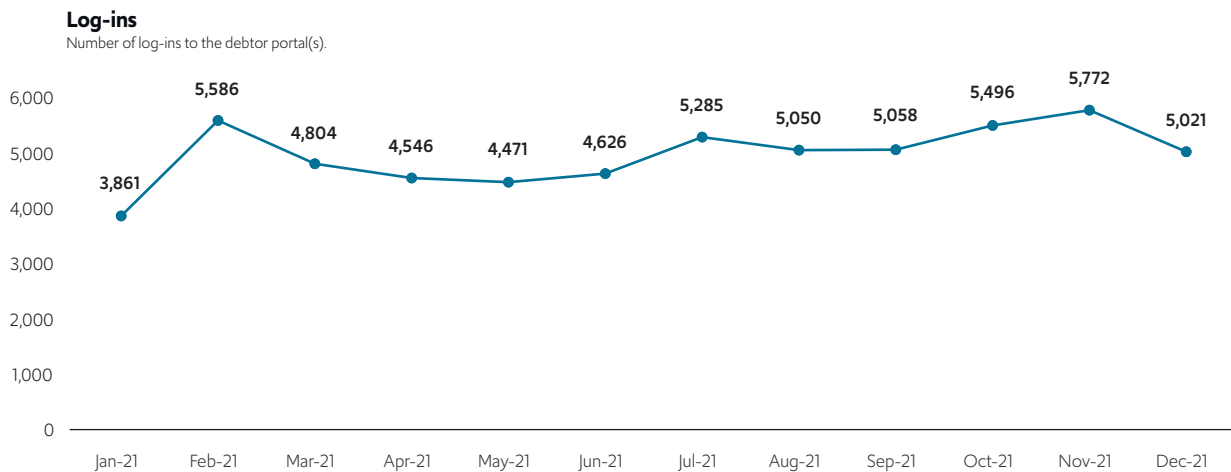
The use of the portal increased during 2021 with more than 600% compared to 2020, a development which is expected to continue in 2022. In addition to the self-service portal, a payment solution called QuickPay is offered in five out of six markets. This is an easy-to-use payment channel where payment information in the official correspondence from Axactor may be used to pay outstanding debt. Axactor Germany started a project during 2021 to utilize the QuickPay solution, and when launched in Germany, all Axactor markets will have the payment solution in place.

### Segmentation

In 2021, Axactor has continued to mature in the use of advanced analytics and business intelligence, to build predictable scorecards to improve collection processes to increase efficiency and good debt collection practices through advanced segmentation tools, enabling adjustment of means when approaching debtors. The ability to identify vulnerable debtors enables Axactor to provide payment plans and services that takes into account each debtor's unique situation – in line with Axactor's core values.

### Products and services

Further to the above, ethical debt collection is also about the value-chain of debt collection and ensuring that customers, debt portfolio sellers, and vendors used by Axactor, are acting responsibly and fully comply with applicable laws, and adheres to internationally recognized environmental, social, and corporate governance standards.



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. Axactor has structured purchasing processes and sourcing strategies to ensure that the services and goods acquired are ethical and of high quality. Axactor shall ensure that suppliers involved in the debt collection process, such as field collectors, commit to Axactor's Supplier Code of Conduct, and that they 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 banks and financial institutions. The customers are chosen primarily due to the quality of the claims, as the customers are operating under strict regulations and supervision from authorities. This way, Axactor limits the risk of purchasing, and collecting on debt not in accordance with its ethical and business practice requirements. A "know-your-customer" control shall always be conducted before entering a contract. Customers who represent an unacceptable reputational or compliance risk shall not be accepted. Axactor places significant importance on the mutual contractual obligations relating to ethics and compliance requirements in the value chain. Information on good debt collection practices, requirements to the collection process related to information, transparency, guidance, interest rates etc. are provided to the customers to ensure compliance and high quality throughout the debt collection process.

The debt collection process is closely governed. Axactor has developed solid internal control routines in all countries, which is being monitored by the local compliance teams and internal audit. Axactor has implemented a debtor complaint process in each country. A limited number of complaints were received from debtors during 2021, and none were considered critical. All complaints are handled in accordance with the applicable local procedures; investigated, answered, errors (if any) corrected, reported, and filed. In a number of markets, Axactor is also subject to supervision by the authorities, which oversees Axactor's regulatory compliance. Regulatory scrutiny is expected to increase in all markets in the years to come, especially considering the NPL directive which is subject to implementation across EU Member States. Additionally, Axactor's customers conduct

regular reviews to ensure that Axactor is compliant with its contractual commitments, regulatory obligations, and the advertised business practice principles. Where weaknesses are discovered, corrective measures are implemented. If weaknesses or errors are discovered in the customer's process, advice and instructions are also given promptly to the relevant customer, to always ensure good debt collection practices are followed. Always with a view to ensure ethical and responsible value creation throughout the value chain.

## Corporate citizenship

Axactor's strategy is to be close to the community where it operates, where the country organizations are the hub of the customer relationships, based on knowing local regulations and market conditions for customers and debtors.

In addition to its economic and financial responsibilities towards its investors, Axactor also recognizes its social, cultural, and environmental responsibility in the local communities where it operates. Empowering the local organizations to adapt an interactional approach to corporate citizenship, based on mutual trust and transparency. The goal is to produce higher standards of living and quality of life for the communities that surrounds them. Axactor believes that this cannot be achieved strictly by transactional contributions. Success requires proximity, expertise, and local engagement.

Even more so now, than in the last decade, the above holds true. In the aftermaths of the Covid-19 pandemic, many of the communities in which Axactor operates have seen rising unemployment rates and challenging economic circumstances. In a time where local communities need to rebuild their economies, Axactor's mission has become even more relevant. Axactor's purpose is to help businesses to a better future, not only ensuring that they get paid, but also being an aid to the companies and people with financial difficulties, offering sustainable solutions.

Corporate citizenship is not about ambitions, it is about tangible impacts and taking a corporate social responsibility. In 2021, the local Axactor organizations have engaged in a wide array of initiatives, including amongst others, supporting the flood victims in Germany

through company organized volunteer work and donations, flea market on old office equipment to the benefit of the local children's hospital, providing facemasks to hospitals in Spain during the Covid-19 pandemic, and supporting local sports teams.

### Ukraine

Along with the rest of the world, Axactor watches with dismay at the unfolding attacks on Ukraine. Axactor has a partnership with a Ukraine-based IT supplier and employs a limited number of dedicated resources based in Ukraine. To contribute to the safety and wellbeing of the people still in Ukraine, Axactor has provided direct financial support to each person, in dialogue with their employer. Axactor has also decided to support the valuable work of humanitarian charitable organizations UNICEF and Red Cross, through company donations. Further, the local organizations of Axactor have contributed through various means, such as over-time campaigns where the salaries have been donated to charitable organizations, fundraising campaigns where Axactor has matched the contributions from the employees with the same amounts, collecting necessities to refugees, and paid volunteer work.

## Privacy protection and information security

Axactor respects the personal integrity of individuals. Different types of personal data are processed in different ways and situations, depending on whether a person is the representative of a customer, vendor or public authority, debtor, employee, job applicant, visitor, etc. A robust data privacy framework is required when handling huge amounts of data, including sensitive data related to individual's financial and, in many cases, vulnerable situations. Protecting the fundamental rights and dignity of all data subjects of which Axactor process personal data is crucial to Axactor, and also reiterated in the Board approved Group's policy on data protection. 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 to which Axactor has access. The data privacy policy and IT and information security policy sets out detailed procedures and clear roles and responsibilities applicable for all employees within the Group and are approved by the Board annually. The information security procedures below have also been reviewed and where necessary updated.

IT information assets inventory	Backup
Secure software development	Remote access
Best practice guidelines for IT & information security	Data encryption and communication
Access control and administration	Security incident
Antivirus security	Information classification
Vulnerability management	Data migration

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, and vendor agreements 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 the GDPR and local data protection laws. Continuous attention has been paid to the integrity of data subjects as many employees still worked remotely during the year.

Following the minimization principle, only personal data necessary for the relevant processing is collected, and the personal data should be processed fairly and lawfully towards the data subjects. To ensure transparency and safeguard the rights of the data subjects, information on Axactor's data processing is provided at Axactor's web pages, in email and letters sent, in agreements, internal and external communication. Personal data is deleted when Axactor no longer has legal grounds for processing, and the purpose of the processing has been fulfilled. Anonymization- and pseudonymization-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 in accordance with the established breach notification procedure. The number of complaints from debtors claiming breach of GDPR due to incorrect registration of the debtor in public debt register has increased. However, there has not been an increase in the number of cases where the local supervisory authority has ruled in favour of the debtor complaining.

Country	No. of inquiries from the data supervisory authority	No. of data breaches reported to the data supervisory authority	No. of fines or corrections by the data supervisory authority
Norway	1	0	0
Sweden	1	0	0
Finland	0	6	0
Germany	1	1	0
Italy	0	0	0
Spain	9	0	0
Group total	12	7	0

To build a solid security culture Axactor carries out awareness activities continuously. During 2021, Axactor extensively carried out initiatives and trainings to all employees, including regular data privacy and information security awareness trainings, covering both theoretical and technical aspects. Multiple waves of custom phishing test campaigns took place in all countries. These exercises aim to increase the employee's awareness of potential threats and cybersecurity issues. The results of these exercises are being regularly analyzed and discussed to identify further improvement areas and necessary mitigations. Security surveys performed shows a high average awareness level amongst the employees. Further, business continuity and crisis management trainings were conducted during the year, across all countries and at the corporate headquarters.

The group CISO, the security committees, and the data protection officers, monitor risks, govern compliance, manage incidents and government data requests, and report on a regular basis to management and the Board. During 2021, this process has been complemented with the implementation of a new Group risk and compliance tool, implemented in all countries, supporting a more detailed tracking and follow-up of the internal controls, and risk management process.

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 and ISAE 34000 reports. The main vendor for application operations and IT development is ISO 27001 certified.

New technical measures have been implemented during 2021 to strengthen the level of security at Axactor, such as Data Loss Prevention functionality with a first pilot country, and the extension of Multi Factor Authentication to core internal applications.

In close cooperation with Axactor's main infrastructure provider, important projects have been set-up, laying the foundation for the network segmentation, and for the disaster recovery backup by means of inter-regional replication to a Dark Site. These are important measures towards further mitigation of serious risks in case of generalized attacks, such as ransomware etc.

Access management has been improved through a more integrated use of the Axactor configuration management database. Practices and technology are adopted to preserve confidentiality, integrity, and availability of data. Automated internal security scans are performed regularly within the infrastructure area. A complementary external penetration test from an independent specialized company commissioned by Axactor, including advanced testing on Axactor prioritized systems, 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.

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

## Preventing financial crime and corruption

Each year, millions of transactions pass through Axactor, which entails an inherent risk for financial crime. Axactor is committed to comply with all 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, kickbacks, or other improper payment for any reason.

Employees are not permitted to give or receive any gifts or other benefits that endanger any decision-making process, which should 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 approval from the Group Chief of Staff. Charitable contributions to political parties shall never be approved, and no such contributions have been made during the lifetime of Axactor. This also precludes Axactor's engagement in political lobbying. 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.

Through a "know your customer" procedure Axactor conducts appropriate checks to avoid entering into agreements with customers or suppliers involved in any fraudulent, corruptible, money-laundering, or other illegal activities, or coming from a sanctioned country, and to prevent any conflict of interest. Axactor has a structured customer and supplier selection process, to ensure that the selection is based on transparent and objective criteria, free from personal interests. Contracts shall contain warranties of compliance to relevant laws, regulations and business practice principles, hereunder ethical obligations. Axactor encourages competition by ensuring non-discrimination in customer and supplier selection 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.

During the contractual period, the quality and quantity of goods or services received shall be reviewed to verify that the supplier delivers according to what has been invoiced. Axactor has implemented a group-wide contract management system, and accounting and invoicing system, to manage all supplier agreements and invoices in an appropriate manner. All records should be as complete and accurate as possible, and timely kept. In 2021, Axactor has further strengthened its vendor management process with the introduction of a group-wide vendor management tool. Having good vendor management routines allows Axactor to monitor its suppliers' compliance with Axactor's requirements, including identifying and following up any gaps. During the second half of 2021, all of Axactor's key suppliers were asked to verify compliance with Axactor's Supplier Code of Conduct.

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 and available in case of audits. Financial authorities across the jurisdictions Axactor operates are interested in Axactor's efforts to combat financial crime, and Axactor has an open and active dialogue with its regulators. 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 suspicious acts and take appropriate action. During 2021, there have been no cases of confirmed fraud and/or corruption within the Group.

Country	No. of reported whistle-blower cases regarding fraud and/or corruption		No. of reported whistle-blower cases regarding fraud and/or corruption	
	2021	2020	2021	2020
Norway	0	0	0	0
Sweden	0	0	0	0
Finland	0	0	0	0
Spain	0	0	0	0
Germany	0	0	0	0
Italy	0	0	0	0
Group total	0	0	0	0

Part of the internal audit work is to provide the Board with reasonable assurance that controls are present and functioning, also from a fraud prevention perspective. Internal audit has during the year had focus on risk of misuse of funds and evaluation of the internal control structure, by evaluating the transactions in the collection system vs. accounting, auditing the payment process, audit of NPL portfolio post-sale implementation, and follow-up on observations from 2020. The results of internal audits are reported to the Board, 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 2021.

Through 2021, Axactor has further simplified its legal and ownership structure to ease transparency, e.g. by merging Swedish and Finnish companies, prepared liquidation of the Baltic entities, extracted the Italian portfolios from the SPV-structure to the operational company and transferred the ownership of this company into the financial ring fence. Additionally, the ownership of the Luxembourg portfolio holding company has been acquired in full by Axactor. The work on simplifying the legal structure is still on-going and will continue going into 2022.

## People

Axactor is built around three crucial enablers – People, Systems and Funding. The employees are carriers 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 1243 employees by providing challenging and meaningful work and by fostering a culture that empowers everyone to learn and grow. The company sets 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. In Axactor all stakeholders shall be treated with trust and respect, provided with professional and ethical advice based on their individual situation. The strong feedback given by debtors, employees and customers in the satisfaction surveys presented above shows Axactor dedication.

Strategic goals, policies and procedures 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 daily and assisting the management in respective markets. Fundamental preconditions are also the ability to act

according to laws and regulations coupled with labour law and the work environment and the group-wide policies, local procedures, and collective agreements. During the year, all HR processes have been reviewed.

## The People Hub

Correct, easily accessible and comprehensible information is vital to stay compliant and have efficient operations. A continuous focus on new and effective ways to communicate and share information is needed, to ensure that the right decisions are taken and that the employees continuously develop their competencies to be able to deliver the best possible service to the customers and debtors, Axactor has during the year implemented a new intranet, the "People Hub". This also to mitigate the request from the employees for more information, as highlighted in the employee survey.

## Equality and diversity

Axactor invests long-term efforts in 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, parental leave, ethnicity, political opinion, philosophy of life, functional ability, religious beliefs and/or sexual orientation, or any other characteristics. The culture and work environment are to be inclusive, with a fundament of mutual respect and appreciation of the benefits that arise from different backgrounds, competencies, and experiences. Employees at all levels are encouraged to voice their opinion or concern 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.

At Axactor, everyone shall be treated with fairness and respect. Team spirit, mutual trust and a respectful attitude are important factors of the Group's success. It is the responsibility of management to lead by example, setting a clear tone-from-the-top, to ensure that all employees are aware of these principles and behaves accordingly. The employees have through the employee satisfaction survey confirmed that they are treated fairly, regardless of their age, race or ethnic origin, gender, and sexual orientation.

Axactor aims to have an even gender balance in all managerial teams, where genders are represented within a range of 40%–60%. Gender balance per country 2021:



Gender balance per country	2021			2020		
	Number	Women %	Men %	Number	Women %	Men %
Finland	48	67%	33%	63	76%	24%
Germany	183	67%	33%	225	66%	34%
Italy	120	80%	20%	123	76%	24%
Norway	130	53%	47%	136	54%	46%
Spain	692	65%	35%	640	64%	36%
Sweden	70	71%	29%	48	65%	35%
<b>Group total</b>	<b>1,243</b>	<b>66%</b>	<b>34%</b>	<b>1,235</b>	<b>65%</b>	<b>35%</b>

Examples of measures to increase diversity, has included ensuring job listings for vacant positions are written in an inclusive manner and to attract more women to leadership positions. In 2021, Axactor continued to include diversity and inclusion leadership development courses for new managers and as part of leadership development activities in all countries. Overall, the company employed 66% women and 34% men at the year-end 2021. The percentage of women in the country

management teams has increased from 37% to 44% in 2021, building upon an increase in 2020 from 29% to 37%, entailing a 15% increase over the course of two years. Furthermore, leadership positions below country management level have a majority of women, at 54%. Axactor has not yet achieved a more balanced gender distribution across all levels, business functions and countries, but continuous efforts are giving tangible results.

Gender balance number of employees in %	2021			2020			2019		
	Number	Women %	Men %	Number	Women %	Men %	Number	Women %	Men %
Board of Directors	6	50%	50%	7	43%	57%	6	50%	50%
Executive management incl. CM	12	42%	58%	13	31%	69%	13	31%	69%
Country management all countries	39	41%	59%	43	37%	63%	45	29%	71%
All other managers	160	57%	43%						
<b>All Group employees</b>	<b>1,243</b>	<b>66%</b>	<b>34%</b>	<b>1,235</b>	<b>65%</b>	<b>35%</b>	<b>1,200</b>	<b>63%</b>	<b>37%</b>

Axactor offers job opportunities to individuals with disabilities. In 2021, 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 are universally designed to accommodate employees with disabilities. In the spring of 2022, Axactor in Spain will move into new premises designed to better accommodate employees with disabilities.

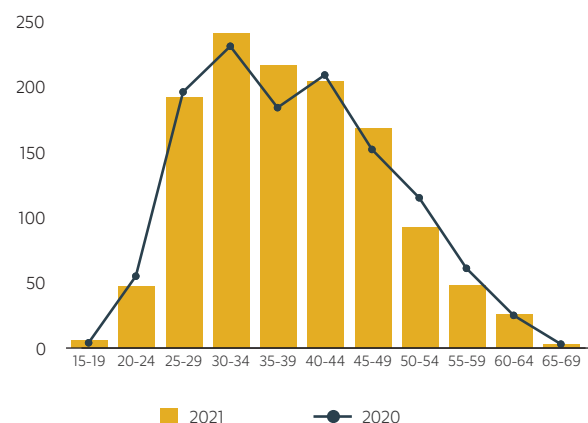
Hiring students provides young academics access to employers that provide relevant work experience and increases employment in groups that can find themselves outside today's labour market. Axactor offers students different job training opportunities in all countries where it operates. The aim is to support the company's succession and competency planning, and to promote gender equality and diversity. As part of the training, each student works at Axactor full-time or part-time, takes relevant professional development courses and learns about the Axactor culture. Several students are offered jobs in Axactor, while others gain a valuable experience for their CVs. There are many country-specific initiatives to promote student participation in work life, one of which is that Spain has an agreement with the university offering students practical experiences.

Furthermore, there are several students that are doing practical work for vocational studies and work part-time across the Group.

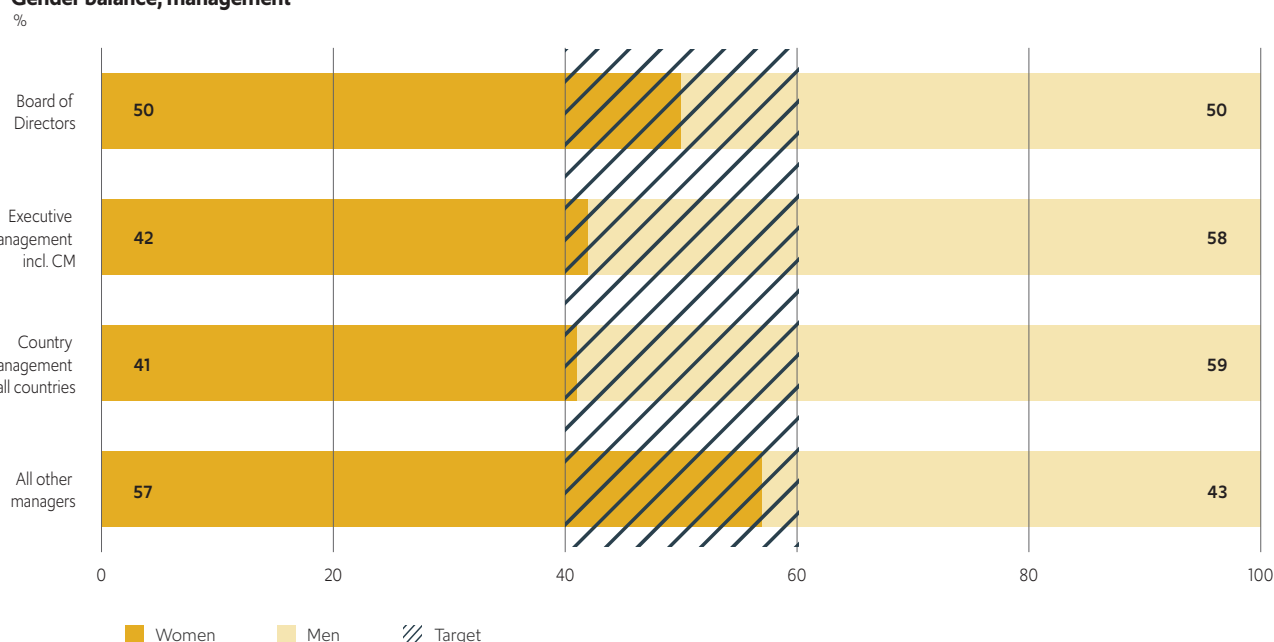
Axactor also has measures in place that help to ensure that older employees can continue working also after retirement age. The measures vary between countries. It includes the possibility of reduced working hours and extra holidays. Out of Axactor's 1,243 employees, 29 are over the age of 60 years.

**Age distribution Group total**

Number of employees per age



### Gender balance, management



### Equal pay for equal work

Axactor's remuneration policy states the principle of equal pay for equal work or work of equal value. From a gender equality and a legal perspective, it is important to monitor the development of differences in pay between men and women. Axactor is working systematically to ensure equal pay for equal work or equal value and to rectify unwarranted pay differences between women and men. Annual analyses are performed by all countries to facilitate discussions with management and the local unions where applicable on pay gaps. Axactor works closely with relevant managers in the organization to ensure fair and equal pay, to raise awareness and ensure correct salary levels are set. Axactor has continued the work in developing a job framework across all countries, to support identification of comparable roles, competences, and expectations, as well as ongoing work on fair and equal pay.

The Board's remuneration for 2021 differentiates between the responsibility and types of committees, not men and women – setting the tone from the top. The remuneration for executives reporting to the CEO have been harmonized, local market conditions and responsibilities considered. The work to reduce the gender pay gap will continue until the gender pay gap has been closed.

Axactor complies with applicable 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 in achieving the goal of closing the gender pay gap. Gender pay gap analysis for Axactor:

Salary difference women vs. men, all employees by country %

2021

Finland	-30%
Germany	-24%
Italy	-46%
Norway	-26%
Spain	-28%
Sweden	-16%
Group total	-28%

	Number	Men	Women	Men %	Women %	Salary difference %
Board of Directors	6	3	3	50	50	(19)
Executive Management	12	7	5	58	42	(20)
Country Management (excl. Country Managers)	39	23	16	59	41	(18)
All other Managers	160	69	91	43	57	(24)
All Group employees	1243	424	819	34	66	(28)

Salary difference CEO vs. average base salary of all employees.

CEO Salary	Average salary per employee
EUR 405,000	EUR 37,434

### 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. Career pages have been developed for all countries. Axactor strives for objectivity in its recruitment, and extensive work has been carried out to harmonize and professionalize the recruitment process. Upon this background, Axactor Spain has introduced an initiative they have branded the "blind CV" in the local recruitment process, to limit bias by removing identifiers such as gender, nationality, and age.

Furthermore, internal recruitment and promotion are very positive and beneficial. All job vacancies are advertised internally. Managers encourage employees to actively apply for new positions in the Group, and Axactor's internal mobility program helps to retain crucial expertise, promote Axactor's culture and contribute to internal career development. In 2020 a recruitment process with more digital system

support was implemented as a part of the Groups new HR-system, and this process has been further developed and improved during 2021.

Succession planning is crucial to satisfy the current and future demand for managers and specialists. One important task for managers at Axactor is to identify, encourage and develop new managers and specialists. To prepare prospective managers, mentor programs are carried out focusing on developing leadership skills, change management, and developing the business model. Managers at Axactor must be act as ambassadors for the company's corporate culture, one of the reasons for which managers are often recruited internally. To ensure success in the work on developing and attracting employees Axactor monitors the development of new hires and employee turnover. The Group employee turnover rate for 2021 was 31.3%, which was substantially higher than in 2020. This is due to organizational restructuring to optimize organizational operations, such as homeshoring the backoffice functions in the Baltics and closing of 1 site in Norway, 3 sites in Spain and the field collection service in Germany. The restructuring processes were all performed in compliance with local law and regulations and Axactor's organizational restructuring procedure.

Furthermore, thorough analysis and continuous improvement of the different elements of the employee journey at Axactor is conducted regularly to contribute to retention.

Employee turnover by country and gender, % <sup>1)</sup>	2021			2020
	Total %	Women %	Men %	Total %
Finland	43	26	50	12
Germany	32	48	24	10
Italy	31	49	26	12
Norway	28	27	28	16
Spain	33	42	28	10
Sweden	9	16	5	22
Group total	31	40	27	11

1) Employee turnover refers to the proportion of permanent employees who have left the company in relation to all employees in 2021 including voluntary turnover, retirement, death, dismissals, organization changes and efficiency.

Organisation	2021		
	Number of new employees	Women %	Men %
Axactor Finland	8	50	50
Axactor Germany	26	62	39
Axactor Italy	36	22	78
Axactor Norway	27	48	52
Axactor Spain	270	42	59
Axactor Sweden	28	21	79
Axactor Group	395	40	60

### Continued learning and development

It is important to Axactor that employees can develop in their roles, and it is stated in Axactor's HR policy that the company is committed to continuous professional development of its employees.

The Axactor Academy is the Group's own centre for learning and development. All employees have the right and obligation to training

and competence development. 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.

Employees are also provided with training that gives them the tools with which they can give customers or debtors a positive experience, for instance through in-depth knowledge of the relevant collection processes they work with, and comprehensive communication training. Employees are also offered various e-learning courses

throughout the year, some of which are mandatory. Axactor strives to be transparent and report on trainings, and for the purpose of creating a foundation to build upon next year, preliminary statistics have been prepared, detailing the statistics from e-learning courses through the Group HR system:

## Courses

Country	Number of courses
Finland	49
Germany	70
Italy	101
Norway	52
Spain	129
Sweden	57
Group total	338

## Participants

Courses completed by employee	Quantity of employees (without duplicates)
15-22	12
10-14	84
5-9	556
1-4	756
Total	1,408

## Participants per course

Country	Quantity of courses (completed/undergoing)	Course per employee
Finland	319	5.15
Germany	1,021	4.40
Italy	925	6.61
Norway	361	3.57
Spain	3,582	4.59
Sweden	458	4.92
Average		4.87

## Hours spent

Country	Average time (h) spent on training per employee
Finland	6.8
Germany	9.6
Italy	19.8
Norway	6.5
Spain	16.3
Sweden	18.0
Group total	27.4

Average time spent on training per employee	Average time spent on training per employee with Junglemap
13.2 hours	14.2 hours

Axactor's managers are held to a high standard and are offered a variety of courses through Axactor Academy. Managers are expected to act in accordance with the different elements of Axactor's leadership platform – strategic direction, leadership principles, and corporate values. Managers are offered trainings in a combination of on-the-job-training, sharing of best practices and knowledge, e-learning, classroom training and mentorship programs. Learning and development objectives for both managers and employees are linked to Group-wide organizational objectives.

In accordance with the performance management process at Axactor, performance appraisals, including the establishment of new development goals, are conducted annually between all employees and their immediate managers. The completion rate of these performance reviews is close to 100% at all levels of the organization. Employee's motivation, development and continuous feedback are also secured through structured and regular "check-ins".

Axactor has worked systematically to develop its organization and culture. The efforts over the last years have been directed towards securing a global people management system, developing consistent performance management practices, leadership development efforts to underpin trust-based leadership, mentoring programs, student programs and an evaluation of the "employee journey" through an assessment of the HR processes. All these initiatives are aimed at creating common structures and further strengthening the trust-based culture. To verify this, Axactor has partnered with world-leading employee survey supplier Great Place To Work. The majority of Axactor's employees participated in the survey, as provided set out above. Although it is rare to achieve the certification the first year of running the survey, all countries besides Spain achieved the "Great Place To Work"-certification. Spain too delivered impressive results, considering the restructuring process conducted in 2021 and the severe consequences of Covid-19. The feedback from the employees show that Axactor has an effective, rational, and competent organization with a clear strategy. The management set clear expectations and the employees have high trust in management. There is an open dialogue where straight answers are given. There are no signs of discrimination due to sex, religion or the like nor experiences of sexual harassment. Employees are proud to work for Axactor. Identified areas with improvement potential are internal information sharing, employee involvement in decision making, recognition of achievements, focus on middle management, remuneration and flexibility. Axactor will continue to work to strengthen performance management, succession planning and increase focus on leadership development going forward.

### 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 and approved by the general meeting.

To attract and retain employees, Axactor offers competitive employment terms in line with local market conditions. The individual salaries are set

and adjusted by managers and approved in accordance with the grandfather principle, after which they are communicated to each individual employee in the annual salary review dialogue 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. Axactor has entered collective bargaining agreements in Sweden, Finland, Norway, Italy, and Spain. Ca. 69% of all employees are covered by collective bargaining agreements. Axactor has also offered employees in Germany the opportunity 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 other things, 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. The Group has established a European Works Council with representatives from all countries in which issues and topics that have cross-border relevance are addressed. Axactor has also established networking and affinity groups across the organization, to ensure employee's involvement and knowledge-sharing between the countries.

Axactor recognizes the importance of work-life balance, which is supported through various initiatives, e.g. accommodating for a substantial number of part-time employees, most of which are women. To Axactor's knowledge, all part-time work is voluntary and is largely related to students working in combination with studies, employees with reduced capacity, 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 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, in accordance with its commitment to the SDG #5, Axactor aims to decrease the number of part-time workers. An important means to this end is the continued focus on the development of female employees, the encouragement of them taking opportunities when given and facilitating a good work environment for talented women. The form of employment is expected to be a topic in all performance appraisals, and leaders are encouraged to work with part-time employees to find other accommodations that can contribute to minimizing the need for part-time work. Axactor Spain has shown dedication to the reduction of part-time employees through various initiatives, one of which is entering into agreements with day-care centres and toy nurseries that give Axactor employees discounts and therefore an increased possibility of working full-time.

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 of form of employment and percentage of employment. In Norway and Sweden for instance, Axactor offers e.g. maternity and paternity pay greater than the statutory requirement.

## Employees by form of employment, 2021:

Employees by form of employment	2021			2020		
	Number	Women %	Men %	Number	Women %	Men %
Regular employment						
- Full time	863	63	37	920	63	37
- Part time	204	80	20	237	78	22
Temporary employment	176	63	38	78	58	42
Group total	1,243			1,235		

Axactor shall offer a working environment where it is possible to combine work, career, family life and spare time. An important element is the possibility to take parental leave.

Country	Maternity leave # of women	# of weeks of maternity leave	Paternity leave # of men	# of weeks of paternity leave
Norway	9	223	3	25
Sweden	11	138	2	2
Finland	6	167	2	7
Germany	8	293	2	12
Italy	14	248	2	2
Spain	21	241	13	99
Group total	61	1,017	22	135

The parental leaves were taken without any restrictions or consequences for the remuneration, benefits, or work tasks of the employee. With reference to the statistics presented above, the company considers itself compliant with the reporting obligations pursuant to the Norwegian Equality and Anti-Discrimination Act section 26.

### Health and work environment

Axactor continuously addresses risks and opportunities related to the workforce. To sustain a workplace that is healthy and safe – both physically and mentally – Axactor builds its efforts on an active working environment, councils, and engagement initiatives, as well as collaboration with unions, employee representatives and local management. Axactor does not engage in and expressly prohibits any kind of forced-, compulsory- or child labour in all its operations, including those serviced by suppliers. A continuous and trust-based 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. This is done systematically across the Group through structured annual appraisal talks and regular “check-ins”.

Working actively to facilitate a positive work environment, Axactor encourages 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., initiatives to facilitate cycling to work, sponsoring of health club membership, common training for groups of employees, physiotherapist availability in the office on a regular basis, football games, annual culture and value events dedicated to physical and mental health, and local health insurances.

Axactor does not accept any form of sexual harassment. Specific focus to raise awareness is given through, e.g. the digital ethical e-learning courses mandatory for all employees to conduct. Axactor has not received any whistle-blower reports on incidents of sexual harassment and the result from the employee satisfaction survey confirms that this is not a challenge within Axactor.

Country	No. of whistle-blower reports concerning sexual harassment		No. of reported cases resulting in disciplinary and/or criminal sanctions	
	2021	2020	2021	2020
Norway	0	0	0	0
Sweden	0	0	0	0
Finland	0	0	0	0
Spain	0	0	0	0
Germany	0	0	0	0
Italy	0	0	0	0
Group total	0	0	0	0



All 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. Furthermore, Axactor monitors the sick-leave trends, through local HR processes.

Axactor has established a European Works Council with representatives from all countries elected by the employees for two years at a time. It is a forum for information and discussions for the employees in the Group. Representatives from the executive management provides a status of the company at least twice a year. The agenda covers the structure of the Group, the financial and the economic situation and envisioned developments, anticipated progress of the business, sales, significant changes to any area within the Group's company structure,

transfer of undertakings, mergers, cutbacks or closures of undertakings, personnel policies of the Group and equality between men and women (as well as minorities) in the Group.

The well-being of the employees 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 continue to provide an even better service to the customers and debtors in future. Axactor recognized that quality, health, and safety are integral aspects of the company's operations, and systems are in place to monitor and follow up accidents and/or incidents. Axactor's business is by nature non-hazardous.

Country	No. of workplace injuries recorded		No. of serious or fatal workplace injuries recorded		No. of commuting injuries recorded	
	2021	2020	2021	2020	2021	2020
Norway	0	0	0	0	0	0
Sweden	0	0	0	0	0	0
Finland	0	0	0	0	0	1
Spain	0	0	0	0	13	7
Germany	0	0	0	0	0	0
Italy	0	0	0	0	1	0
Group total	0	0	0	0	14	8

## Combatting climate change

Axactor shall have a cautious and conscious approach to its environmental impact, and the environmental and climate impact from business operations is of ever-increasing importance for stakeholders and society. Axactor's operations are by nature low-polluting and relatively harmless to the environment. At the same time, Axactor recognizes that the responsibility to combat climate change is shared, and the company has since its foundation worked actively to minimize its environmental footprint. Axactor's environmental commitments follows from its environmental policy, which is adopted annually by the Board. Further, the principles set out in the environmental policy is also reflected throughout the rest of the policies and corporate governance structure.

Axactor's risk management system requires the group to identify, assess and document environmental risks and opportunities. An environmental risk assessment is conducted annually with high risks expected to be mitigated through the ordinary risk management process, and opportunities should be elevated to the executive management for further evaluation. Additionally, an internal climate risk assessment of Axactor's locations have been conducted, showing limited climate related risks.

Environmental aspects are included in considerations for relevant parts of the value chain and investments. To ensure this, Axactor has a structured purchasing process and sourcing strategies to make sure that services and goods acquired are provided from suppliers with acceptable environmental standards and use products and services that represent the lowest total impact on the environment. Axactor further ensures its suppliers' commitments to its environmental expectations, through the prerequisite to sign Axactor's Supplier Code of Conduct.

The main source of Axactor's emissions are generated through consumption of energy in the company's offices and through business travel. The single largest source of energy consumption within Axactor is the servers and data centers, which are run by Axactor's infrastructure partner. In 2021, all the servers are run by the same infrastructure vendor, to among others lessen the environmental impact. This infrastructure provider is certified as a green light house, operating with 100% renewable energy. Requirements and guidelines to encourage the use of energy-efficient and space-saving properties are defined, and Axactor is working continuously with the property owners to adopt energy conservation measures in the buildings where it operates. Additionally, initiatives are made to actively reduce the need for physical meetings to reduce travel and encourage a more time-efficient use of resources. Below, the Group's measured emissions for 2021:

Category	Subcategory	Unit of measure	User data	kg CO2e/unit	Emissions total	Prosentage emission
Scope 1	Company cars	Liter	89,765	2.7	240,250	28%
Scope 2	Electricity usage	kwh	1,293,121	0.4	467,254	55%
Scope 3	Flights and hotel nights	N/A	N/A	N/A	144,031	17%
Total emissions					851,534	100%

With regards to energy consumption, all Axactor offices have systems for smart controlling and monitoring of ventilation, heating/cooling and lights. No relocations or reconstruction of existing offices shall lead to higher energy consumption per m<sup>2</sup>. In 2021, the Group's subsidiaries in Norway and Germany relocated to brand new offices, compliant with applicable energy use requirements. This is expected to lead to a reduction in energy costs per m<sup>2</sup> in both countries, visible in the climate accounts from 2022.

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 to avoid unnecessary travels. At the same time, due to the company's international operations, some level of travelling is to be expected. Axactor strives to lower the travel ratio and aims to choose less emission intensive travels where possible. In respect of company cars, Axactor has limited use of company cars and incentivizes 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"), however it is strongly encouraged to choose an electrical vehicle. During 2021, the number of company cars have been reduced with 29 cars. Axactor aims to reduce the number of company cars going forward, and the tendency is visible year-over-year, pursuant to the table below.

Country	No. of company cars		Change
	Per 31.12.2021	Per 31.12.2020	
Norway	1	5	(4)
Sweden	4	6	(2)
Finland	1	1	0
Spain	26	26	0
Germany	14	35	(21)
Italy	10	12	(2)
Group total	56	85	(29)

Further to reducing greenhouse gas emissions, Axactor is also committed to reducing 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. The procurement policy shall ensure that all purchases are in line with environmentally friendly considerations regarding selection of vendors, products, and volumes. All offices have recycling of paper and systems for waste sorting to secure proper handling. Not all offices have systems for recycling or ensured environmentally friendly destruction of used electronic office equipment and some do not offer to handle employees' private IT waste. Where possible, Axactor strives to partner only with certified IT suppliers, being obliged to ensure

recycling of IT-equipment and seek efficient and environmentally friendly alternatives for sourcing, packaging, and transportation. Both of Axactor's largest IT suppliers are certified and has such systems in place. Further improvements concerning waste handling and recycling across all offices are planned to continue, going into 2022.

In 2020, Axactor started to measure and report on greenhouse gas emissions for a set of specific categories. Axactor has continued building on this bedrock during 2021, with the aim to significantly improve its climate accounting for 2022. With assistance from climate mitigation consultants, Axactor has initiated the development of a greenhouse gas emission tool. The tool will enable Axactor to better understand and identify its emission sources, enabling the identification and concretization of appropriate mitigating actions, to further reduce the Group's greenhouse gas emissions going forward. This initiative also aims to prepare Axactor to set science-based targets in the future, in support of the goal to limit global warming to 1.5°C, to prevent the worst effects of climate change, in accordance with the Paris Agreement. This also supports Axactor's ambition to continue to meet the stakeholder's future expectations, by delivering on the promise of sustainable economic growth.

Additionally, the project is also considered important to prepare for the ever-increasing regulatory requirements – statutory as well as "voluntary". The latter with reference to sustainability rating agencies, credit rating agencies, banks, green bonds, etc., which comes with separate requirements, not imposed by governments, but which may still offer both opportunities and threats for the Group. Regarding statutory requirements, Axactor is carefully monitoring the developments in relevant markets. Axactor strongly supports the European Green Deal, and its ambition for the European Union to become climate neutral by 2050, at the same time acknowledging the challenges that comes with it. By 2030, the European Union's aim is to reduce greenhouse gas emissions by at least 55% and achieve climate neutrality by 2050. There is no doubt that this is an ambitious goal, which will fundamentally change the level of effort and expertise required in all EU based companies regarding environmental compliance in the years to come, being an important driver also for Axactor. Specifically, being the cornerstone of EU's sustainable finance strategy, Regulation (EU) 2020/852 (Taxonomy) aims to create a framework to facilitate sustainable investment. The Taxonomy Regulation currently has a limited impact on the debt collection industry, but it is expected to play an increasingly important role going forward, at which point Axactor will be prepared and able to act in the best interest of the Group and its investors.

Further to the group-wide initiatives, Axactor strongly supports and encourages local environmental initiatives, based on a belief that everything helps. Axactor believes that businesses that actively engage with the shifting context around them, and strive to be part of the solution, will be the ones that prosper in the long term.

## Financial calendar 2022

Annual General Meeting	21.04.2022
Quarterly Report - Q1	28.04.2022
Quarterly Report - Q2	18.08.2022
Quarterly Report - Q3	27.10.2022
Quarterly Report - Q4	17.02.2023

## Contact details

### Axactor SE (publ)

Drammensveien 167  
0277 Oslo  
Norway

[www.axactor.com](http://www.axactor.com)

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.

