

AXACTOR

1700 Anti-corruption and anti-fraud policy

Approved by the Board

23.02.2021

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1. Purpose

In accordance with the principle of "Zero tolerance" expressed in the Ethical Code of Conduct, Axactor prohibits corruption and fraud in all its forms, including facilitation payments, trading in influence, extortion and bribery. Corruption and fraud undermine legal business activities, distorts competition, destroys Axactor's reputation, exposes companies and individuals to risk and is a threat to humanity.

By systematically work to prevent corruption and bribery in all their forms and prevent illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime Axactor also contribute to meet the UN development goal number 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Axactor's business operations are to be performed in accordance with applicable laws and regulations and in such a way that our high ethical standards are upheld. Axactor does not seek or accept business advantages based on illegal, improper, or unethical behavior. At Axactor, we have an understanding of what kind of business we will or will not do. We do not, under any circumstances, give or take bribes, facilitation payment, give kickback or other improper payment for any reason. We impress our customers with our products and services and not through undue influence. We also do not allow others to exert undue influence on us. Instead, we make decisions for objective and verifiable reasons.

The purpose of this policy is to:

- set out the responsibilities of Axactor, and all individuals who work for Axactor, in observing and upholding Axactor’s position on fraud, bribery and corruption.
- provide information and guidance to those individuals working for Axactor on how to recognize, deal with and report fraud, bribery, and corruption issues.

Employees who have questions regarding which laws, regulations, or policies may apply to the performance of their duties should contact the Legal Director or Compliance officer locally or the Chief of Staff.

2. Target group

This policy applies to everyone at Axactor – all employees, managers, executive officers, and members of the board of directors (all of whom are included in the term "employees" as used in the remainder of this policy).

About business partners, this policy applies to those who represent Axactor or act on its behalf. This policy does not apply to business partners acting independently.

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3. Governing principles

3.1 Zero tolerance of corruption

Axactor has a zero-tolerance attitude towards corruption. This means that Axactor strongly disapproves of all conduct that can be termed as corruption.

In accordance with our zero-tolerance policy, Axactor prohibits directly or indirectly offers, promises, grants, or authorizations of giving of an improper advantage to someone in order to unduly influence the performance of the recipient's (or someone else's) professional duties or to obtain or retain an undue business advantage. It is irrelevant whether the recipient of the improper advantage is acting within the public or the private sector – improper advantage is always prohibited. The same applies to receiving benefits. It is forbidden for anyone acting on behalf of Axactor to accept, accept a promise of, or request an improper advantage for the performance of professional duties.

In relation to public procurement and governmental decision-making, no personal advantages should ever be offered to public sector representatives, their associates, or any other party with the intent of influencing an award of a bid or any other decision. Benefits given to those working in the public sector are more likely to be considered improper and illegal than benefits given to those working in the private sector. For this reason, extra care must be taken when interacting with representatives of the public sector. As used in this policy, the term "public sector" includes not only employees and representatives of government agencies, courts, and other public authorities, but also publicly owned (by the state or any form of local government) companies and private companies that perform the functions of a public authority or are otherwise largely financed by tax proceeds. The term "public sector" also includes politically exposed persons.

3.2 Zero tolerance of fraud

Axactor has a zero-tolerance attitude towards fraud. This means that Axactor strongly disapproves of all conduct that can be termed as fraud.

Fraud can be broadly defined as an intentional act of deceit to obtain an unjust/illegal advantage. For the purposes of this policy, fraud shall include but is not limited to:

- Theft or misappropriation of assets owned or managed by Axactor
- Submitting false claims for reimbursement or payments
- Blackmail or extortion
- Off the books' accounting, or making false or fictitious entries
- Knowingly creating and/or distributing false or misleading financial reports
- Paying of excessive prices or fees where justification thereof is not documented

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- Violation of Axactor’s procedures with the aim of personal gain or to the detriment of Axactor
- Willful negligence intended to cause damage to the material interest of Axactor
- A dishonorable or reckless or deliberate act against the interests of Axactor.

3.3 Actions to prevent fraud and corruption

3.3.1 Risk assessments

Axactor shall ensure appropriate mitigating actions and monitoring to ensure that the company’s policies and principles are well understood and are being complied with in practice.

Axactor shall have a risk-based approach towards assessing and managing the corruption and fraud risks. Risk assessments shall be conducted annually to determine the level of controls necessary for a particular aspect of Axactor’s operations.

3.3.2 Conflict of interest

When it comes to fraud and corruption, there is almost always a common denominator: a *conflict of interest*. A conflict of interest exists when an individual or corporation has the opportunity – real or perceived – to exploit their position for personal or corporate benefit. *Corruption* occurs when the individual or corporation takes advantage of that opportunity and indeed abuses their position for private gain.

Therefore, employees should not participate in financial and/or business-related activities or decisions that could potentially create a conflict of interest between Axactor’s interests and their own personal interests or those of a close third party. A close third party includes all close personal relations and is not limited to family members.

All staff members shall notify their superior if they have any direct or indirect interest in any transaction contemplated or entered by Axactor. All employees of Axactor must assess for themselves whether any conflicts of interest exist. If their case is not clear, or if somebody so requires, they must submit the question to their immediate superior.

Axactor employee cannot:

- Handle any assignment concerning themselves or anyone in their immediate circle (such as family, friend, co-habitant person) or participate in a decision-making process related to the assignment
- Participate in handling assignments given to Axactor by themselves or anyone in their immediate circle
- Commit themselves to their immediate circle on behalf of Axactor

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It is, however, possible for an Axactor employee to give an assignment to Axactor and act as a customer through normal agreements and processes.

An Axactor employee cannot report to anyone in their immediate circle. As a general rule they should not either work for the same team/department.

Written permission must be obtained from the next level manager for all secondary jobs or positions of trust. Such permission can only be given if it is not an obstacle to the execution of the duties at work for Axactor.

Requirements regarding secondary jobs and positions of trust:

- Any competitor of Axactor may not be connected to an Axactor employee, with respect to a secondary job or position of trust
- Any work related to a secondary job or position of trust may not be carried out during work hours for Axactor, nor be impacting the employee to do their job for Axactor in any way
- Secondary jobs and positions of trust cannot be carried out in the premises of Axactor or by using Axactor owned property
- Secondary jobs or positions of trust cannot utilize Axactor employees or customers

Decisions deviating from this, need CEO approval. If the concern is related to the CEO, the Board of Directors shall take this decision.

Employees shall have good control of their personal financial position. An employee facing financial difficulties, should immediately inform their superior or the HR department. Axactor also encourage employees to report criminal charges faced that might jeopardize the integrity of the employee or the reputation of Axactor. The manager receiving the notice shall handle the matter with due care and in the best interest of both Axactor and the employee.

3.3.3 Facilitation payments

Axactor prohibits facilitation payments, kickback or other improper payment for any reason. The term facilitation payments refer to small payments made to secure or accelerate the performance of a routine, non-discretionary act that an official in the public sector is obligated to perform. Under some very limited circumstances in some jurisdictions, facilitation payments are exempted from foreign anti-corruption and bribery laws. Axactor, however, does not apply any such exemption.

3.3.4 Lobbying

Lobbying can be a positive force to protect the interest of the collection and NPL industry we operate within, but it can also be a mechanism to influence laws and regulations at the

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expense of the public interest. This may result in undue influence, unfair competition and policy capture, to the detriment of effective policymaking. Axactor shall actively involve in the local debt collection organization and requested consultation statements to proposals for regulatory changes etc. to protect the interest of the company and the industry we operate, but always act with transparency and integrity and never mislead or try to obtain information dishonestly.

3.3.5 Hospitality and gifts

Employees are not permitted to receive or give customers, partners, suppliers, subcontractors or debtors any gifts or other benefits that endanger the decision-making to be based on sound financial principles and /or strategic decisions. Receiving or giving gifts within a reasonable level are permitted, if not contrary to law and approved practices, such as:

- Customary business gifts and business lunches at an ordinary level
- Gifts of little value, e.g. bottle of wine or flowers when you have given a speech
- Gifts bearing the product logo/image that are not of significant value

A business gift can be considered as part of the relationship between Axactor and the customer or supplier. The giving or receiving of gifts is not an individual decision or action and consequently, a gift cannot be considered a personal reward.

Axactor employees shall take a reserved attitude towards trips offered all interest groups. All participations in trips are subject to next level manager approval. Axactor shall pay a reasonable part of the travel and accommodation expenses related to such events. All expenses related to a private companion participating in an event, shall be paid privately by the employee.

Axactor shall have moderate thresholds covering the offer or receipt of gifts, hospitality, entertainment, travel, or expenses. This, to ensure that:

- such arrangements are limited to reasonable and bona fide expenditures
- do not improperly affect, or might be deemed to improperly affect, the outcome of a procurement or other business transaction, or that the arrangements otherwise result in an improper advantage and are not reasonable and bona fide expenditures

All gifts, hospitality, entertainment, travel, or expenses paid by customers, partners, suppliers, subcontractors or debtors shall be appropriate documented and recorded.

3.3.6 Corporate events and hospitality

Corporate events, such as seminars or courses organized or attended by anyone acting on behalf of Axactor, must have a legitimate business purpose. An invitation to an event

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organized by Axactor or its representatives must be drafted in such a way that the relevant business purpose is evident. Normal business services, like food and hospitality can be provided, given that the expenses are kept at a reasonable level and are treated correctly within limits according to local legislations and tax regulations. Customers participating at events that provides more than what can be defined as normal business services, shall pay a reasonable part of their own travel and accommodation expenses.

An invitation to an event may never coincide with an on-going matter such as public procurement or other governmental decision-making, business negotiations, or legal proceedings.

"Plus-one-invitations", invitations where the external participant (hence, not Axactor representative) can bring a spouse or an extra guest free of charge, are only acceptable if approved in advance by the Chief of Staff. The same principle shall apply if an Axactor representative is invited by an external party.

Exceptions to any of the rules for corporate events must be obtained from the Chief of Staff in writing prior to the event.

3.3.7 Charitable donations

Legitimate charitable contributions do not violate the anti-corruption and bribery compliance program, but as such arrangements may pose a risk for corruption adequate measures shall be taken to prevent misuse of charitable donations before Axactor enters into such agreements. All donation require Group approval as outlined in the Delegation of Authority policy. However, charitable contributions to political parties shall never be approved.

3.3.8 Collaboration with third parties

Axactor only wants to work with third parties that shares Axactor’s core values and the governing principle of this policy. Axactor shall have a responsible selection of third parties we choose to collaborate with.

As corruption and fraud often are facilitated through third parties, such as agents, suppliers, intermediaries or other business partners, all employees and others acting on behalf of Axactor shall exercise a high degree of care when interacting with such third parties.

The principles in the Procurement policy such as transparency and supplier due diligence must be followed before entering agreements with third parties. Axactor has established a “Supplier Code of Conduct” which all suppliers in scope are expected to sign. Approval of suppliers shall only be done in accordance with the Delegation of Authority policy. All new suppliers shall be registered in the group system.

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During the contractual period we should assess that the supplier provides the right quality and quantity of goods or services at the greatest total value to the business in accordance with the agreement and in compliance with laws and business ethics.

3.3.9 Cash management and accounting

All accounts, invoices, memoranda and other documents and records relating to dealings with third parties should be prepared and maintained with strict accuracy and completeness. No accounts or cash funds may be kept "off-book" to facilitate or conceal improper payments. The use of false documents and invoices is prohibited, as is the making of inadequate, ambiguous or deceptive bookkeeping entries and any other accounting procedure, technique or device that would hide or otherwise disguise illegal payments.

Axactor shall have in place proper segregation of duties, Delegation of Authority policy and authorization matrixes securing, amongst other things, that no employee shall have a too wide authority and be in control over the whole value chain or large part of it. The four eyes principle and dual sign off principles shall apply.

3.3.10 Employee awareness

All employees shall be made familiar with Axactor’s Code of Conduct and confirm their awareness annually. Axactor shall provide adequate training for all employees consistent with Axactor's different operating units risk profile and appropriate to employee responsibilities on a regular basis, at least annually. Axactor shall address fraud and corruption issues in relevant forums to ensure that employees of Axactor are aware of this policy and are motivated to abide by it. Legal Director and Compliance officer shall provide guidance and be available for consultations related to fraud and corruption issues. Chief of Staff is responsible for overseeing the training of Axactor's employees. The direct managers are responsible for distributing and communicating the relevant polices and have the responsibility to ensure such polices is properly distributed and communicated.

All employees have a duty to guard Axactor against fraud and corruption. Employees are expected to identify processes and procedures that may be vulnerable to fraud and corruption and to draw such instances to the attention of management in their department and the Compliance officer locally.

Management have a particular responsibility to be familiar with and alert to the types of fraud that might occur in their area of responsibility and to put in place effective controls to avoid such occurrences.

Red Flags - fraud and corruption

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The following is a list of "red flags" that may indicate the possible existence of fraudulent behavior and/or corrupt practices and should be kept in mind by all those subject to this policy:

- Use of a supplier/agent despite poor reputation
- Unusually large payments or commission payments where the supplier does not appear to have provided significant services
- Cash payments, or payments made without a paper trail or without compliance with normal internal controls
- Unusual bonuses to personnel for which there is little supporting documentation
- Payments to be made through representatives
- Private meetings requested by suppliers hoping to tender for contracts
- Not following Axactor’s policies or procedures – abusing the decision-making process
- Unexplained preferences for certain suppliers
- Invoices rendered or paid more than contractual amounts
- Unclear lines of responsibility and accountability
- Inappropriate combination of job duties
- Lack of employee rotation in sensitive positions
- Unrealistic sales or production goals
- An employee who refuses to take vacations or refuses promotion
- Established controls not applied consistently
- High turnover among supervisory positions in finance and accounting areas
- Excessive or unjustifiable use of sole-source procurement
- An increase in sales far out of proportion to the increase in cost of goods sold

This list is not exhaustive, and you should be alert to other indicators that may raise a suspicion of fraudulent and/or corrupt activity.

3.4 Measures to detect fraud and corruption

Axactor shall have internal controls to facilitate compliance with this policy, as well as to foster a culture of integrity and maintain high ethical standards throughout the company as outlined in the Legal and Compliance policy. Independent controls shall be conducted by the internal auditor.

Axactor must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties and in general.

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All transactions must be executed in accordance with management’s general or specific authorization. Axactor shall maintain available for inspection accurate books and records that fairly document all financial transactions, risk assessments and due diligence.

To ensure the effectiveness of internal controls, business and finance personnel shall review transactions and expense/payment requests for warning signs that signal an inadequate commercial basis or present excessive risks.

Management shall provide support to and work with investigating parties, and law enforcement agencies in the detection, reporting and investigation of dishonest, fraudulent or corruptive activities, including the prosecution of offenders.

Once fraud or corruption are detected, the manager of the respective department is responsible for taking appropriate corrective action to ensure adequate controls are put in place to prevent reoccurrence of improper activity. Managers shall be conscious that, given the widespread use of IT systems, and the separation of controls across divisions, fraud may come to light in departments other than those in which they are committed.

Axactor’s Whistle blower procedure shall be independent, easily accessible and in local language, available 24/7, known to all employees and provide the possibility to report anonymous. All reports shall be processed in an appropriate and confidential manner in line with the procedure.

3.5 Violations and sanctions

Non-compliance with this policy may result in criminal or civil penalties which will vary according to the offence.

Violations are divided into those that pose a major risk and those that pose a minor risk to the company and its employees. Sanctions for violations of anti-corruption and bribery laws as well as fraud may have devastating impact on Axactor through fines and imprisonment, and large settlements with governments in a variety of jurisdictions and are therefore often deemed as major offences.

Employees who violate laws or Axactor's policies may be subject to disciplinary action by Axactor, up to and including termination of employment. To determine which measures are appropriate in response to a violation, the following criteria are to be considered and weighed on the basis of proportionality:

- The type and severity of the violation
- Risk posed to Axactor
- Form of fault (intent or negligence)
- The amount of the damage or loss

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- Damage to the company's reputation
- Role model function of managers
- Past service and previous conduct of the affected person in the company
- The attitude of the affected employee regarding the violation
- Affected employee's cooperation in verifying the facts of the case and providing compensation for the damage or loss
- Self-disclosure

Accusations are to be carefully weighed against any mitigating circumstances. In similar cases, the same criteria are to be used for evaluating the severity of the violation. The severity of the measures to be taken will be determined by the severity of the violation as determined above.

Specific measures are governed by local law. Therefore, different and/or additional measures may apply locally, or Axactor may be prevented from taking certain actions. The following measures may be considered depending on the severity of the violation:

- Verbal or written warning
- Final warning
- Training measures
- Reassignment or transfer
- Separation agreement or opportunity to resign voluntarily
- Termination with option of amended conditions of employment
- No payment of incentives
- Ordinary termination
- Extraordinary termination
- Suspension

Persons who, after consultation with appropriate personnel at Axactor, refuse to engage in or permit a bribery offence, or who raise legal or ethical concerns or report another's wrongdoing, are sometimes worried about possible repercussions. Axactor aims to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

No directors, officers, employees, consultants and contractors of Axactor will suffer demotion, penalty, or other adverse consequences for refusing to engage in or permit a bribery offence or for raising concerns or for reporting possible wrongdoing, even if it may result in Axactor losing business or otherwise suffering a disadvantage.

3.6 Reporting and contact information

All employees, consultants and supplier must adhere to Axactor's commitment to conduct its business and affairs in a lawful and ethical manner and are encouraged to raise any queries

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with their line manager, Legal & Compliance or Axactor’s internal auditor whom are obliged to process any queries confidentially.

Any employee, consultant and contractor of Axactor who becomes aware of any instance where Axactor receives a solicitation to engage in any act prohibited by this policy, or who becomes aware of any information suggesting that a violation of this policy has occurred or is about to occur is obliged to report it.

Axactor has adopted a whistle blower policy which provides procedures for reporting violations of laws, rules, regulations or Axactor’s corporate policies.

Axactor is committed to follow up all reports of suspicion acts and take appropriate action.

4. Related documents

This policy should be read in connection with the following documents.

- Ethical Code of Conduct
- Whistle blower procedure
- Procurement policy
- Legal and Compliance policy

Review log:

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