

Sustainability report

As a company, we have a responsibility to contribute to sustainable development of the society we operate in – locally as well as globally. Sustainability for Collector covers our economic, social and environmental impact (ESG, Environmental, Social and Governance). The Sustainability Report is the company's statutory sustainability report in accordance with the requirements of the Swedish Annual Accounts Act. It covers the parent company Collector AB (corporate ID number 556560-0797) and all subsidiaries that are consolidated in the Collector consolidated financial statements for the same period, which are specified on page 81 of the consolidated financial statements.

Ultimately responsible for sustainability issues in Collector is the Board, which defines the strategic direction and establishes policy frameworks and control processes. The CEO and Sustainability Manager are responsible for integrating the sustainability work into the business and each function is responsible for driving and developing the work within its area of responsibility.

Collector's sustainability work is based on our brand promise “Believe in the idea” as well as the UN's global goal for sustainable development and is closely linked to our core values: ethics, commitment and entrepreneurship.



Sofia Brax has been the Collector HR and Sustainability Manager since December 2018.

Sustainability, ethics and corporate social responsibility are central in Collector's operations

The world has common challenges and Collector wants to be part of the solution and contribute where we have the opportunity. Collector wants to run a responsible business and contribute to sustainable growth by helping customers and other stakeholders achieve success with the help of sustainable financial solutions. Sustainability is an overall strategic issue for Collector and should be integrated into every part of our business.

For Collector, sustainability is largely about profitability and responsible growth. By developing and running a profitable company, Collector takes responsibility for long-term sustainable development together with employees, customers, suppliers and investors.

Business ethics is the foundation of Collector's business and a natural part of our daily work. Collector is subject to a number of rules and regulations and is subject to a licence under the Swedish Financial Supervisory Authority. In order to comply with legislation and regulations, an internal regulatory framework has been developed: Collector's control document. In addition, Collector has a number of control functions and processes aimed, among other things, at preventing, financial crime and money laundering. The company does not contribute to financing activities that are considered harmful for individuals, society and the environment. Collector's policies are in line with the international principles of the UN Global Compact, the International Labour Organisation (ILO) core conventions and the Vienna Declaration.

Collector wants to be a responsible social actor through our promise to the market – "Believe in the idea". This means that we believe in people and companies. Collector helps build long-term business, makes it grow and thereby contributes to society. In addition to creating conditions for long-term profitability with our customers, it is also about improving equality through financial competence enhancement. We want to increase all forms of inclusion by creating conditions for everyone, individuals and companies alike, to make wise decisions about their finances. Through clear, simple information and customer-friendly service, everyone should feel secure in their financial choices. For Collector, sustainability is both about minimising risks and actively influencing to make a difference. In this way, we create conditions for our long-term competitiveness.

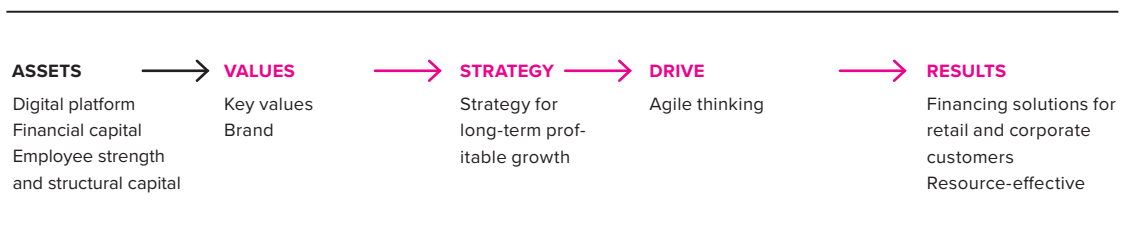
Sustainability as an integral part of the business strategy

Sustainability is an overall strategic issue for Collector and should be integrated into every part of our business. Our business concept is based on lending money and with that comes responsibility: to be transparent, open and honest. The regulatory framework that we, as a financial player, follow is the foundation of all our work.

Collector's business model describes how our business creates long-term sustainable value for our key stakeholders; customers, employees, owners and society. We refine our assets by conducting our business with:

- A well-established corporate culture where our core values entrepreneurship, ethics, and commitment work as the basis for how we act.
- A strategy that focuses on profitability growth.
- Entrepreneurship and business focus, which mean that we are solution-oriented and have the ability to develop innovative financing solutions, create profitable business and help our customers realise their ideas.

Collector's business model



THE VALUES WE CREATE

- **CUSTOMERS**
Financing solutions, savings products and business support
- **EMPLOYEES**
Competitive wages and opportunity for skills development
- **OWNERS**
Return on invested capital
- **SOCIETY**
Taxes, jobs and corporate finance that contribute to social development

Focus areas for sustainability

Collector's ambition is to contribute to sustainable development. We have selected goals and sub-goals from the UN's global goals for sustainable development where we see that we can make the biggest difference. The selection is based on completed materiality analysis and forms the basis for the priorities in our sustainability work.

On the basis of a previous analysis of the future and the megatrends and changes we expect in society, for our customers and the market for financing solutions, we have identified the issues that affect the competitiveness and ability of Collector to build confidence for our key stakeholders. The issues where we can make the biggest difference are:

- **Ethical issues and to counteract financial crime**
- **Transparency**
- **Satisfied customers**
- **Knowledge of finance**
- **Working conditions and human rights**
- **Responsible taxation**

The global goals for sustainable development

The UN's Global Sustainable Development Goals aim to eradicate extreme poverty, reduce inequalities, promote peace and justice and solve the climate crisis by 2030. The 17 main goals describe the world we want to create, while the 169 underlying sub-goals describe how we shall create it.

Through the financing activities that Collector conducts, we are integrated into society and have the opportunity to contribute to this development. Collector wants to contribute to sustainable growth and help customers and other stakeholders achieve success with the help of sustainable financial solutions. Since Collector's customers conduct different types of operations and are represented in several different industries, Collector can create value and contribute to all UN sustainability goals, either directly or indirectly.

In addition to the priority issues and based on a completed materiality analysis, we have identified four of the UN's global goals with their respective sub-goals, where we believe we can make the biggest difference based on our operations. These are Objectives: 4; Good education for all, 5; Gender equality, 8; Decent working conditions and economic growth and 9; Sustainable industry, innovations and infrastructure.

BLOOM GBG – A MEANINGFUL PERIOD OF WORK EXPERIENCE FOR UPPER SECONDARY SCHOOL STUDENTS

Bloom Gbg is a politically independent project in which companies in the region are helped to offer job experience to young people in school grades 8 and 9. In the spring of 2019, 64 students from the Svartedalsskolan school in Biskopsgården were given work experience positions with 32 different companies in the city. The initiative was started by Kicki Jaballah, development manager at the primary school administration in the city of Gothenburg, who saw a great need for work experience positions because many families in socio-economically vulnerable areas do not have the same network to arrange positions themselves. Together with Palle Stenberg, partner at Nudie Jeans, the idea was born to involve companies in the region and Collector was one of the companies already approached at an early stage.

A successful first job experience period under the auspices of Bloom Gbg, that attracted a lot of attention, was conducted during a week in March 2019. The response from the participating companies has since disseminated into various sectors through social media and networking meetings, which has resulted in the objective being increased to 350 work experience positions in 2020 so that more schools can participate in the project.

The aim of the project is to create conditions for sustainable society where everyone is included and has the opportunity of access to education, to know about future choices and insight into the local community.

Read more about the project at www.bloomgbg.se

HAND IN HAND

COMBATS POVERTY THROUGH ENTREPRENEURSHIP

To date, the Hand in Hand organisation has helped create 2.8 million enterprises in poor areas of the world, which has improved the lives of approximately 16 million people. Hand in Hand is at the forefront of social sustainability with the focus on families being able to get out of poverty and help young people to support themselves.

Hand in Hand works to alleviate poverty through entrepreneurship and empowers people by investing in their own power and ability. On the basis of a unique model through self-help, they mainly strengthen women and young people through entrepreneurship education, starting their own businesses as a long-term and sustainable way out of poverty for themselves and their families.

Collector and Hand in Hand have had close cooperation since 2014 through two village projects in India. The collaboration has enabled women to be trained in entrepreneurship, been able to start small businesses and improve living conditions for themselves and their families. The children have been able to attend school and thus have broken the trend of inheriting poverty.

“We have been involved in Hand in Hand for a long time, and that is because they have the same philosophy as we have: to promote entrepreneurship. That it is women entrepreneurs makes it extra important”, said Lena Apler, who initiated the collaboration.

In January 2020, Collector and Hand in Hand started two new village projects in Kenya that extend over three years and means that 500 residents form self-help groups, where they gain basic knowledge of entrepreneurship, financing and support to strengthen their connection to larger markets. In Kenya, Hand in Hand is working to improve the livelihood opportunities of people who live in poverty. Poverty in Kenya is widespread – almost a quarter of the country's population does not have enough food and unemployment is high. Especially among young people. By funding the project in Kenya, Collector enables vulnerable people in a specific area to get out of poverty.



“The collaboration is a perfect example of how companies, through tailor-made arrangements, can link their social engagement in issues that are important to the business. In Collector's case, this is the importance of entrepreneurship, long-term and financing”, said Stina Götbrink, Secretary-General of Hand-in-Hand.

The overall purpose of the collaboration is to build sustainable communities and get people out of poverty through entrepreneurship and self-help. Those who start their own businesses can borrow money from the group in the first instance, but there is also the possibility of micro-loans from Hand in Hand's own small enterprise fund in East Africa, the Enterprise Incubation Fund. It is to this fund that Collector donates. The entrepreneurs may take a maximum of three short-term loans ranging from SEK 500 to SEK 5,500.

“Our entrepreneurs basically always repay their loans, the proportion is 99 percent. In the few cases that loans are not repaid, the explanation is almost always because of unforeseen difficult events”, said Stina Götbrink.

Collector's expanded micro-loan village project contributes to training and support in entrepreneurship for 500 women and young people so that about 350 enterprises can be started and developed. Each job supports four to five people. It also provides increased knowledge of finance, the environment and sustainability as well as vocational training in cultivation, animal husbandry, sewing, manufacturing or understanding of local needs. The work has positive effects for entire families, as health and children's education are prioritised as income increases.

FACTS

- Hand in Hand was started in 1989 by the teacher couple Olle and Gunnel Blomqvist and today the organisation is active in India, Kenya, Zimbabwe and Afghanistan.
- Collector already has two completed village programs in collaboration with Hand in Hand in India: Village Upliftment Programme in Marappagoundar and Kavanur. The programmes that Collector and Hand in Hand have implemented have had several important focus areas, including strengthening women and creating jobs, ensuring schooling for the village's children and thereby eliminating child labour. Other focus areas include health, sanitation and health care.
- Read more about Hand in Hand at www.handinhandsweden.se



The UN's global sustainable development goals

The UN's global sustainable development goals

Goal 4: Good education for all.

4:4 Increase the number of people who can have economic security.

Goal 5: Equality

5:1 Eradicate discrimination of women and girls

5:5 Ensure full participation for women in leadership and decision making.

Goal 8: Decent terms of employment and economic growth

8:1 Sustainable economic growth.

8:4 Improve resource efficiency in consumption and production.

8:5 Full employment and decent working conditions with equal pay for all.

8:6 Promote employment for young people, training and work experience.

8:8 Protect workers' rights and promote secure and safe working environments for all.

8:10 Access to banking and insurance services and financial services for all.

Examples of Collector's activities

We strive to contribute to increased knowledge of personal finances and financial obligations. We do this by actively promoting a responsible approach towards customers in product development, sales, lending and debt collection.

We also have a role in increasing financial knowledge among young people and in marginalised areas. A concrete example is Collector Ventures' investments in the Gimi/Weekly allowance app, which helps children take responsibility for money and manage money.

Since 2012, Collector has been a partner and donor to Hand in Hand, a non-profit organisation that, by creating jobs in developing countries, primarily India and Kenya, contributes to reducing poverty. The concept of creating the conditions for self-sufficiency for women so that they can start their own businesses, instead of creating aid dependency fits well with Collector's values. In December 2019, Collector announced another investment for the organisation, which will go towards a long-term investment in two village projects in Kenya, including a new micro-loan fund.

At Collector, there is zero tolerance for all forms of discrimination or harassment on the grounds of gender, gender identity or expression, ethnic affiliation, religion, functional variation, sexual orientation or age. We demand respect for human rights, both in our own operations and with our suppliers and business partners, and this is also expressed in our policies.

Of the employees at year-end, the proportion of women was 52%. Of the senior executives, 27% were women and on the Board the proportion of women was 60%.

As a bank and financial player, Collector plays an important role in society, and aims to pursue a long-term profitable business. This contributes to providing security for both customers and employees from a societal perspective.

Collector pays income tax in the countries where the business is conducted. Over the past five years, Collector's tax expense has amounted to SEK 463 million.

Engagement in the outside world is an important part of Collector's sustainability work. In mid-2019, Collector announced that we will lend SEK 1 billion to Swedish SMEs with EU support. The project is supported by an EU budget under the Investment Plan for Europe (Juncker Plan) and COSME's loan guarantee programme, which means that Collector has a loan guarantee of 50% in its portfolio.

Hiring competent employees is crucial to our future development. At Collector, we see the strength of differences and inclusion to create a dynamic and creative organisation and to understand and respond to our customers. When we hire new employees, we look for people, skills and personalities that complement the group with qualities that are missing.

Examples of Collector's activities

Collector recruits many young employees, often directly from colleges and actively strives for diversity in background, culture and ethnicity. Within the Collector group, we have many intermittent employees who study at a college or university, such as law and economics, and work extra with us. We see many benefits in hiring dedicated people during the study period, many of whom then apply for permanent employment with us after their degree.

Collector has hired staff with language skills found in large immigrant groups, which means that Collector's customer service currently speaks 12 different languages. This focus is an essential part of Collector's sustainability work, which is also manifested in the active cooperation and support of Mitt Liv ("My Life").

Together with the social company Mitt Liv, we work with the development of inclusive leadership and participate in Mitt Liv's mentoring program for academics with a foreign background. Collector has been a partner to Mitt Liv since its inception 11 years ago. Through mentorship, Collectors employees develop leadership skills and gain a deeper insight into integration issues. Collectors' employees also help to share experiences and networks, while collaboration with Mitt Liv is also an opportunity for skills development and a base for recruiting people who can contribute with new perspectives.

We are also involved in a project together with other companies where we create work experience places for higher secondary school students from socioeconomically vulnerable areas. The purpose is to inspire to further education by offering a wider contact network and insight into the different roles that can be found in a business like ours.

Work environment is a strategic issue, and we work systematically with work environment and health issues, focusing on early and preventive work. We encourage a healthy and sustainable lifestyle and work continuously to ensure workers' health and well-being, including the physical and psychosocial work environment. Short-term sick leave was 3.5% during the year. Staff turnover was 24% (calculated on the basis of the number of leavers divided by the average number of employees. The calculation only takes into account trial employees and permanent employees).

At Collector, we run an internal development program in self-leadership where leaders and employees get access to tools and methods for developing self-leadership within their teams.

Instead of collective agreements, we have developed a package of terms and benefits that stand well compared to 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.

All permanent employees have access to wellness benefits such as massage during working hours and contributions to wellness and health care.

The UN's global sustainable development goals

Goal 8 continued

The UN's global sustainable development goals

- Goal 9:** Sustainable industry, innovations and Infrastructure.
- 9:1** Create sustainable, resilient and inclusive infrastructure.
- 9:3** Facilitate access to financial services and markets.

Examples of Collector's activities

In the development of new products, Collectors' Compliance function is involved at an early stage to ensure that regulatory rules are complied with and that robust processes and control procedures are in place. We see a potential in integrating more sustainability criteria into the development of new products from a broader perspective and in a structured way. Our digital approach is resource efficient compared to traditional banking, with lower consumption of resources such as paper and transport. Our digital platform is continuously expandable, which makes us flexible in determining the direction of future development.

Our operations have an indirect environmental impact through our suppliers' energy use, especially energy consumption and any emissions linked to our server capacity. Working with a cloud-based server solution is both more secure and more energy efficient than having our own servers. The server hall used by Collector has a power usage efficiency of 1.07-1.08 (compared to the average level of 1.80 in the industry). Microsoft climate compensates for the CO2 emissions generated by the capacity that Collector buys.

In February 2018, Collector's head office with the majority of our employees moved to new premises in Gothenburg. The building and premises are Gold classified according to the international environmental certification system LEED.

CLIMATE FOCUS

Collector sees the climate issue and the global change it is causing as one of the great challenges of our time. Climate change is therefore of particular importance to consider for Collector's work. For Collector, it is important to understand how climate change affects the operations to which Collector provides credit, in terms of both risks and opportunities. Collector supports the recommendations from TCFD and will, in the company's major efforts to target the sustainability work during 2020, work on implementation of the recommendations based on governance, strategy, risk management and goals.

Collector's sustainability agenda

Collector's sustainability work is visualised in a three-part pyramid, where the base level represents what is Compliant, that is, what we have to live up to according to laws, rules and regulations. The next part we define as Best Practice, that is, what we have chosen to focus our sustainability work on beyond what is required. The top of the pyramid stands for Innovation and describes the areas where we want to create unique solutions and contribute to positive development through a real change in behaviour.



During 2019, Collector conducted a strategic review of the company in relation to sustainability and will present strategic sustainability goals for the business during 2020. In conjunction with that, Collector will

1. Identify and present sustainability goals

- Continue our continuous dialogue with our stakeholders.
- Identify where and how we can contribute the greatest impact from a sustainability perspective.
- Formulate goals and metrics within the framework of sustainability work.

2. Review the internal governance for sustainability and how sustainability is best integrated into the business

- Update relevant policies and guidelines from a sustainability perspective.
- Review processes and working methods.

3. Develop the business with a focus on responsible enterprise

- Continue to develop innovative and sustainable products and services in accordance with our new sustainability strategy.

4. Focus on responsible market communication

- Continue communicating to stimulate an increase in financial competence so that companies and individuals can make wise choices about their finances.
- Define how we ensure good marketing that contributes to the business in combination with the customer making conscious choices.

Organisation and employees

The employees and Collector's corporate culture are our foremost strength, where we will continue to invest in further development. The most important thing is that we all take responsibility in every decision we make, in every customer meeting and dialogue. We want to strive beyond the ordinary to create the best conditions for individuals and companies to make wise decisions about their finances and thus contribute to a sustainable society with our expertise, our products, services, innovative solutions and care.

Collector has operations mainly in Sweden, Norway and Finland. The company's organisation is broken down by business area. In addition, there are individual country managers in Norway and Finland. Central staff functions such as finance, credit, law and HR report directly to the CEO. As of 31 December 2019, Collector had 371 employees (FTE).

Employees	31-12-2019	31-12-2018
Average number of Full Time Employees (FTE)	371	390
FTE Sweden	302	329
FTE Norway	29	28
FTE Finland	40	33
Percentage of permanent employees	83%	86%
Staff turnover rate	24%	23%
Number of people who left during the year (including general temporary and hourly employed staff)	140	171
Number of people added during the year	125	120
Percentage of women/men	52/48	48/52
Percentage of women/men in company management	27/73	25/75
Sickness absence (of which short-term absence)	4.1 (3.5)	4.4 (2.1)

Responsibility in the business

Credit granting services

Responsible lending is a key aspect of long-term value creation. In order to be able to make reliable credit assessments, we have developed an advanced digital scoring model based on millions of data points. The model is continuously being developed with the aim of improving the selection criteria and improving the quality of the credit portfolio. The ambition is to maintain a low and stable credit loss level. If the model for loan loss provisions with the changes reported in respect of the company's written-down receivables had been applied in 2019, the reported loan losses, excluding the extra loan loss provision, would provisionally amount to approximately 2.0 per cent of average lending to the public for the full year 2019. The bank safeguards sustainable lending to consumers and continuously monitors processes to ensure that people are able to repay the loans the bank issues.

Collector's control functions

Compliance, risk control and internal audit constitute Collector's independent and mandatory control functions. Independence means that the functions must be independent in relation to the transaction and not participate in the business decisions of the business.

The Risk Control function

The Risk Control function is an independent control function that is mandatory for all institutions under the supervision of the Swedish Financial Supervisory Authority. The function must be independent in relation to Collector's other activities and should be organisationally separate from the functions and areas that it should review and control. The Risk Control function is directly subordinate to the CEO and reports to the company management and the Board.

The principle that a risk control function should exist in Collector is based on the assumption that each unit has full responsibility for the risks within its area of operation. In practice, daily risk management is carried out by the respective business and support unit and is governed by internal rules and work routines. The risk control function should be seen as a resource that monitors and controls the company's risk management. In other words, the Risk Control function's main responsibility is to check that all major risks that Collector is exposed to, or may be exposed to, are identified and managed by the relevant business units or functions.

The work of the Risk Control function is based on Collector's overall risk policy, which also defines the Board's assessment of what risks are considered to be significant. The primary risk categories identified in the risk policy are credit risks, market risks, operational risks, liquidity and financing risks and other risks. The Risk Control function should therefore primarily focus the work on these risk categories.

In addition to reviewing and controlling risk management in the business, the Risk Control function is a supportive and advisory function in risk-related issues and works continuously with knowledge transfer and training to increase risk awareness in the organisation.

The Compliance function

The Compliance function is an independent control function that is mandatory for all institutions that are under the supervision of the Swedish Financial Supervisory Authority. The function must be independent in relation to Collector's other activities and should be organisationally separate from the functions and areas that it should review and control. The Compliance function is directly subordinate to the CEO and reports to the company management and the Board.

The Compliance function is responsible for verifying that the licenced business is conducted in accordance with applicable regulations and the area of responsibility covers, among other things, supervisory and permit issues, the requirements associated with conduct towards customers and the market. The task of the function is to check that the operations that are subject to a permit are conducted in accordance with applicable regulations.

The Compliance function serves as a support for operations and management in compliance issues, which also includes providing information and training to staff. The assignment includes being advisory and, based on a risk-based approach, commenting on proposals for new products, services, significant changes and major organisational changes.

Compliance follows the development of regulations in relevant areas of law and is intended to support the business's implementation of new or changed regulations.

Based on a risk-based approach, Compliance shall work proactively and be advisory in order to control and minimise the regulatory risks that exist in the business.

The function provides recommendations to the operations on how the risk can be managed, and also checks that the risk is followed up and managed within the business unit concerned.

One area of responsibility within the Compliance function is the function as Central Function Manager for AML (Anti Money Laundering). AML is a mandatory function that is independent of the business operations, with the task of verifying that the business has effective measures to counter money laundering and terrorist financing.

The work of the function is that the AML function provides the business with advice, support and training within the area, and also to check that the business has effective measures and clear governance documents and processes to prevent the business being used for money laundering and financing of terrorism.

The AML function also has automatic monitoring systems to support their work and to detect deviant behaviours or patterns. Possible suspicions are investigated by the function and it also reports suspicious customer relationships and transactions to the Finance Police.

The Compliance function is also to some extent responsible for any contact with the Swedish Financial Supervisory Authority and the supervisory authorities regarding supervision, inquiries, statistics and investigations.

Counteracting financial crime

Financial crime includes phenomena such as money laundering, terrorist financing, bribery and corruption. For Collector, it is important to fight crime in society as well as protecting our business and brand. It is Collector's responsibility to prevent criminal behaviour. Relevant risks in our sector are e.g. bribery and other corruption, money laundering, terrorist financing, and abuse of power for self-sufficiency among employees and in interactions with other companies, persons or community institutions. Collector actively counteracts this through training, robust systems, routines and controls. Much of risk management is governed by regulations, but we have also chosen to introduce supplementary routines, such as the Collector's Ethics Committee (see below).

To ensure that the entire organisation knows, understands and complies with Collector's ethical rules, there is a framework with policies and processes for information, monitoring and control. All employees receive training in Collector's ethical guidelines when hiring, and each year compliance training is conducted for all employees concerned, which includes topics such as money laundering, terrorist financing, and anti-corruption.

Integrity and confidentiality

The banking sector is increasingly a target for cyber crime. Therefore, it is important for Collector to provide robust systems and routines to detect and prevent cybercrime attempts and to meet the increasing activity and number of hacking attempts.

Through the latest technology and increased focus on security, we have built control systems through, among other things, blockchain technology and event sourcing that improve the traceability and control of transactions. Cloud-based data storage reduces vulnerability and spreads the risks. The Swedish Financial Supervisory Authority checks and approves our data storage solution.

The focus on security permeates Collector's development work and there are IT security architects in all development teams. The number of hacking attempts has increased, but no attempts have so far succeeded in getting through the security system.

Reporting of potential deviations

If anyone, employee or customer, notices irregularities, it is important that this information is shared, in accordance with our guidelines. There is also an implemented whistleblowing system managed by an external party where the notifier's anonymity can be guaranteed. The purpose is to be able to detect and remedy any maladministration as early as possible. In 2019, no cases were reported via the whistle blower function.

Whistleblowing

A whistleblower is a person who notices irregularities or maladministration in a company or organisation. For Collector, it is very important that information about irregularities is reported and we have therefore chosen to implement a whistleblowing system. The purpose of the system is to provide a channel where events or conditions can be reported without the reporting provider fearing negative consequences personally. Our hope is that irregularities can be noticed quickly and corrected before the underlying causes become more severe and unmanageable. Through the whistleblowing system, notification of serious cases of irregularities which concerns persons in senior positions can be made, for example managers (all levels), management group, board of directors and other key personnel. Examples of serious irregularities include financial crime such as bribery, theft, fraud and forgery, accounting violations and other accounting and tax violations, a conflict of interest between an employee and the company, or other serious irregularities affecting the vital interests of the company or lives and health of individuals, such as serious environmental crimes, major workplace security deficiencies, and serious forms of discrimination and harassment. Suspicion of money laundering or terrorist financing can also be reported through the whistleblowing system. All notifications are handled by an outside and independent party that guarantees anonymity. Contact information is voluntary to submit and regardless of the notification is processed anonymously.

COLLECTOR'S ETHICAL COMMITTEE

If a dilemma arises in the relationship with customers or employees, it is addressed in the Collector's Ethics Committee, which consists of the CEO, HR & Sustainability Officer, Head of Legal and Head of Compliance. Examples of cases may be a customer or supplier who expresses values we do not share, or operates in an area that is not in accordance with our Code of Conduct. The Ethical Committee shall make guiding decisions for the business operations in order to ensure that Collector clarifies the business's value base.

Policies and guidelines

Collector is subject to a number of rules and regulations and is subject to a licence under the Swedish Financial Supervisory Authority (Collector Bank AB). In order to comply with legislation and regulations, an internal regulatory framework has been developed: Collector's control document. These control documents are used to enable us to maintain good standards and good practice within the operations required by the permit. The steering documents consist of policies, which are developed according to demand / situations within the Group. They are authored by the relevant functions, taken up for consideration in the management group and ultimately approved by the Board or the CEO.

The policies and guidelines that are particularly important to our business are described below. In addition, we have additional policies and guidelines such as environmental policy, whistleblower policy and ethical guidelines. Several of our policies can be found at collector.se, while others are only available on our intranet that is accessible by all employees.

Risk policy

The Risk policy is a document to ensure that there is a common and healthy view of risk-taking based on an understanding of the risks to which the business is exposed. The policy is about preventing and managing risks for Collector, which is a key element of the business. This risk policy forms a central part of the risk management framework that has been established with the aim of ensuring that Collector can continuously identify, measure, assess, monitor, reduce, manage and report the risks that the business is, or may be, exposed to. Furthermore, the risk policy is a basic instrument for the Board and corporate management to achieve good internal guidance and control in the business.

Insider policy

Collector's Board of Directors has adopted this Policy as a complement to the laws, ordinances and regulations that apply when Collector AB's shares are admitted to trading on Nasdaq Stockholm. The purpose of the policy is to prevent insider trading, market abuse and the dissemination of confidential information. The policy applies to persons employed by Collector, as well as to persons who have certain assignments for Collector. The starting point is that Collector is positive about employees owning shares or other financial instruments in Collector.

Actions against money laundering and financing of terrorism.

The policy complies with the Act (2017:630) on measures against money laundering and terrorist financing and the Swedish Financial Supervisory Authority's regulations. The policy covers all employees and describes in a comprehensive way the measures to be taken and the specific principles that apply in the operations.

Supplier policy

The purpose of this policy is to define and create a basis for how Collector should work with suppliers and what requirements we place on our suppliers as regards purchasing. This policy is applied to all suppliers from which Collector purchases goods and services worth more than SEK 100,000 per calendar year.

Credit policy

The Credit policy is primarily aimed at establishing the framework that Collector has to relate to, in respect of, among other things, credit granting and follow-up of credit risks, and to adapt the policy to current accounting rules. Collector's Board of Directors has adopted this policy, which intends to provide general guidelines for credit risk management, in connection with the granting, monitoring and management of loans provided.

Procedures concerning alcohol, drugs and gambling

Alcohol, drug and gambling problems can take on a variety of expressions depending on the individual and situation. This policy aims to help and support employees who have this type of problem. It guides how you as a manager and colleague should act to help the person concerned.

Guidelines for IT security

The purpose of the guidelines and their rules is to show how we should protect Collector's valuable information assets. The guidelines, together with the other underlying instructions and routines, guide how we should securely handle Collector's information.

Procedures for conflicts of interest

All employees must act in such a way that customers and the public maintain confidence in the bank. A prerequisite for this confidence is that any conflicts of interest are identified and managed, which also follows as a requirement of the applicable regulations and of the employee's duty of loyalty that follows from the employment contract. The duty of loyalty means, among other things, that the employer's interest is put first and that its reputation must not be harmed.

Policy for managing operational risks

The policy forms part of the framework established to ensure that the operational risks that the business is, or may be, exposed to on an ongoing basis can be identified, measured, assessed, monitored, reduced, managed and reported. Operational risks are an essential element of Collector's total risks and, in accordance with the established risk policy, must be managed as a separate risk category in parallel with other risks.

Policy on inclusion and human rights

The purpose of Collector's policy for inclusion and human rights is to determine how the company will work for increased diversity and gender equality and to counteract discrimination within the Collector group and in the work of the Board as well as the appointment of staff and Board members. Collector strives, among other things, to respect human rights, which means that our activities should not contribute to human rights violations and instead act to prevent them. We strive for an inclusive and innovative work climate where all employees can fully contribute by using their different experiences, backgrounds and skills so that the business can be run efficiently and with a qualitatively good result.

Work environment policy

Collector's point of departure is to be an attractive workplace. All employees must be given the right conditions to be able to perform, thrive and develop. The purpose of this work environment policy is to clarify responsibilities, describe our work environment goals and how we work on health promotion, prevention and remediation.

Communication policy

The Communication policy clarifies who is responsible for informing and communicating as well as providing practical guidance and support as to how Collector should communicate, what Collector communicates and when Collector communicates externally and internally.

Code of Conduct

The Code of Conduct applies to all Collector employees (regardless of role or position, including Board members and hired personnel) and in all markets where Collector operates. Through the Code of Conduct, we summarise the rules, values, guidelines and commitments that all employees must work under to build trust.

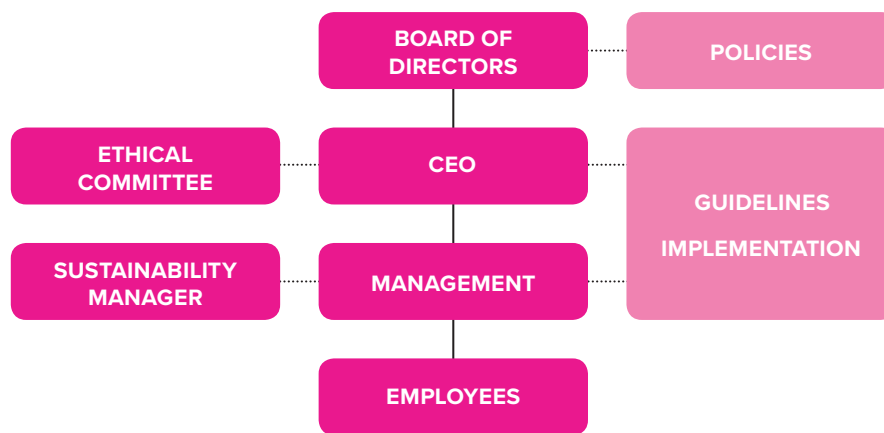
All employees have a responsibility to know what the Code of Conduct means and are expected to act and perform their work in accordance with the Code. Our Code of Conduct includes our Anti-Corruption policy. Collector is determined to fight corruption in all its forms and to do business with the highest possible openness and integrity. We do not accept corruption or bribery in any form.

Complaints policy

Handling complaints allows us to identify problems, address them and take preventive measures to prevent the occurrence of any continued incorrect handling. By complaint is meant a customer or debtor who, in an individual case, reports specific dissatisfaction with the handling of our services and products. Complaints may arise as a result of decisions or actions that are perceived as incorrect. All complainants must be treated in an objective and helpful manner.

Sustainability organisation

The Board of Directors is ultimately responsible for sustainability issues within Collector and establishes policy frameworks and control processes. The CEO and Sustainability Manager are responsible for integrating the sustainability work into the business and the Ethical Committee functions as a control function. In order to best integrate the sustainability work, Collector has a sustainability group with representatives from different parts of the business and which is led by the Sustainability Manager.



THE AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

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

Assignments and division of responsibilities

It is the Board of Directors who is responsible for the Sustainability Report for 2019 on pages 88-103 and that it has 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 for our opinion.

Opinion

A sustainability report has been prepared.

Gothenburg, 31 March 2020
Ernst & Young AB

Daniel Eriksson
Authorised Public Accountant
Lead auditor