

Axactor ASA

Human rights due diligence assessment

Approved by the Board

22 June 2023

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1. Introduction

This report presents the results of the human rights due diligence assessment conducted by Axactor ASA (“**Axactor**” or the “**company**”).

The assessment is based on several national and international legal and regulatory frameworks that establish minimum standards for companies to respect human rights, to which Axactor is committed. At the national level, the assessment is guided by the Norwegian Transparency Act (Åpenhetsloven), which is based on the OECD Guidelines for Multinational Enterprises. At the international level, the assessment is guided by the United Nations Guiding Principles on Business and Human Rights (UNGP), the International Bill of Human Rights, and the International Labour Organization (ILO) Core Labour Conventions.

1.1. Background

The Norwegian Transparency Act requires certain companies to report on their efforts to identify, prevent and mitigate the risk of adverse human rights impacts in their operations and value chains. The act states that the assessment shall be performed in accordance with the OECD Guidelines for Multinational Enterprises, which provide a framework for responsible business conduct in areas such as human rights, labor, environment, and anti-corruption. Based on its size and revenue, Axactor is subject to reporting pursuant to the Norwegian Transparency Act.

The UN Guiding Principles on Business and Human Rights (UNGP) provide a global standard for preventing and addressing the adverse impacts of business on human rights. The UNGP are grounded in the recognition that businesses have a responsibility to respect human rights, as outlined in the International Bill of Human Rights, which is a comprehensive framework of internationally recognized human rights, including civil and political rights, as well as economic, social, and cultural rights. Axactor is committed to the UNGP through its participation in the United Nations Global Compact (UNGC), which is a strategic initiative for companies that are committed to responsible business practices in the areas of human rights, labor, environment, and anti-corruption.

The International Labour Organization (ILO) Core Labour Conventions set out minimum standards for labor rights, including freedom of association, the right to collective bargaining, and the elimination of forced labor and child labor.

The assessment covers the entire value chain of the company, including both direct and indirect vendors. The assessment aims to identify any actual or potential human rights risks, evaluate their impact, and develop a human rights mitigation plan to address these risks and ensure that the company complies with its human rights responsibilities.

1.2. Methodology and limitations

The assessment has been conducted through a top-down bottom-up analysis of the company's policies, procedures, and operations, as well as through engagement with management, local teams, industry peers, and vendors. The assessment covers the period since the Norwegian Transparency Act entered

into force on 1 July 2022, up until the date of this report, and covers Axactor ASA and all of its subsidiaries – following an operational control approach. The over-all process is outlined in Figure 1 below.

Fig. 1. Axactor's human rights due diligence process



The due diligence assessment considers the size of the business, the nature of the business, the context within which the business takes place, and the severity of and the likelihood of adverse impacts to individuals' basic human rights and decent working conditions.

While every effort has been made to conduct a thorough and comprehensive human rights due diligence assessment, there are certain limitations that should be noted. The assessment is based on the information and data available at the time of the analysis and may not capture all potential human rights risks associated with the company's operations and value chain. In addition, the assessment relies on publicly available information and self-reported information from local teams and vendors, which may not always be accurate or complete. Regarding indirect vendors, the company has relied on information provided by its direct vendors and publicly available information, as direct engagement with indirect vendors have proven difficult, due to a lack of incentive amongst indirect vendors to engage in discussions given the absence of any direct contractual or economic relationship. Furthermore, the assessment cannot account for unforeseen events or changes in circumstances that may impact the company's human rights performance.

1.3. Findings

Through this assessment, Axactor has not found evidence of any adverse human rights impacts caused or contributed to by Axactor. At the same time, this is not something which can be taken for granted, and Axactor will continue to work towards improving its human rights impact assessment.

Specifically, considering EU legislation already in the pipeline, it is expected that information on actual or potential human rights risks and impacts in indirect value chains will become more easily available in the years to come, which will enable companies to gain a better understanding of its impact on human- and workers' rights. The company follow these developments diligently going forward.

2. Company profile

2.1. Company overview

The Axactor Group is a European based debt management group of companies, investing in non-performing loan portfolios (NPLs) and offering services within third-party debt collection (3PC). Axactor employed 1458 employees per 31 December 2022, and operates in six European markets: Norway, Sweden, Finland, Germany, Italy and Spain.

Axactor ASA is a Norwegian public limited liability company listed on Oslo Børs, and the ultimate parent company in the Axactor group of companies. Axactor bases its corporate governance structure on Norwegian legislation and recommended guidelines. Axactor is committed to good corporate governance standards and adheres to internationally recognized human rights as outlined in Axactor's code of conduct. Axactor also requires their suppliers to adhere to these commitments through Axactor's supplier code of conduct.

Breaches of conduct by Axactor, its employees, or any of its suppliers, may be reported by anyone through the company's whistleblower portal, offering also anonymous reporting.

2.2. Human rights governance at Axactor

Axactor recognizes that its activities can cause, contribute, or be linked to negative human rights and other social impacts. To mitigate any actual or potential adverse impacts, Axactor has established a platform for managing and mitigating human rights risks throughout its value chain.

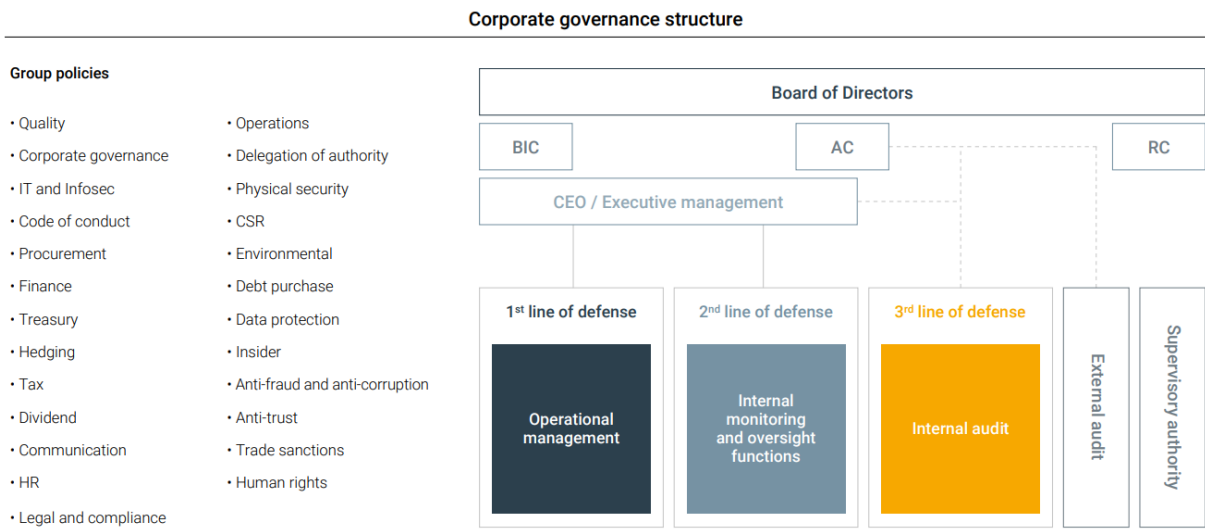
It is the Board of Directors of Axactor ASA (the "Board") that is ultimately responsible to ensure that Axactor complies with its human rights commitments and consequently does no harm, but everyone at Axactor has an independent responsibility to act with integrity and in line with the corporate values. By having to read and sign the company's code of conduct, and through regular ethics and compliance trainings, all employees are educated in Axactor's corporate values and what are expected of each employee.

Axactor's human rights governance follows from its Human rights policy, and the principles are further reflected and detailed through its Board approved policies, covering relevant areas such as human resources, data privacy and procurement, to name a few.

It is the Board's audit committee that assists in the exercise of the Board's management and control responsibilities, making sure that the company has an independent and efficient risk management and internal control regime – including internal and external auditing.

Axactor's corporate governance structure is shown in Figure 2 below.

Fig. 2. Axactor's corporate governance structure



2.3. Monitoring and reporting on human rights

Axactor has in place efficient systems to monitor and follow up on both human- and workers' rights risks in its operations and value chain, including internal reporting, complaints and deviation management systems, employee- and customer surveys, vendor assessments and internal audit, as further described in Axactor's annual report 2022.

Axactor's will report (at least annually) on the results of its human rights due diligence assessments, according to the Norwegian Transparency Act. This commitment is also reiterated in the company's Human rights policy.

2.4. Remediation and grievance mechanisms

Axactor has in place grievance mechanisms available to any affected parties, e.g., through the company's whistleblower portal (pursuant to Axactor's whistleblower procedure) available on the company's websites, as mentioned above.

Axactor understands the significance of timely and appropriate remediation for any substantiated adverse human rights impacts, and the company has a policy commitment to address such impacts through remedial actions, including compensation, rehabilitation, and institutional changes to prevent recurrence.

By having in place robust grievance mechanisms and implementing effective remediation measures, Axactor seeks to demonstrates its commitment to respecting human rights, ensuring accountability, and providing meaningful remedies to affected individuals and communities.

3. Human rights risks and impacts

Generally, Axactor considers that the company is at a low risk of causing or contributing to human- or workers' rights violations in its operations and value chains, which is reflected in its risk- and impact assessments below. This inference is based on the fact that Axactor does not operate in high-risk jurisdictions, as well as being subject to strict government- and customer supervision in the jurisdictions in which it operates. Because of the latter, Axactor has since its inception had in place solid frameworks for managing risks, including the application of strict vendor requirements, cumulatively mitigating potential risks. In turn, this means that where Axactor has identified a material- or salient human rights risk, this needs to be understood in the context of the above – it merely points to the highest risks for potential violations, not that the risk of potential violations is high.

In respect of its suppliers, Axactor's limited size needs to be taken into consideration when determining potential risks and impacts (directly or indirectly) caused by its operations or value chains, as Axactor's need for goods or services are quite modest compared to for instance manufacturing companies. Axactor's primary need for services relates to professional services rendered by reputable third parties, office equipment, etc.

3.1. Identification of actual and potential human rights risks

Axactor has adopted a systematic and comprehensive approach to identify its most material human rights risks. The methodology used to identify these risks includes a combination of desk-based research, stakeholder engagement, and internal assessments, as further described in Section 1.2 above. The company's approach ensures that risks are evaluated based on the potential harm to individuals rather than solely on the significance to the business.

In order to identify its material human rights risks, Axactor has mapped the company's operations across the entire value chain, including its own activities, vendors, and indirect vendors. This includes understanding the geographic locations, sectors, and specific activities involved at each stage of the value chain. The company has also considered the number of individuals potentially affected by these activities.

Through engagement with its employees, debtors, local country units, suppliers, unions and industry peers, the company has identified seven human rights risks associated with its operations, products, and services, which should be considered material and consequently subject to monitoring:

1. Freedom of association and the effective recognition of the right to collective bargaining
2. Non-discrimination in respect of employment and occupation
3. Safe and healthy working environment
4. Working conditions (wages, working hours) (internal)
5. Working conditions (wages, working hours) (vendors)
6. Gender equality and women's rights, and
7. Digital security / data privacy

To assess these human rights risks, the company has an internal risk assessment framework that considers the *severity* and likelihood of any actual or potential negative impact on the people across the value chain, as well as the company's *leverage* to influence or control the risk, as illustrated in Figure 3 below. The risk assessment is conducted on a regular basis to ensure that the company remains aware of its human rights risks and can take appropriate action to address them.

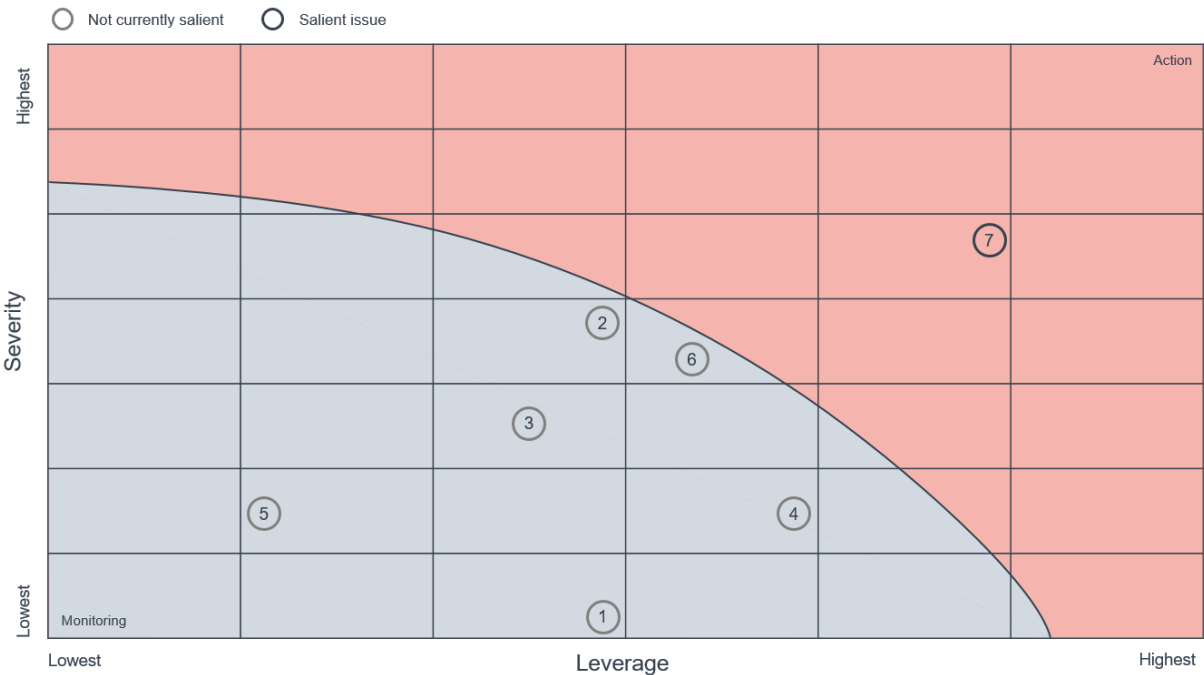
3.2. Salient human rights risks

As part of the risk assessment, the company has identified the most significant human rights risks, or "salient" risks. Salient human rights risks are those that are of the most severe and likely actual or potential negative impact on individuals across the value chain – introducing a stricter threshold than the risks only identified as material. In other words, the salient risks are the most critical risks out of the identified material risks, considering the effects to the individuals concerned.

The company considers that its salient human rights risk is limited to digital security and privacy. As further outlined below, this is based on the number of (potentially) affected individuals, as well as the potential impact to those individuals if their right to digital security and privacy is violated.

The complete saliency map is show in Figure 3 below, and includes risks not currently considered salient, but which are still considered material (and subject regular monitoring).

Fig. 3. Axactor's human rights saliency map



3.3. Impact assessment

For the reporting period, Axactor has identified seven human rights risks across its value chain which the company considers material. Out of these seven, one is considered “salient”. Below, the company has detailed its impact assessment of the respective risks, focusing on the potential harm to individuals (and communities). Noting that Axactor has not identified any at-risk communities, that would be

impacted by its operations or services, given that it operates within the financial services sector and has little to no environmental or physical impact in its surrounding communities.

3.3.1. Salient

Digital security / data privacy

Digital security and data privacy is of the utmost importance to Axactor, given its industry and operations. In order to provide its services, Axactor collects and processes substantial amounts of data about various stakeholders, not limited to debtors, employees and customers. The personal data of debtors being the most important for the sake of this assessment.

Axactor processes the data of millions of debtors annually, which may include elements of sensitive data, and detailed information of the debtors' financials. This data is obtained from various sources, such as customers, sellers of non-performing loan portfolios, the debtors themselves, and business partners, to support operations, analytics, and decision-making processes.

Being a European based company, Axactor is subject to compliance with the General Data Protection Regulation (the "**GDPR**"), as well as relevant data privacy legislation in its countries of operation. The GDPR stipulates a framework for data privacy, and by complying with these requirements, Axactor already has in place a framework and effective control mechanisms ensuring a solid level of digital security and the protection of individuals' privacy.

On the other hand, having good systems and processes in place is no guarantee that the data will not be subject to inter alia, unauthorized access or disclosure, cyber-attacks, or improper handling of sensitive information. Given the type of data processed by Axactor, especially in relation to its debtors, and the number of individuals potentially concerned, it is evident that the consequences of breach can be severe. Such loss or misuse of data may be considered to have such a negative impact to the individual, that lack of necessary protection may also be considered a violation of the individuals' fundamental rights. In view of this, Axactor believes that this risk should not be trivialized and has chosen to identify the risk as salient.

Despite the conclusion above, it is important to add that Axactor has not been made aware of any violations or considers the likelihood of any potential violations to be prominent. The company considers that its current practices, trainings, and systems are robust and offers an adequate level of protection. However, the world is rapidly changing, the data security and data privacy requirements are constantly developing, which in turn requires Axactor to continue actively managing and mitigating this risk going forward.

3.3.2. Not currently salient

Further to the salient risk(s) listed above, the company has identified several material human rights risks that should be subject to regular monitoring, follow-up, and reevaluation by the company. A brief description of the company's assessment and management of these risks follow below:

Freedom of association and the effective recognition of the right to collective bargaining

The risk to freedom of association and the effective recognition of the right to collective bargaining within Axactor is not considered salient. While these rights are crucial for workers' empowerment and labor rights, the company has established policies and practices that respect and uphold these rights. Axactor supports workers' freedom to form and join trade unions, engage in collective bargaining, and participate in lawful labor activities without fear of retaliation or discrimination. The company maintains open lines of communication with workers and their representatives, fostering a cooperative and inclusive work environment. Collective bargaining agreements are entered in Sweden, Finland, Norway, Italy, and Spain covering 87% of all employees, and is reported on by the company annually. For Germany, this right is currently not exercised by the employees. The company does not consider that the employees right to collective bargaining is under threat but have still considered the risk material due to the potential number of employees affected by a failure to continue to protect this right.

Safe and healthy working environment

Ensuring a safe and healthy working environment is a key priority for Axactor. The company recognizes that workplace accidents, occupational diseases (incl. psychological), and unsafe conditions can significantly impact workers' well-being. Axactor's business does not entail any particular risk to employees' physical well-being, given that the work is in all material respects office related. However, Axactor do recognize that elements of the work can be emotionally challenging, in particular when dealing with debtors in vulnerable situations. This risk is mitigated through comprehensive health and safety policies, regular training programs, and proactive risk assessments, Axactor strives to prevent workplace hazards and maintain high standards of occupational health and safety. By implementing robust routines, providing necessary support, training, and fostering a culture of safety, the company aims to minimize the potential adverse impacts on workers' physical and mental health.

Non-discrimination in respect of employment and occupation

Axactor is committed to promoting diversity, equality, and non-discrimination in all aspects of employment and occupation. The company recognizes that discrimination based on factors such as race, ethnicity, gender, religion, disability, age, or any other protected characteristic undermines the principles of fairness and equal opportunities. Through its comprehensive policies, recruitment practices, and employee training programs, Axactor actively works to prevent discrimination in all stages of employment, from hiring to promotion and termination. The company fosters an inclusive work environment that respects the rights and dignity of all employees. The latter is further confirmed by the results of the employee satisfaction survey, as presented in the company's annual report 2022.

Gender equality and women's rights

Axactor acknowledges the importance of gender equality and women's rights in the workplace. The company is committed to ensuring equal opportunities for women and eliminating gender-based discrimination and biases. Through gender-sensitive policies and initiatives, Axactor promotes equitable recruitment, retention, and advancement of women within the organization. The company provides training and awareness programs to foster a culture that supports gender equality and challenges

harmful stereotypes. By upholding women's rights and addressing gender disparities, Axactor strives to create an inclusive and empowering work environment. This risk is being actively mitigated, and Axactor recognizes that there are still improvements to be made. Further information about how the company works with gender equality and promotion of women's rights can be found in the company's annual report 2022. This said, Axactor maintains a healthy gender balance through its organization and considers its policies, practices and already implemented measures to support this objective.

Working conditions (internally)

Axactor places great importance on maintaining fair and favorable working conditions for its employees. The company ensures compliance with labor laws and regulations, including minimum wage requirements, working hours, rest periods, and other relevant provisions. Axactor fosters a positive work environment that respects employees' rights, encourages work-life balance, and provides opportunities for professional growth and development. Regular communication channels, grievance mechanisms, and performance evaluations are in place to address concerns, provide feedback, and improve working conditions within the company.

Working conditions (vendors)

Axactor recognizes the significance of ensuring fair and ethical working conditions throughout its supply chain. The company collaborates with its vendors to promote adherence to international recognized labor standards and responsible business practices (including subcontractors). Through supplier assessment and monitoring processes, Axactor evaluates its vendors' compliance with relevant labor laws, health and safety regulations, and fair employment practices. The company actively engages with its vendors to address any identified non-compliance and provides support and guidance to improve working conditions and promote responsible sourcing practices. Given its limited size, Axactor's influence over its vendors' workforces is limited, but Axactor actively engages with its vendors and requests commitments with regards to workers- and human rights through its supplier code of conduct and regular follow-ups.

3.4. Stakeholder engagement

To ensure the correct identification of actual and potential human rights impacts in its operations and value chain, Axactor has engaged with various stakeholders to ensure the correctness of the reported information. This process includes a range of activities, including conducting vendor assessment, employee surveys and interviews with local units.

Axactor's vendor management questionnaires are based on the company's supplier code of conduct and cover a range of topics related to human rights, including non-discrimination, freedom of association, child labor, forced labor, working hours, wages, health and safety, information security, data privacy and environmental sustainability. The questionnaire is designed to identify potential human rights risks and impacts associated with the vendor's operations and to assess the vendor's efforts to address these risks and impacts. The questionnaire also includes questions related to the vendor's sub-suppliers and management systems, such as policies, procedures, and training programs, to ensure that the vendor has a robust system in place to manage human rights risks and impacts.

Axactor also seeks feedback from stakeholders on its human rights performance and its human rights due diligence process to identify areas for improvement and to ensure that its approach remains effective and relevant.

This feedback is essential to understand, on a consolidated level, the effects of the company's actual and potential impacts.

4. Conclusion

Based on this assessment, Axactor has not found evidence of any adverse human rights impacts caused or contributed to by Axactor through its operations or value chain. This affirms the company's commitment to upholding and respecting human rights as an integral part of its business practices. The company's robust policies, procedures, and internal controls have effectively safeguarded against potential violations and helps to create a supportive and inclusive work environment.

4.1. Mitigations and follow-up

Although no adverse impacts to individuals have been identified through the assessment, the company will continue to integrate its human rights risk assessment in its group wide risk management system, to follow-up human rights risks more closely – in line with the expectations from society and stakeholders. Specifically, the company will follow up on the risks identified herein, to monitor for changes, and to make any necessary adjustments to this assessment by the next reporting period.

Regarding digital security and data privacy, and considering the rapidly changing information security environment, the company continuously works towards improving the safety and integrity of its systems and processes, through appropriate technical and organizational measures. Progress and specific mitigations are reported on continuously through the company's quarterly- and annual reporting, which also includes information and mitigations related to other material human rights risks.

Going forward, the company will also focus on internal and external awareness activities regarding human- and workers rights, to educate both employees and suppliers. By engaging with relevant stakeholders and increasing the level of knowledge about human rights more generally, the quality of information will improve, in turn allowing businesses and society to gain even better insight into actual and potential human rights impacts linked to their operations and value chains in the future.

4.2. Continuous improvement

Axactor recognizes that the journey towards ensuring respect and transparency regarding human rights is an ongoing and evolving process. The company is committed to continuous improvement in its human rights' due diligence assessment and work. Axactor is dedicated to learning from past experiences, embracing emerging trends, and incorporating lessons into its policies, procedures, and decision-making processes to improve its performance in the years to come – it is essential to stay vigilant and responsive to new challenges and expectations.

Should you become aware of any matters which are relevant to Axactor's human rights due diligence assessment that are not covered in this assessment, including errors or omissions, you are invited to report such matters to transparency@axactor.com. Axactor will not necessarily update this assessment in case it becomes aware of inaccuracies or changes to the status presented in this assessment after this date.

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Board of directors and CEO of Axactor ASA

Oslo, 22 June 2023

Terje Mjøs

Chair

Brita Eilertsen

Board member

Lars Erich Nilsen

Board member

Kjersti Høklingen

Board member

Johnny Tsolis

CEO