

Sustainability report

in accordance with the Annual Accounts Act

BASIC FACTS

Collector AB, (corp. ID no. 556560-0797) is a challenger bank that offers financing solutions to corporate and private customers. The company offers services and products that release capital, create opportunities and realize ideas. Collector has offices in Gothenburg (head office), Stockholm, Helsinki and Oslo.

The Corporate offering includes real estate lending, corporate lending and factoring aimed primarily at small and medium-sized companies as well as payment and checkout solutions. Private customers are offered personal loans, invoice and payment by instalment services, credit cards and savings accounts.

Collector's services give companies and individuals access to sustainable financing solutions, savings products, and payment solutions. With this business model, the company creates tax revenues, jobs and corporate financing that contribute to societal growth.

The Group consists of the listed Parent Company Collector AB (publ) and a number of subsidiaries. The main operations are conducted within the subsidiary Collector Bank AB, and parts of the payment solution operations have been conducted in the bank's subsidiaries Collector Payments AB and Collector Payments Finland Oy. The Collector AB Group also consists of the subsidiaries Collector Ventures 1 KB, Norrplint Fastigheter AB and Ledaren Fastigheter i Norrköping AB.

Information about employees can be found on pages 33 and 37, among other places.

This report is Collector's annual sustainability report, covering the calendar year 2020. The previous report can be downloaded at www.collector.se and was published on April 2, 2020. More information about this report and sustainability at Collector is available through Kajsa Lernestål, with email address kajsa.lernestal@collectorbank.se.

GOVERNANCE

Ultimate responsibility for sustainability at Collector rests with the CEO. The sustainability strategy and the work of operationalizing this in the business is under the responsibility of Kajsa Lernestål.

Each business area then has delegated responsibility to ensure that policies are followed and complied with. In 2021, a new model will be set for managing sustainability as a result of increased regulations and requirements for sustainable finances. Collector is today a member of the Swedish Bankers' Association and intends to sign the UN Global Compact in 2021.

Processes, procedures and principles

Central to Collector's strategy and governance is to have well functioning processes and procedures in place in the company. This is constant work, and the company always strives to further enhance and improve procedures and processes. We have a number of policies and governing documents that operationalize our key sustainability areas and aspects:

Aspect	Policy document
Work for resource minimization	• Environmental policy
Reduce carbon footprint from own operations	• Environmental policy
Maintain sustainable lending	• Credit policy • Risk policy
Responsible consultancy and marketing	• Ethical guidelines
Ensure sustainable remuneration models	• Risk policy
Include climate impact in risk appetite	• Credit policy • Risk policy
Build a sustainable product and service range	• Credit policy • Risk policy
Maintain high data security	• Personal data policy • Information security policy
Safeguard customer privacy	• Personal data policy • Information security policy
Ensure active anti-corruption processes	• Anti-corruption policy • Ethical guidelines • Code of Conduct
Counteract money laundering and terrorist financing	• Actions against money laundering and financing of terrorism • Ethical guidelines • Code of Conduct
Maintain transparent tax planning and management	• Code of Conduct
Maintain and develop a good working environment	• Code of Conduct • Ethical guidelines • Work environment policy • Policy on inclusion and human rights
Retain and attract talent	• Code of Conduct • Ethical guidelines • Work environment policy • Policy on inclusion and human rights
Maintain and develop a sustainable supply chain	• Environmental policy
Ensure gender equality in customer care	• Credit policy • Ethical guidelines
Strengthening local entrepreneurship	• Code of Conduct • Credit policy

The policies and governance processes that have been evaluated, developed and adopted this year are our ethical guidelines, risk policy, policy on inclusion and human rights (which replaces gender equality and diversity policy and code of conduct). Policies that will be updated and developed during 2021 are the Code of Conduct and the risk and credit policy to specify the management of climate and environmental risks in accordance with new EU regulations on sustainable finances. To ensure implementation and compliance with these policies and those adopted, responsibility is given to a member of the management team for the relevant department(s) that the policy covers to implement strategies, train employees and follow up the results. Results of operationalization are reported using indicators linked to the area of sustainability concerned and the recently defined aspect areas. In this way, we monitor, evaluate and develop our sustainability work continuously, always basing our work on the adopted policies and procedures.

Overarching principles, standards and norms that all the company's employees and management are expected to adhere to are 'trust', 'long-term approach', 'competence', 'openness', 'respect', 'reliability' and 'honesty' and are further defined and described in the code of conduct under the heading 'Basic ethical principles'.

Goals:

In 2020, we worked to scrutinize and update how sustainability is integrated into our operations. In 2021, Collector will continue to develop internal frameworks and policies in line with new regulations, and to work proactively to reduce our negative impact on the environment.

We have therefore developed the following goals for the coming year: (1) Train all employees in an updated code of conduct; (2) Zero incidents of corruption in our business; (3) Hold round-table discussions with corporate customers with a focus on climate-related risks from a financial perspective; (4) Strengthen financial expertise in society; (5) Meet customers' demographic needs; (6) Climate neutral by 2025. A more detailed description of the goals for 2021 can be found on page 29.

Follow-up, 2019 goals

In this report, Collector gives an assurance that the company is developing and following up the goals from the 2019 report. Sustainability goals are identified and presented by continuing the discussion with stakeholders, identifying where and how we can contribute with the greatest impact from a sustainability perspective and formulating goals and indicators in the framework of sustainability work. Internal governance for sustainability work is also being evaluated and the goal of relevant policies and guidelines being updated has been achieved. We are also continuing to develop the business with a focus on responsible entrepreneurship by exploring new innovative and sustainable products and ensuring responsible marketing communication in 2021, with new more specific goals such as further strengthening financial expertise in society with the aid of an educational initiative and becoming better at meeting the language needs of our customers.

SIGNIFICANT SUSTAINABILITY ASPECTS FOR COLLECTOR

The materiality analysis is performed in accordance with the Annual Accounts Act and identifies the primary impact from and on the company's operations in accordance with relevant sustainability parameters, general scientific opinion and Collector's connection to the area and obligation to act. The analysis takes into account legislation, governance, external and internal impact and the opportunity for commercial value creation and stakeholder views. The analysis has resulted in a list of sustainability aspects that are ranked in order of priority according to the extent of the impact on and by the company, according to the principle of the dual materiality perspective.

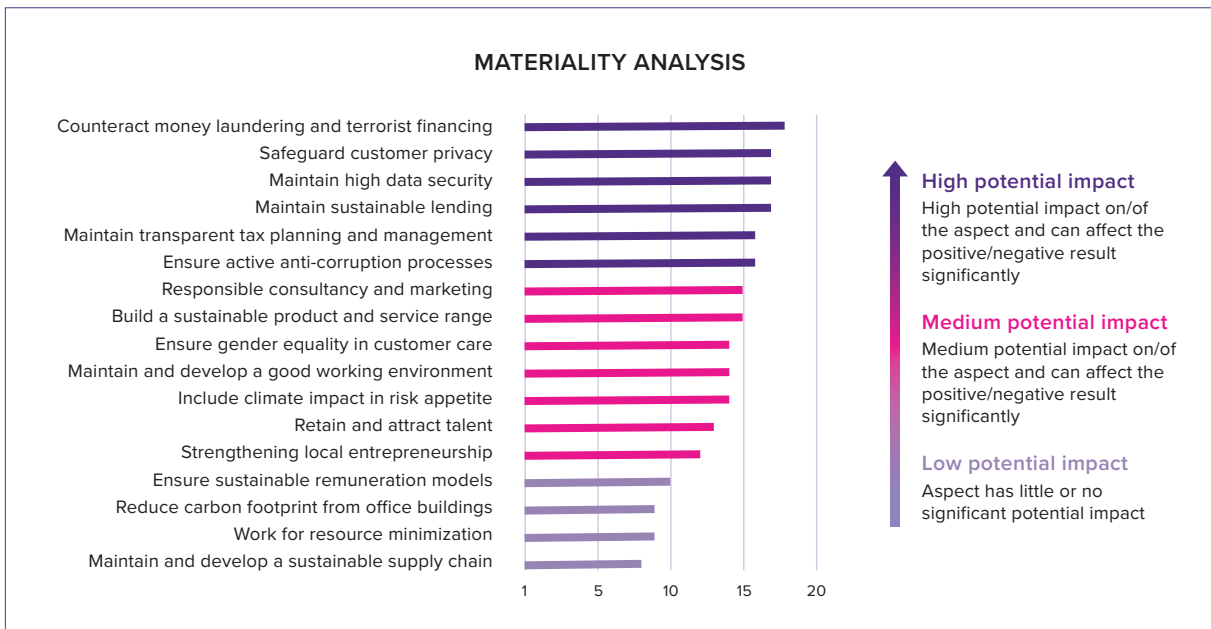
The report complies with the GRI principles on stakeholder perspective, sustainability context, materiality and completeness. Stakeholder interviews have been conducted and included in the materiality analysis and the definition of the list of sustainability aspects. The company's aspects and risks have been assessed from a broader sustainability perspective, the aspects have been defined and prioritized according to materiality and the principle of completeness has been applied by including economic, social and environmental influencing factors and defining where the company has the greatest impact in these areas.

The materiality analysis includes a review of the company's impact on society in the four sustainability areas of environment, social conditions and people, human rights and anti-corruption. The analysis takes into account Collector's specific product and service ranges and scientific facts as well as prioritized current societal issues to define and rank sustainability aspects for Collector to prioritize, evaluate and continuously manage in its sustainability efforts.

Aspect	Description
Work for resource minimization	• Work to, above all, minimize paper use with the aid of digitization and reduce water use in offices.
Reduce carbon footprint from own business	• Reduce Scope 1 CO ₂ emissions and use of electricity and heating.
Maintain sustainable lending	• Comply with legislation on KYC and implement climate and environmental risk in the lending process.
Responsible consultancy and marketing	• Number of cases of non-compliance regarding product and service information, labeling or marketing communication.
Ensure sustainable remuneration models	• Strive for remuneration models that are consistent with the integration of sustainability risks.
Include climate impact in risk appetite	• Develop processes to include climate and environmental risks in the entire risk appetite of the whole business.
Build a sustainable product and service range	• Explore products with sustainability aspects or focus.
Maintain high data security	• Number of data intrusions and security breaches.
Safeguard customer privacy	• Number of cases of fraud, hijacked identities and complaints regarding customer identity and loss of customer data.

Aspect	Description
Ensure active anti-corruption processes	• Number of cases of corruption incidents (for example bribery, extortion, anti-competitive behavior) and action taken.
Counteract money laundering and terrorist financing	• Number of cases of money laundering and/or terrorist financing and measures taken.
Maintain transparent tax planning and management	• Non-compliance with rules, laws and international standards regarding taxation.

Aspect	Description
Maintain and develop a good working environment	• Sickness absence (short-term/long-term), employees who receive evaluation/follow-up, diversity at all levels, cases of discrimination and action taken, number of development courses/participants, drawing of health care allowance, proportion of working from home/office working, efforts to promote mental health, curb the spread of infection.



Aspect	Description
Retain and attract talent	• Number of new employees and share of turnover of staff.
Maintain and develop a sustainable supply chain	• Number of high-risk suppliers (based on country, size, connection to the company's reputation) and risk management processes.
Ensure gender equality in customer care	• Number of cases of discrimination, complaints concerning discrimination and subsequent handling.
Strengthening local entrepreneurship	• Number of loans to local businesses, number of loans (and total amount) that saved businesses during the pandemic.

Collector's stakeholders

Stakeholders' views are incorporated through interviews with representatives both within and outside the company, such as shareholders, Board members and industry analysts. In 2020, one-hour interviews were conducted with these representatives and a survey based on a digital questionnaire was conducted with the company's employees. The results of interviews and questionnaires have been included in the materiality analysis. Stakeholders have been selected for their knowledge of the organization and its work on change as well as an ongoing analysis of the company's risks and opportunities. The scrutiny shows that stakeholders are generally very positive about Collector's current strategic focus and improved transparency towards the market regarding the business and the loan portfolio, as well as the company's long-term plans. Part of this work is a focus on developing sustainability efforts in

terms of social, economic and environmental aspects. It is emphasized that Collector should be aware of future EU regulations on sustainable finance (EU Action Plan on Sustainable Finance), specifically concerning real estate lending and alignment with the EU taxonomy. Sustainability is also mentioned as a way for Collector to improve its position in relation to customers and investors, and we should investigate the possibility of offering better terms for 'green loans'. Collector is today not dependent on lending to fossil-fuel businesses, which should be communicated more clearly according to the interviewed stakeholders.

It is noted that the company has well-established processes and procedures in place when it comes to governance issues. According to stakeholders, this is constant work for financial institutions and has developed further during the year, especially in terms of anti-corruption and customer awareness. To be at the forefront, we must, however, according to the stakeholders, continue to invest in new technology to protect ourselves against risks as well as new competitors as the industry is becoming increasingly technology-dependent with each passing year. The fact that Collector has built a fast-moving organization that welcomes rapid change, innovation and own initiatives from employees therefore bodes well for the future according to employees as well as shareholders, Board members and industry analysts.

Sustainability risks

Through a risk analysis in 2020, Collector has identified the critical risks from a sustainability perspective for our business and value chain. Different risks have varying degrees of probability and will affect the business and customers differently. Collector works continuously to both mitigate sustainability risks in our business and to minimize damage to the world around us. We are seeing an increased level of regulation and governance-related risks, such as increased requirements for ESG compliance, requested information, adequate governance and skills development for employees in sustainability.

In all financial activities, there is a risk of corruption, which is therefore strongly regulated by law and practice for banking. We have a solid system for combating bribery, fraud, terrorist financing, money laundering and other forms of corruption within the bank.

In addition to this, the constant work of ensuring data security and strong privacy protection for all customers is maintained. All our customers are treated equally, and respect for human rights is a cornerstone of how we treat our contacts. Our openness and open-minded culture create opportunities to strengthen inclusion in the financial community. At the same time, it is important to minimize the risk of over-borrowing or insufficient financial information on credit and over-consumption. We manage this daily in our customer contacts through responsible lending and a rigid KYC process. During the COVID-19 pandemic, we have also had an expanded dialogue with several customers and have taken greater account of customers' ability to pay.

However, for Collector and the rest of the world, climate risks are an obvious risk to long-term business, particularly for our corporate customers and their ability to continue to grow and be successful companies. We are deeply committed to minimizing our own carbon footprint from direct operations where possible, but have set our sights on tackling the long-term major climate risks that exist in society by taking environmental criteria into account when lending and choosing suppliers.

To safeguard our main asset, the employees, Collector has established proactive work to prevent working environment-related problems and promote good health. In 2020, the company minimized the risk of the spread of infection and of employees falling ill during the COVID-19 pandemic through clear information and by ensuring a good and safe working environment. We draw attention to the fact that all workplaces have a risk of discrimination and harassment and have these issues under constant supervision, acting directly if irregularities are suspected at the workplace.

Create sustainable finances

We see it as our responsibility to be involved in contributing to a more sustainable economy for our customers and the society in which we operate. With our business areas, we play an important role in society when we help companies and people to grow. At the same time, we work proactively to increase knowledge in society about personal finance and contribute to more sustainable finances.

Description	Page reference	Qualitative/quantitative reporting	Sustainability issue in materiality analysis	Linked risks	Linked goals
Anti-corruption					
Measures taken due to corruption incidents	28-29, 108	No significant cases were reported during the year	Ensure active anti-corruption processes Counteract money laundering and terrorist financing	Countering bribery, fraud, terrorist financing, money laundering and other forms of corruption.	Zero incidents of corruption in our business operations

Description	Page reference	Qualitative/quantitative reporting	Sustainability issue in materiality analysis	Linked risks	Linked goals
Marketing and labeling					
Number of cases of non-compliance regarding product and service information and labeling	28-29, 30, 108	No significant cases were reported during the year	Responsible consultancy and marketing	Responsible lending, payment and marketing	
Number of cases of inadequate compliance regarding marketing communication	28-29, 30, 108	No significant cases were reported during the year	Responsible consultancy and marketing	Responsible lending, payment and marketing	
Customer privacy					
Number of confirmed fraud incidents and cases of hijacked identities and complaints concerning customer identity and loss of customer data and action taken	28-29, 58, 108	Four internally confirmed cases that are considered to have substantial value Action taken: rectified the error that had occurred and clarified and issued a reminder of the procedures that apply	Maintain high data security Safeguard customer privacy	Maintenance of data security and strong privacy protection	Train all employees in an updated code of conduct
Socio-economic compliance					
Number of cases of significant fines or sanctions for breaches of applicable laws and regulations imposed on the organization	28-29, 58, 100-102, 108	Significant fines or sanctions for breaches of applicable laws and regulations are not imposed on the organization	Maintain transparent tax planning and management	Countering bribery, fraud, terrorist financing, money laundering and other forms of corruption	Train all employees in an updated code of conduct

Reduce environmental and climate impact

Collector's climate and environmental strategy is based on the precautionary principle and following fundamental commitments for sustainable finances taking account of climate risks. In 2020, Collector revised its strategy for climate impact, and the new base year for environmental data will be 2021. Collector is aware that large parts of the climate impact to which Collector contributes is in its value chain, firstly through emissions from data centers and secondly in corporate customers' operations. During the work of determining the base year, Collector will include all three scopes in this analysis and then work systematically to reduce emissions and actively contribute to climate adaptation in society by setting environmental requirements and establishing climate criteria in our value chain. Relevant national objectives and regional legislation as well as regulations that Collector relates to in this area include the Agenda 2030 and the Sustainable Development Goals as well as future EU regulations on sustainable finance. Defra has been used as a source for the determination of emission factors.

Description	Page reference	Qualitative/quantitative reporting	Sustainability issue in materiality analysis	Linked risks	Linked goals
Power consumption					
Total energy consumption within the organization	29, 31, 108	322 MWh electricity 209 MWh heating - <i>Departure: does not include offices in Stockholm/Oslo</i> All energy from renewable sources.	Reduce carbon footprint from own business	Minimize carbon footprint from own operations	Climate-neutral by 2025
Greenhouse gas emissions					
Total Scope 1 emissions	29, 31, 108	No company-owned cars, 0 tonnes CO ₂ e	Reduce carbon footprint from own business	Minimize carbon footprint from own operations	Climate-neutral by 2025
Total Scope 2 emissions	29, 31, 108	All energy from Vasakronan is renewable (50/50 solar/wind energy) and emits 0 tonnes of CO ₂ e	Reduce carbon footprint from own business	Minimize carbon footprint from own operations	Climate-neutral by 2025
Total Scope 3 emissions	31, 108	Aviation: 39 tonnes CO ₂ e Rail: 3 tonnes CO ₂ e Road: 1 tonne CO ₂ e Total emissions: 43 tonnes CO ₂ e	Reduce carbon footprint from own business	Minimize carbon footprint from own operations	Climate-neutral by 2025

Offer a rewarding workplace

Collector, has developed a package of terms and benefits that compares well with relevant collective agreements. At the same time, we support the right of employees to organize themselves. We maintain a continuous dialogue with our employees to identify their interest in collective agreements. In work on gender equality, we have achieved a relatively high level when it comes to equal pay (Equal Pay Index excluding the Board: 94.3). The banking and finance industry has traditionally been male-dominated, and we therefore work proactively and intensively to achieve equal pay levels, and on the proportion of women/men in management, on the Board as well as among all the company's employees. Our rate of sickness absence decreased this year to 3.8% (short-term: 2.5; long-term: 1.3).

Description	Page reference	Qualitative/quantitative reporting	Sustainability issue in materiality analysis	Linked risks	Linked goals
Training and skills development					
Average value for the number of hours of training per employee	32-33, 108	In 2020, the number of training hours per employee was 1.5 hours	Maintain and develop a good working environment Retain and attract talent	Prevent working environment-related problems and promote good health	Train all employees in an updated code of conduct
Percentage of employees with evaluation and follow-up occasions	32-33, 108	88% of employees had development interviews in 2020	Maintain and develop a good working environment Retain and attract talent	Prevent working environment-related problems and promote good health	Train all employees in an updated code of conduct
Diversity and gender equality					
Diversity on the Board, in management and among employees	32-33, 108	Board of Directors Under 30: 0% 30-50: 33% Over 50: 67% Women/men: 33/67 Management team Under 30: 8% 30-50: 77% Over 50: 15% Women/men: 38/62 Other Under 30: 35% 30-50: 56% Over 50: 9% Women/men: 43/57 <i>Departure: statistics not broken down by minority group affiliation</i>	Maintain and develop a good working environment Retain and attract talent	Counteract discrimination and harassment	
Non-discrimination					
Cases of discrimination, and action taken	28-29, 32-33, 108	No significant cases were reported during the year	Maintain and develop a good working environment Retain and attract talent	Counteract discrimination and harassment	Train all employees in an updated code of conduct

Auditor's opinion on the statutory sustainability report

To the AGM of Collector AB (publ), corporate registration number 556560-0797.

ENGAGEMENT AND DISTRIBUTION OF RESPONSIBILITIES

It is the Board of Directors that is responsible for the Sustainability Report for 2020 on pages 108-113 and for it having been prepared in accordance with the Annual Accounts Act.

THE FOCUS AND SCOPE OF THE REVIEW

Our review was conducted in accordance with FAR's recommendation RevR 12 The auditor's opinion on the statutory sustainability report. This means that our review of the Sustainability Report has a different focus and a significantly smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

We believe that this review provides us with a sufficient basis.

OPINION

A sustainability report has been prepared.

Gothenburg, April 1, 2021
Ernst & Young AB

Daniel Eriksson
Authorized public accountant
Auditor in charge