

# Sustainability at Lendo Group

Summary of the Annual Sustainability report 2021



## Transparency is the key to shape a better future

I think most of us would agree that we must leave future generations a better tool box on how to make smarter and more conscious decisions to protect this planet. Research, new technology and innovation have given us new tools to put in this box. Enabling a developing and safe work environment for our employees, being aware of our footprint in society and providing transparency on the markets for loans has never been more important for Lendo.

The ongoing important climate debate has reminded us of the importance of health and safety for our beloved once foremost. By combining our forces and working together on solving problems we can achieve powerful results. These past years have challenged many businesses, including Lendo, to look upon challenges as a possibility for new business opportunities. We owe this as a promise to our employees, stakeholders and future generations. Lendo embraces the urge to have a sustainable mindset and makes it part of daily business. Another important element of the Lendo DNA is transparency. It is our very purpose to supply transparency on the market of loans, in order to empower customers to make informed financial choices. We therefore believe that transparency and empowerment are two key elements in building a sustainable future.

In 2021 we started to accelerate our sustainability focus, setting even higher ambitions for Lendo. This report is a product of the fact that our journey has just begun, but there is only one way forward and that is working together for a better future. We also hope that this report will provide transparency on how we measure impact and act responsibly within our industry.

[Roar Bjærum](#)

CEO of Lendo Group



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# 1. Defining Sustainability

Making positive contributions to the environment and the community are fundamental pillars of our future value creation. Sustainability is deeply rooted in the company DNA and has been since the start in 2007. Lendo's mission is to empower people to make smart and conscious decisions about their finances. The business model itself has a positive impact on society. Providing a digital marketplace enables banks and lenders to compete on equal terms which in the end benefits users. Our service brings transparency to the market for loans and users can find offers to reduce their financial costs.

However, Lendo's sustainability agenda goes beyond this. Defining our societal and environmental impact and understanding our stakeholder's priorities forms the basis of our sustainability scope and priorities. Our point of departure is a materiality analysis based on an impact assessment and on stakeholder dialogue conducted during 2020. In 2021 the company started measuring progress, which is the subject of this report.

Sustainability is a broad subject and can include various definitions and measures. This report highlights how Lendo affects community and environment through different efforts and prioritization within the subject. This report has been prepared in accordance with the GRI Standards reference claim, referring to the standards of 2016 (more information provided in the section *About the report* on page 26). These goals are divided into different aspects. Each aspect is presented with our long term ambitions, what we have achieved so far and suggested targets for the following years.

## **Lendo sustainability mission**

Empower people to make informed financial decisions for a sustainable future



## 2. Materiality analysis

In 2019 Lendo did their very first materiality analysis. We identified a list of 16 sustainability aspects covering all our material sustainability areas. It was based on previously identified aspects and a risk and opportunity analysis of Lendo's value chain. Our most important stakeholders were identified by mapping stakeholders based on interest in and influence on our business. The identified stakeholders were; users, lending partners, employees, regulators, media and owners.

Employees and users were also given the opportunity to add aspects to the list of aspects important to them. An impact assessment was conducted on the identified sustainability aspects, based on their relevance to Lendo and on the economic, environmental and societal impacts of our operations.



# Lendo's value chain



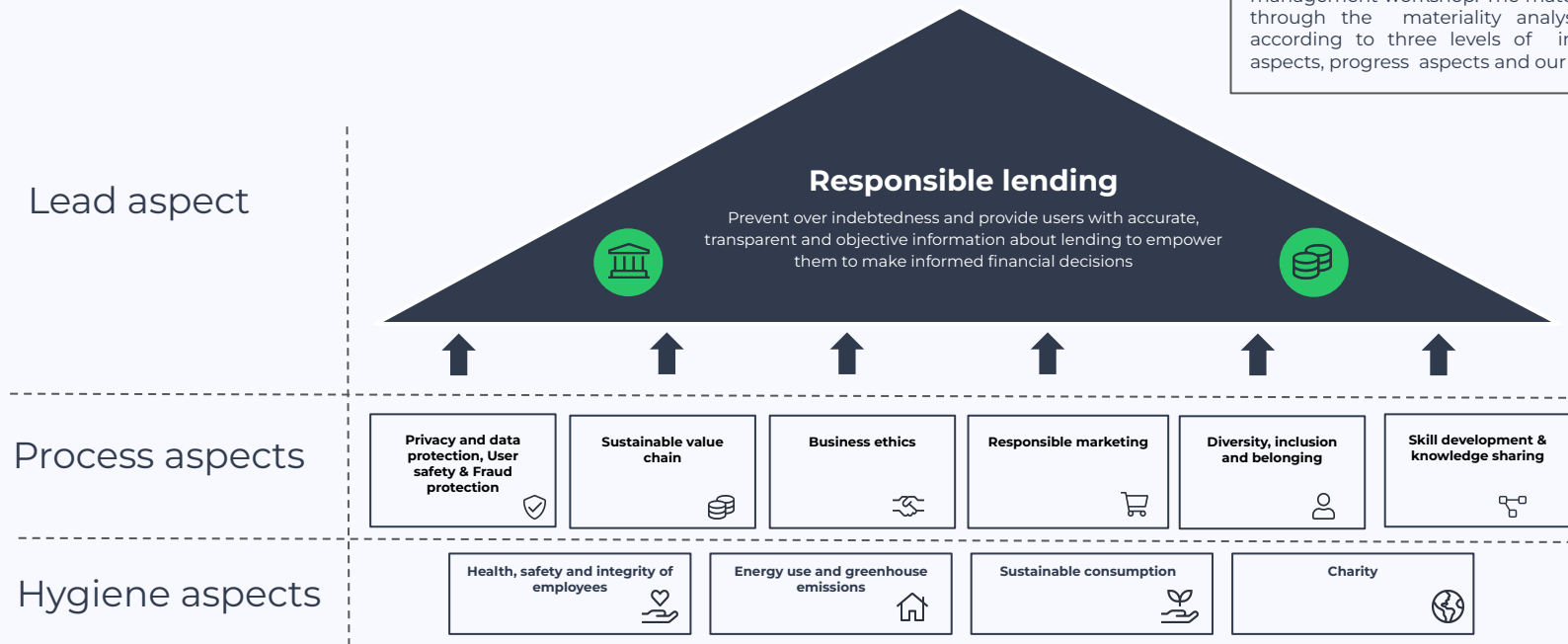
# 3. Stakeholder engagement

| Who did we engage with | How did we engage with them | Ranking from the stakeholder perspective   |
|------------------------|-----------------------------|--|
| Users                  | Web survey                  | Users perspective is missing due to lack of feedback from users  |
| Lending Partners       | Interviews                  | Responsible lending,<br>Attractive Employer<br>Sustainable investments and lending   |
| Employees              | Web survey                  | Empowering people to make informed financial choices<br>Responsible lending<br>Business ethics   |
| Regulators             | Desktop Analysis            | Responsible lending<br>Empowering people to make informed financial choices<br>Sustainable investments and lending   |
| Media                  | Desktop Analysis            | Responsible lending<br>Responsible marketing<br>Sustainable investments and lending  |
| Owners, Schibsted      | Interviews                  | Empowering people to make informed financial choices<br>Privacy and protection of user data<br>Diversity and Equality<br>Responsible marketing<br>User Safety and Fraud Protection |

Through a combination of surveys and analysis we invited employees and users to prioritize the identified sustainability aspects. For some stakeholder groups we performed a desktop analysis to identify their priorities.

# 4. Materiality aspects

By combining the results from our stakeholder surveys and analysis with the impact assessment we could further prioritize and select our material aspects. The result was presented, discussed and validated in a management workshop. The material topics identified through the materiality analysis were prioritized according to three levels of importance: hygiene aspects, progress aspects and our lead aspect.



# 5. Risk assessment

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Constantly mitigating risks in our daily operations is key to a successful business. Our risks are annually reviewed by the responsible management teams. The main sustainability risks are presented below.

1

## Cyber threats

External cyber-attacks, misuse of our services and threats against our internal IT security may cause incidents such as loss of personal data, fraud, loss of sensitive business data, and inaccessible or unreliable services. Incidents like these may cause reputational loss, litigation and serious leakage of sensitive personal data, potentially threatening the privacy of users.

2

## Public Policy

We act in an environment where tech, the landscape of financial services, regulations and politics are constantly changing. The need for regulations has become increasingly apparent due to the digital transformation of the financial industry, and globalization. Politicians around Europe have been calling for stricter regulation within financial services putting pressure on EU and local governments to develop new regulations for marketing within the financial industry, personal data protection (GDPR) and for preventing over-indebtedness.

3

## Fraud

Fraud involving stealing money and identity theft is rapidly increasing each year, harming innocent people. The loan business attracts many fraudsters due to the fact that a majority of financial providers use digital identification and a digital service only. The fraudsters are using the Lendo brand, amongst many other brands, to deceive victims and to conduct financial fraud. This may cause operational and reputational loss.

4

## Access to talent

The competition of attracting and retaining talents is one of the biggest challenges for companies in need of tech competence, especially in the fintech industry depending on a large number of technically qualified talents. The key is to understand what new and existing talents value in modern employers, both in a long term and short term perspective. This is why improving on metrics involving being an attractive employer and offering a fair and equal opportunity workplace is absolutely essential to being able to build for a sustainable future.

# 6. Lead aspect - Responsible lending

As a fintech company focused towards the lending ecosystem, it is natural to focus on ensuring responsible lending as mentioned above. By this, Lendo means preventing over-indebtedness and providing transparent information about lending to ensure that users make informed decisions. The company's long-term ambition is to ensure that our services are transparent and our users are aware of the risks of over-indebtedness. During 2021, decided to focus on foremost four targets. Actions related to the last target is found on the next page.

## Actions

|   |   |
|---|---|
| <b>Launch of the service: "My debt" on Norway.</b>                                  | This service gives people an overview of all their unsecured debt (incl. consumer loans and credit card debt), in addition to real-time data on unsecured debt to banks to allow better credit evaluations. |
| <b>Launch of a payment service (through our PSD2 license) in Norway</b>             | Allows users of "My debt" to pay down on their existing debts directly.   |
| <b>Launch of a tool that let's users calculate their monthly surplus, in Norway</b> | This is based on their transaction history, so that they can understand how much extra they can pay down on their debts.  |
| <b>On marketing, launch of the campaign: "Talk About Debt", in Norway</b>           | Aims to put focus on the fact that debt (and overindebtedness) is tabu, and the first step to getting out of personal finance problems is to acknowledge and talk about over indebtedness.                  |

During 2021 Lendo investigated possibilities to establish collaboration with debt advisory consultants in selected markets and to develop the product to empower people. In Denmark, Lendo partnered with a privately owned debt advisory firm in Denmark. When users got rejected after applying for a loan, and meeting certain criteria, they were offered help and advice on how to improve their financial situation via the debt advisory firm. Over 10,000 users were offered this in 2021 and more than one in four accepted the offer.

The third target aims to find relevant measurements to evaluate how our service contributes to prevent over-indebtedness, and that can be used in all of our markets. Lendo concluded that the KPI "savings for new users" should be communicated in monthly reports and at staff meetings in 2021. Every year we aim to generate 500 million NOK in annual savings for new users in Lendo, and so we also did for 2021. This is measured by looking at the difference between the accepted effective interest rate and average offered effective interest rate per loan.

See next page.

### Overall ambition:

Ensure that our services are transparent, and our users are aware of the risks of over-indebtedness

100%

**Target:** Identify possibilities to develop new products to inform on over indebtedness and establish collaboration with debt advisory consultants in selected market(s)

**Target:** Identify group-level KPIs to measure responsible lending promotion. Include this KPI in all staff meetings on how our services empower our users and how we work with sustainability

**Target:** Align ambition and statement on how Lendo shall prevent over-indebtedness

# Public policy

## - part of responsible lending

To demonstrate our commitment to increased transparency and a more harmonized approach to regulations in Sweden we are members of the Swedish Fintech association in Sweden. During 2021 Lendo initiated dialogue with other industry members via the Swedish Fintech Association to address the problems of over-indebtedness and as a result we became a part of a working group working with consumer credits.

This list of suggestions and actions were used in dialogues with Swedish decision makers, regulators and policymakers. Lendo has also tried to influence policymakers with PR activities. The below mentioned actions were aligned internally in 2021, and in early 2022 Lendo published a debate article in a Swedish news media site making a clear statement on which actions we believe should be taken under consideration for new regulations within this area.



## Making our voice heard through PR.

Get our message out in the media to raise public opinion.



Detast

Vi kan inte vänta – fler åtgärder behövs för att motverka överskuldssättningen

Det är hög tid att skärpa konsumentskyddet för lån och krediter. Därför välkomnar vi åtgärder som en stärkning av kreditvärdet, ökad reglering och fler medel till myndigheterna för skad tillfyll. Men, fler initiativ behövs. Därför föreslår vi ytterligare fem konkreta åtgärder för att motverka överskuldssättningen. Det skriver Sharon Lewis, spårkonon på Lendo och Claudia Gomez, CCO på Lendo.

Illustration: Olovsson

|   |  |
|---|--|
| <b>A ban on outbound telephone sales of consumer credit in Sweden</b>   | Several players in the industry use aggressive commission models when selling loans and credits, which is in direct opposition to consumer protection. Initiatives for loans or credit should always come from the consumer, not from a company.   |
| <b>Increased training requirements for staff who work with interacting with customers about taking a credit or a loan</b> | Corresponding to a Swedsec adviser license, which already applies to mortgages and insurance. With increased demands on education, the actors risk attaching. With increased knowledge about credit, knowledge about risks with over-indebtedness also increases. We also propose that the training requirement should be part of the licensing requirement from the Swedish Financial Supervisory Authority for all lenders and consumer credit institutions under supervision. |
| <b>Increased requirements for transparency and clarity when a consumer applies for a credit</b>                           | This way the user can clearly see what the credit or loan will cost until it has been repaid. The total cost should therefore include all costs for interest and amortization over time.   |
| <b>The establishment of a national loan stop register in Sweden, similar to "Spelpaus" in Sweden</b>                      | "Spelpaus" in Sweden is targeted for gamble addictions. A similar establishment would enable users themselves to refrain from taking out more loans or credits. All creditors and consumer credit institutions shall be obliged to inform about the service on the platforms where loans are taken or mediated.  |
| <b>A national and "real time" debt register in Sweden</b>   | A national debt register is a key tool for enabling more accurate credit reviews. This is something that has already been implemented in Norway.   |

# 7. Sustainability governance



## 1. Lendo Group Managers as aspect owners

We aim to incorporate responsibility for sustainability into our core business. For each sustainability aspect identified, a member of the Lendo Group Management team is assigned responsibility for defining scope, ambitions and targets. Also implementing, communicating and evaluating performance according to the defined ambitions and targets are a part of the yearly sustainability evaluation process.

## 2. Sustainability manager

The sustainability manager has overall responsibility for guiding the organization and communicating our sustainability ambitions and targets, both internally and externally. The sustainability manager reports weekly to the CEO of Lendo Group. Johanna joined Lendo a few years ago mainly working with PR in Lendo Sweden and she took on the role as Sustainability manager in November 2021.



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## 3. Sustainability community

Lendo has initiated an internal program to boost implementation of sustainability throughout the organization. In 2021, 13 employees were appointed as a part of the Lendo Sustainability community driving local market sustainability projects and also supporting aspect and action plan owners.



