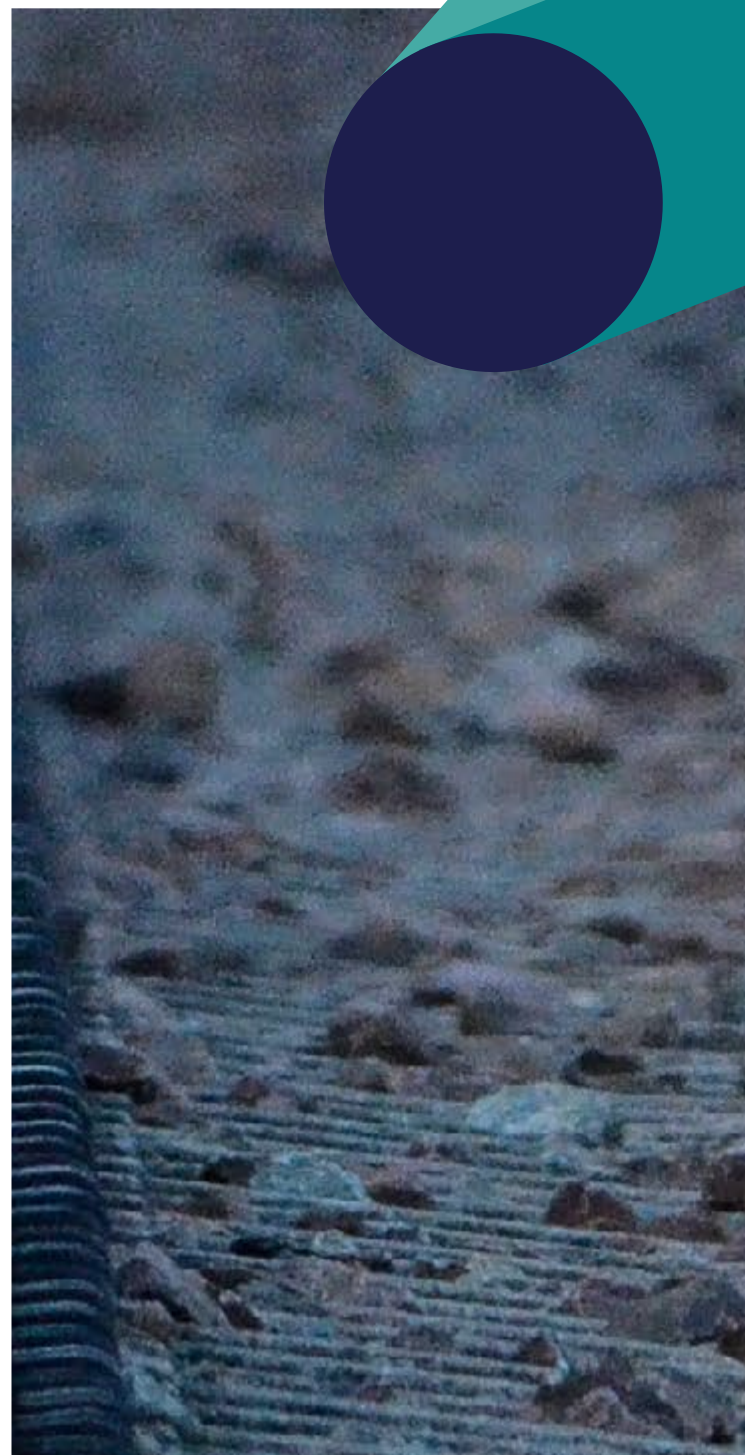
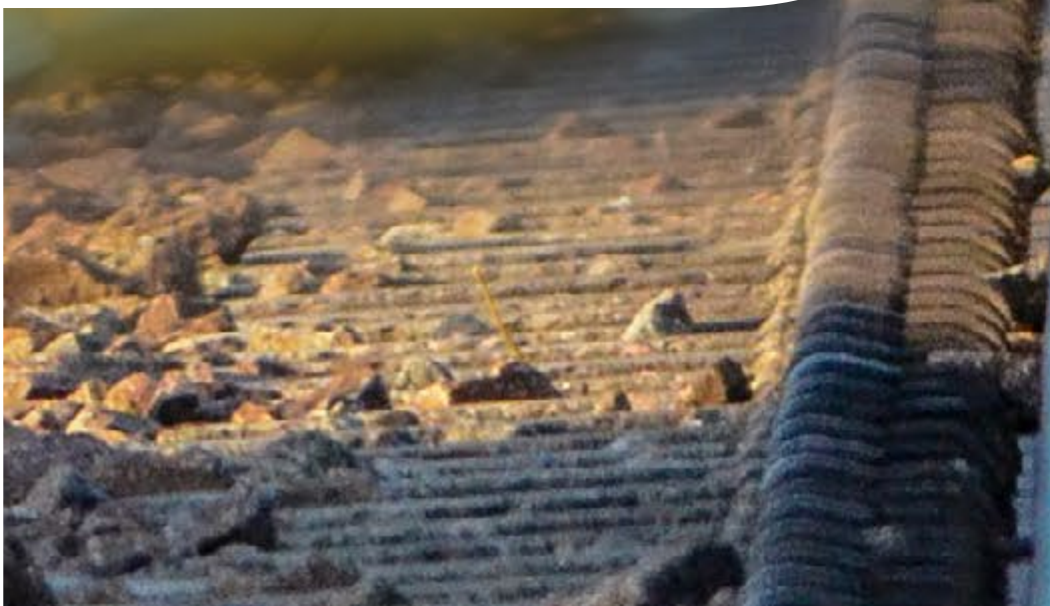




Annual Review and
Sustainability Report 2020



Every day at Bankgirot...

OUR PROMISE

We guarantee the payment market

OUR VALUES



Professional



Responsible



Open

7 800 000

payments processed

70 billion

kronor mediated

850

customer enquiries
dealt with

1 700 000

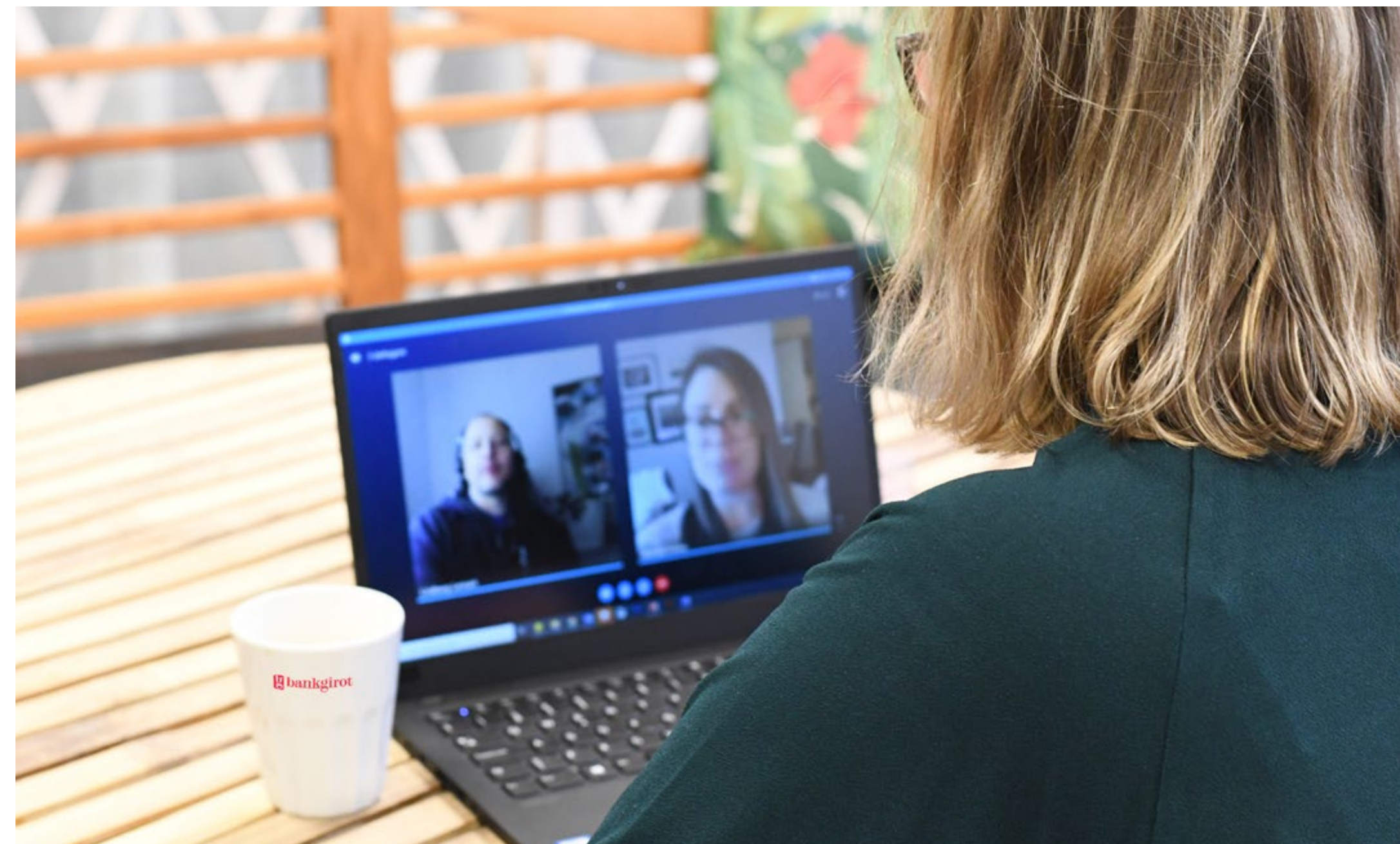
real-time payments
performed

238 000

E-invoice transactions
processed

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Bankgirot is a Swedish clearing house with over 60 years of experience in delivering market leading financial infrastructure. Every day, almost 8 million transactions worth SEK 70 billion flow through Bankgirot's payment systems. Our 150 employees are responsible for the Bankgirot system and payments in Realtime. Bankgirot's systems enable payment services including Swish, Autogiro (Direct Debit) and electronic invoicing. We guarantee the payment market under licence from the Swedish Financial Supervisory Authority.

Photography by Mattias Dahllöf, unless otherwise stated

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This Annual Review and Sustainability Report is prepared in Swedish and translated into English. Should differences occur between the Swedish report and the English translation, the Swedish report shall prevail. For full financial information see Swedish version on www.bankgirot.se.

The year in brief

This year we
have guaranteed
payments in
Sweden from
home



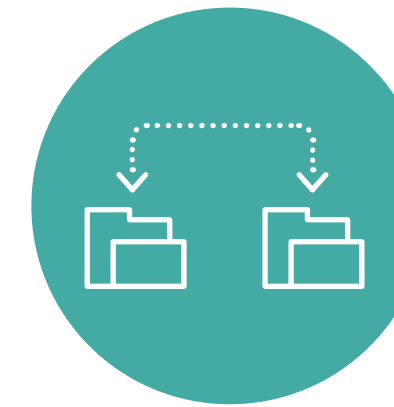
Guaranteed Swedish payments remotely

In order to reduce the risk of spreading the coronavirus and to continue to ensure stable delivery, Split Operations was introduced in March. About 85 per cent of employees started working remotely.



Best health index

Bankgirot was awarded "Best Health Index in Finance & Insurance 2019", with an outcome of 133 (industry average 117).



600 servers
300 databases

Server platform moved

In the outsourcing of application management and IT operations, the relocation of Bankgirot's server platform, 600 servers and 300 databases to our operational supplier was completed.

High availability

As in previous years, the availability of Bankgirot's services was high. For example, Bankgirot's Clearing and Settlement service had an availability of over 99.9%.



Developing security and supplier management

Bankgirot further developed the ability to lead and perform security work and supplier management. A unified security department is introduced and the focus on meeting new requirements for supplier management is strengthened.

Stability the most important assignment

During the year, Bankgirot's most important assignment was determined: Ensure stability in existing infrastructure up until the last transaction.

Acquisition agreement signed

On 6 October, the owners of Bankgirot and P27 respectively signed an agreement for P27's acquisition of Bankgirot. The completion of the acquisition process depends on regulatory approval.



Satisfied customers

In 2020, Bankgirot welcomed a new customer. A total of 31 customers are connected to Bankgirot's systems. The customer satisfaction index (NKI) remains high at 77, the same level as in 2019.



NKI remains high at 77

Message from the CEO

2020 – a year of change and progress for Bankgirot



Message from the CEO



Photo: Eliane Morad

With Bankgirot's central role in the payment market, the company's ability to ensure high availability in a secure and robust system is crucial.

Jeanette Jäger
CEO,
Bankgirot

Bankgirot's 2020 was characterised by intensive work to further increase the stability of the Swedish payment infrastructure. Completed relocation of our server platform to the operational supplier and strengthened capabilities in supplier management, security and compliance was the result.

In parallel, we adapted Bankgirot's role based on the coming transformation of the payment market. As important pieces of the puzzle in this, measures were taken to ensure long-term financing and provision of competence. Similarly, an acquisition agreement was signed in the autumn between the owners of P27 and Bankgirot in order to further increase stability during the market transformation.

Corona – we do not cancel, we change

Few could have imagined at the beginning of 2020 that we were facing one of the greatest challenges of the modern era, with overwhelming consequences for individuals, families, organisations and society.

When Bankgirot introduced so-called "split operations" in March 2020, where most of Bankgirot's employees performed their duties from home, we did not know that this would extend right through the year. But when 2020 was over, we found that we had maintained Bankgirot's important assignments for society at the same time as we made major changes – all with a digital way of working.

Quality, regulatory compliance and relocations in focus

With Bankgirot's central role in the payment market, the company's ability to ensure high availability in a secure and robust system is crucial for financial stability in Sweden. In total, Bankgirot pro-

cessed 1,977 million transactions in 2020, an increase of nearly eight per cent. We have delivered Bankgirot's services with continued high quality during the financial year. For example, the company's Clearing and Settlement Service was available more than 99.9 per cent of the time during the year and the availability of Real Time Payments (BiR) was just under 99.9 per cent.

In order to ensure security, quality and stability over time, Bankgirot initiated outsourcing of application management and IT operations to external suppliers in 2019. As part of the outsourcing, the relocation of Bankgirot's server platform to a modern, high-security environment with our operational supplier was completed in 2020.

Outsourcing decisions and implementation have been an important step for Bankgirot to continuously meet the current requirements and proactively adjust our operations in the face of changes in the payment market.

A higher degree of outsourcing means a continued strong focus on supplier management. Changed and more extensive regulations place greater demands on the payment market in general and Bankgi-



The Swedish payment infrastructure is facing a major transformation in the coming years.

rot's licensed operations in particular. During the year, we have strengthened supplier management and compliance and also implemented a number of security-enhancing measures. We will continue to do this in 2021, so as to continue to maintain the same high level of quality in the coming years.

Effects of transformation and acquisition

The Swedish payment infrastructure is facing a major transformation in the coming years. The bank-owned company P27 Nordic Payments Platform AB (P27) has the ambition to create a common Nordic payment infrastructure, in which P27 is the central clearing house. The Riksbank's plan is for real-time payments to be settled via the new RIX-INST. The transformation of the Swedish payment market is led by P27 and the Swedish Bankers' Association through the Swedish Transformation Programme, in which Bankgirot also actively participates in committees and working groups.

As part of the transformation of the Swedish payment market, P27 announced its ambition to acquire Bankgirot in May 2019. An important step in the acquisition process was taken in October 2020 when P27's and Bankgirot's respective owners signed an acquisition agreement. Completion of the acquisition is conditional on the

purchase being approved by Swedish and European authorities.

In light of the transformation of the Swedish payment market, the direction of Bankgirot's assignments were determined during the year. Bankgirot shall ensure the stability of existing infrastructure while planning and preparing for the responsible decommissioning of existing services. In addition to this, Bankgirot shall support the transformation of the market to the extent that is possible.

Sustainable operations important for society

Bankgirot is a responsible organisation where a long-term perspective is fundamental to ensuring a stable and secure payment infrastructure, and to be long-term we need to be sustainable. The company's direct environmental impact is relatively small and is decreasing with continued digitalisation efforts. In 2021, therefore, the focus is on social and economic sustainability both in our own operations and in relations to our suppliers.

Safeguarding operations - strategic financing

In order to safeguard Bankgirot's operations during the transformation, Bankgirot has implemented a number of proactive measures to manage the consequent operational and financial risks. In addition to the imple-

mentation of the outsourcing decisions, Bankgirot's board has decided to increase the transaction price starting from 2021. This is to ensure financing during the transformation period when transaction volumes move to the new payment infrastructure with lower income for Bankgirot as a result.

The profit for 2020 of SEK 160 million before tax contributes to a further improvement in Bankgirot's already strong financial position, which is also an important step in the preparations for the transformation, which is expected to last several years.

Profit for the year is driven by higher transaction volumes and reduced costs. The cost reduction is partly attributed to the outsourcing of IT operations, where part of the planned costs are postponed until 2021.

Our important customers and employees

In spite of a year characterised by the pandemic, changes in the Swedish payment market and limited service development at Bankgirot, our customers are satisfied with Bankgirot's delivery. The customer satisfaction index (NKI) stands at 77 (2019: 77). The average NKI for banks with corporate customers was 65 in 2020. Bankgirot aims to maintain its comparatively high level.

I am proud to note that we have an employee index of 7.7 out of 10, which is good in a year dominated by both remote working and extensive changes. Bankgi-

rot's employees have a willingness to change, a self-leadership and a great commitment, which has ensured our business with stable delivery. The fact that Bankgirot received the award "Best Health Index in the Industry" from Nyckeltalsinstitutet during the year shows that investments in leadership, communication and health are having an effect.

2020 was a challenging and extraordinary year for everyone in society. However, Bankgirot and our employees have held on and held together through solid teamwork based on a strong corporate culture in which Bankgirot's important mission to society always comes first.

During my years at Bankgirot, the focus has been on driving the company's journey of change so as to both address the transformation of the Swedish payment market and ensure the quality of Bankgirot's future delivery. Bankgirot has continuously defined and refined its strategic approach with the best interests of the financial system in mind. As we enter the next stage of the transformation of the payment infrastructure, my assessment is that it is time for a new CEO to lead Bankgirot forward.

Jeanette Jäger
CEO,
Bankgirot

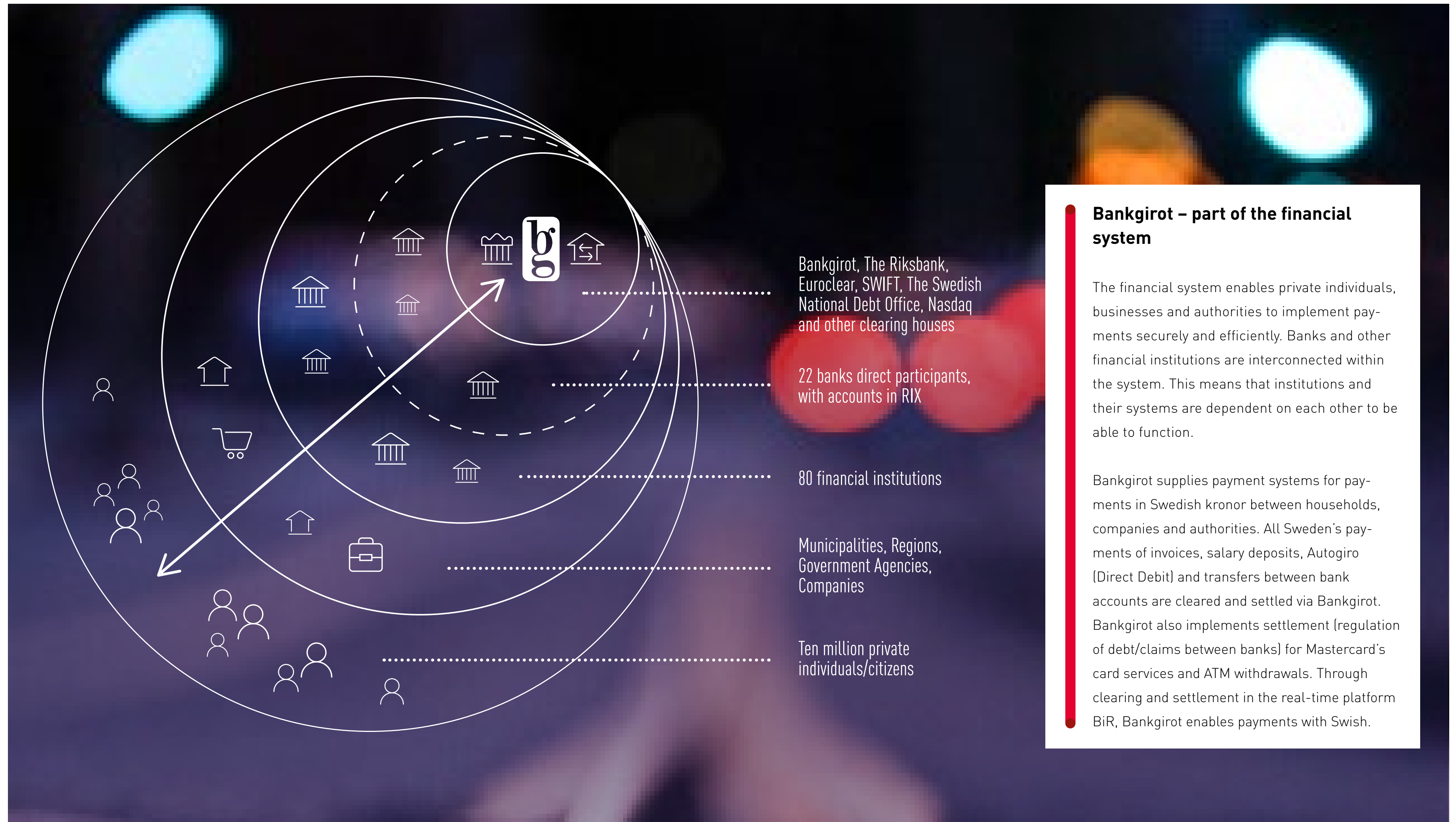
This is Bankgirot

Bankgirot – a crucial link in the financial system

A payment is made in many stages, where several actors in different ways add value so that the payment is made smoothly, securely and cost-effectively. Banks, fintech companies, authorities and infrastructure providers, together with private individuals and companies, form a type of financial ecosystem characterised by interdependencies.

Through the Bankgirot system, which processes giro payments among other things, and the BiR platform, which handles payments in real time, Bankgirot is able to deliver secure and efficient payments between households, companies and public authorities. In this way, Bankgirot is a crucial link that makes the Swedish payment chain work.

Bankgirot's task since 1959 has been to safeguard and operate systems for payments in Swedish kronor between house-



Bankgirot supplies payment systems for payments in Swedish kronor between households, companies and authorities.

holds, companies and authorities. All Sweden's payments of invoices, salary deposits, direct debits and transfers between bank accounts are compiled and cleared at Bankgirot, which is the only clearing house for mass payments in Sweden. Through Bankgirot, they are then settled at the Riksbank where the adjustment of debt and claims between banks takes place.

Via Bankgirot, both Mastercard's card services and ATM cash are also settled. Real time payments, such as payments with Swish, are immediately settled one by one, around the clock, at Bankgirot.

700,000 payments per hour

According to the Riksbank's report "Payments in Sweden 2020" about 700,000 payments per hour were made around the clock in Sweden in 2019 - that is nearly six billion payments a year. The Riksbank's estimate is that cash accounted for only about five per cent of transactions – and that this proportion is steadily decreasing as more and more people switch to shopping with cards, a development in which Sweden is at the top compared to other countries.

Cards most common

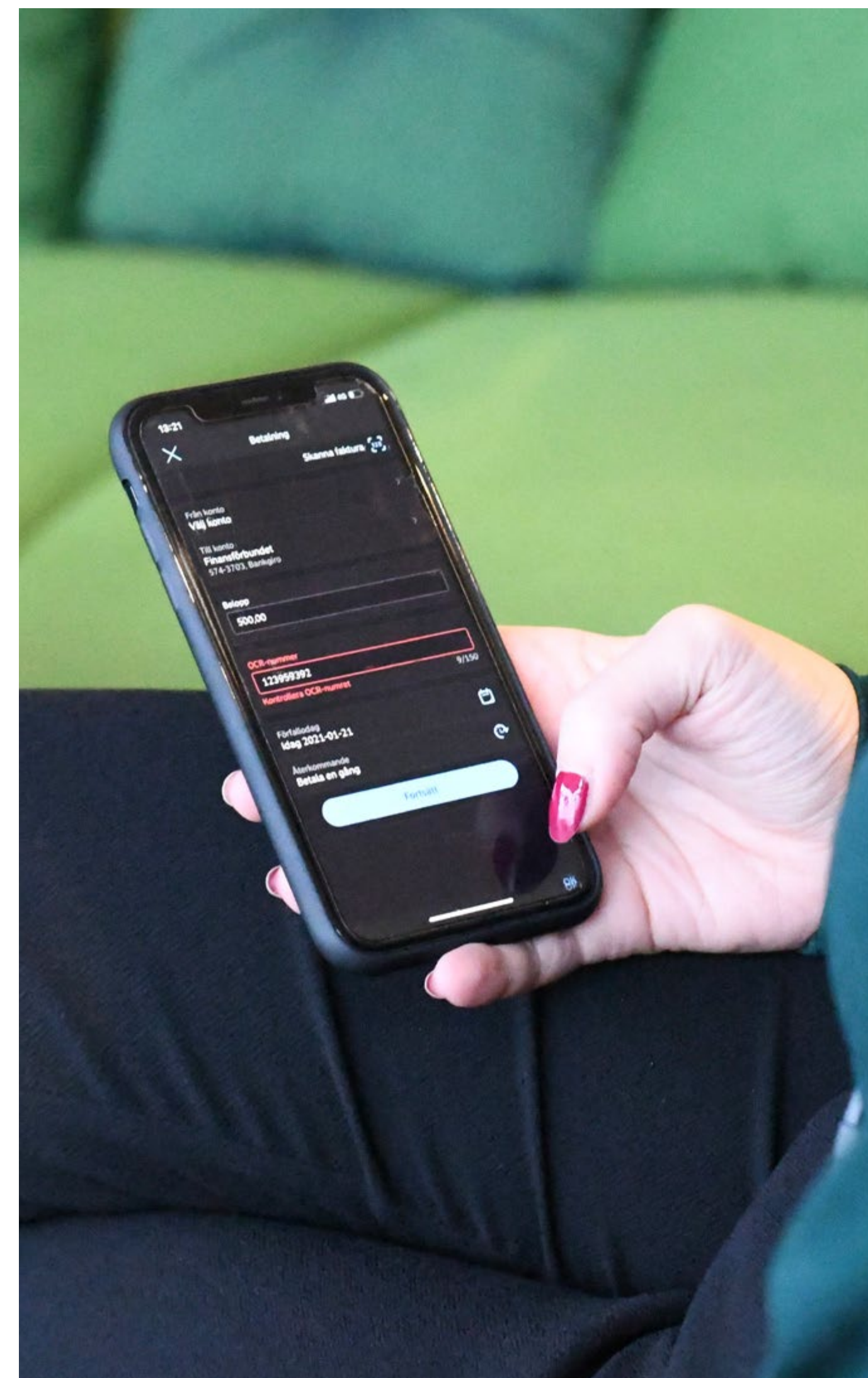
Today, cards are the most common form of payment in Sweden. Card payments account for more than half of all transactions, followed by payments made via

bankgiro number and transfers between bank accounts at different banks. A total of 1,977 million transactions were made through Bankgirot's systems for payments and account transfers in 2020.

Real-time transfers between accounts in different banks are currently made through Swish, which according to the report "Swedes and the Internet" is used by eight out of ten Swedes. During the eight years that the service has existed, volume records have been broken one after another. By November 2020, a total of over 2 billion "swishings" had been performed since the start in 2012. The fastest growing type of payment by far thus goes through Bankgirot's real-time payments platform, BiR, which enables Swish by settling transactions in real time round the clock.

Guaranteeing the payment market

Bankgirot's systems and services are available to anyone who meets the participant requirements. Bankgirot falls under the supervision of the Swedish Financial Supervisory Authority (FI). The Riksbank also oversees operations. As an officially regulated infrastructure for mass payments, Bankgirot contributes to the smooth functioning of daily economic life for almost eight million private individuals and over 850,000 companies.



A business important for society

MSB, the Swedish Civil Contingencies Agency, defined activities important for society in 2020 as 'activities, services or infrastructure that maintain or ensure societal functions necessary for the basic needs, values or security of society'. The MSB definition includes activities needed to maintain the financial stability of the financial sector, i.e. financial infrastructure for payments and clearing.

FSPOS, Financial Sector Private-Public Collaboration is a voluntary collaboration forum with participants from businesses and institutions in the financial sector. FSPOS's vision is that essential financial services should always function. Through analysis, dissemination of knowledge and practice, the forum is intended to strengthen the financial sector's ability to respond to threats and crises, thereby protecting society as a whole.

Mats Wallinder, Deputy Head of the Department for Payments, Riksbanken

The financial sector – with a societal function

A crisis can come quickly and unexpectedly, such as the Corona pandemic, or have a more slowly accelerating progress, such as the financial crisis of 2008. Whatever the cause or the course of events, a functioning society requires a stable financial system. Mats Wallinder at the Riksbank has many years of experience in crisis management in the financial sector. During the ongoing pandemic, he is leading the coordination of crisis work for the organisations in the sector's central payment systems, which includes Bankgirot.

“For many years there has been voluntary collaboration in FSPOS (Financial Sector Private-Public Collaboration), which is a broad collective that includes the Swedish Bankers' Association, the National Associa-

tion of Savings Banks, the Swedish National Debt Office, Insurance Sweden, the Swedish Securities Markets Association, Euroclear Sweden, Nasdaq, MSB, the social insurance agency Försäkringskassan, the Swedish Financial Supervisory Authority, Riksbanken and Bankgirot. There we work on investigations and analyses, but also practice different crisis scenarios.”

“At the same time, the Riksbank saw the need for a smaller, more operational, crisis group and in 2016 we started ‘Crisis collaboration for the central payment system’ consisting of representatives from Bankgirot, Euroclear Sweden, Nasdaq, Handelsbanken, Nordea, SEB, Swedbank, Danske Bank, Riksbanken and the Swedish National Debt Office. Bankgirot has an

important role to play in the group through its overview of the financial flows in the system,” says Mats Wallinder, Deputy Head of the Riksbank's Payments Department, as well as chairman of both the FSPOS board and the crisis collaboration group.

“Each member is responsible for its own activities, but in the group we can quickly and effectively form a common operating picture, make forecasts and discuss measures. Since the start, we have prepared together by building up clear procedures and agendas and making sure to always have updated contact lists and checklists. We also have a secretariat and all meetings and decisions are documented. I can gather the group together using an SMS text if it is urgent.

On 4 March, when it became clear that a pandemic was coming, the crisis collaboration group went into active mode. For the first two months, the group gathered digitally every week. During spring and summer every two weeks and from autumn every three, a frequency that the group plans to keep until summer 2021.

“In addition to developing an overall operating picture, we have discussed a number of different issues, from what a school closure could mean for staffing in a business important to society, to how we work from home and how we divide employees into groups to avoid the spread of infection. The collaboration is voluntary and that is why it is great that everyone is involved and contributes. This shows the benefits,” says Mats Wallinder.



A functioning society requires a stable financial system.

Mats Wallinder

Deputy Head of the Department for Payments, Riksbanken

Photo: Riksbanken

Business environment and market

A changing market

A significant restructuring of the entire payment market is under way – from several different perspectives. Existing national infrastructures are being developed to support regional and global customer needs.

Regulations are harmonised and established as well as new actors perform strategic movements within the value chain. The basic driving forces are positioning, technology development, increased regulatory requirements and modern customer offerings.

Cross-border needs

Globally, payments are becoming an increasingly important part of geopolitical development, where positioning, autonomy and collaboration are balanced. Global organisations develop the values they offer based on standardising both regulations and technology. At the same time, the development is driven by the customer needs that exist in a globalised world.

At the EU level, the Commission, together with several European central banks, is working to create the conditions

for the further development of payment services on the basis of a strategic objective for the union.

Harmonisation for efficiency and innovation

Standardisation and harmonisation of regulations are increasing in scope and also continue to have a strong impact in the market. Clear and harmonised regulatory frameworks are a fundamental prerequisite for increasing efficiency and innovation. At the same time, competition is increasing and pressure for change is growing on organisations throughout the value chain.

Increased focus on cybersecurity

Cybersecurity requirements continue to increase and the security of society's and companies' system environments is growing in importance. As technological developments enable faster and more effective solutions, the challenges of money laundering and other financial crimes increase.

New roles and increased regulation

In the reshaping of the payment market, established organisations are revising their roles and repositioning within the value chain. The demands for an agile organisation and strategic sustainability work are increasing in line with changing customer behaviour. Bankgirot, like several other organisations in the market,



Globally, payments are becoming an important part of the geopolitical development, where positioning, autonomy and collaboration are balanced.



has developed into a client organisation instead of being an operator.

The major and rapid changes in the payment market are reflected in increased regulation with international guidelines from, among others, the European Central Bank (ECB) and the European Banking Authority (EBA) on outsourcing, information and communication technology, money laundering etc. On the back of external changes, Bankgirot continues to develop in a number of areas.


A market in transformation

In Sweden, Finland and Denmark, the market, led by the bank-owned company P27, aims to build a new cross-border Nordic payment infrastructure. A new technical payment platform is taking shape and the first transaction is expected to take place within a couple of years or so.

As part of the transformation, the owners of P27 and Bankgirot signed an agreement in October in which P27's acquisition of Bankgirot was agreed. The agreement is conditional on the purchase being approved by the European Commission and by the Swedish Financial Supervisory Authority.

A joint programme for the transformation of the Swedish payment market

The transformation into the coming Nordic payment infrastructure involves many



Clear and harmonised regulatory frameworks are a fundamental prerequisite for increasing efficiency and innovation.

market participants and affects a very large number of organisations. Sweden will be the first to enter the new structure. In order for the transformation to the new infrastructure to be coordinated and efficient, the Swedish part of the transition work is governed by the Swedish Transformation Programme - a new governance model. The transformation programme includes Danske Bank, Handelsbanken, Nordea, SEB, Swedbank, Länsförsäkringar, Skandia, DNB, P27, the Swedish Bankers' Association and Bankgirot.

The market's driving forces

There are a number of driving forces in the market behind the decision to develop a new payment infrastructure and the transformation that follows when existing services are to be replaced by new ones. There has been a need for several years to develop the Swedish payment infrastructure towards a more international standard.

Bankgirot started work on how today's platforms could be replaced as early as 2012.

RIX-INST – real-time payments in the Riksbank

The Swedish transformation plan includes session-based payments. In June 2018, the Riksbank announced its ambition to launch its own system for the settlement of real-

time payments. A year later, the Riksbank decided to proceed with the project and has agreed with the European Central Bank to use TIPS, a system for settlement of real-time payments in Euro, for the Swedish krona. The Riksbank will then create a new branch in the RIX system, called RIX-INST.

As a result, today's popular service Swish will be transferred from Bankgirot's real-time platform BiR to the new platform developed by P27 and linked to the Riksbank's RIX-INST. The project is due to be completed in 2022.

Corona – a continued factor in the market

From a payment perspective, Bankgirot has a great insight into how the financial flows in Sweden are developing. The outbreak of the corona pandemic in Sweden and the restrictions imposed in March 2020 to prevent the spread of the virus had a major impact on the Swedish economy. However, despite the negative impact of the corona pandemic, Bankgirot's volumes continued to increase in 2020. A total of 1,977 million transactions were handled, which is a growth of almost eight per cent compared to 2019.

The pandemic resulted in a considerable de-escalation in transaction growth during the first wave in the spring. The volume of transactions among business

P27 Nordic Payment Platform AB is owned by six of the Nordic regions' largest banks, Danske Bank, Handelsbanken, Nordea, OP Financial Group, SEB and Swedbank. P27's goal is to create an efficient and flexible Nordic payment infrastructure for national and cross-border payments in both Nordic currencies and euros. Planning for the introduction of the new platform is ongoing. The name P27 comes from the project's goal of improving and simplifying payments for the Nordic region's 27 million inhabitants. The next step for the company is to obtain the necessary regulatory approvals, including for clearing licences.

The Swedish Transformation Programme

The Swedish Transformation Programme has been established as a governance model for the transformation of products and services in the Swedish payment market. The transformation programme is responsible, among other things, for ensuring that the joint transformation plan is followed and providing a manual for how the Swedish transformation will occur, with timetables, milestones, risk management etc. The programme includes P27, The Swedish Bankers' Association, Danske Bank, DNB, Handelsbanken, Länsförsäkringar Bank, Nordea, SEB, Skandia-banken, Swedbank and Bankgirot.

Lars Sjögren, CEO, P27

2021 Crucial for the Nordic payment market

P27 Nordic Payments Platform AB is just over a year old as a company and is owned by six major banks. When the implementation currently planned is completed, the company's payment platform will become the new core of the Swedish payment system. In one year, P27 has gone from being more of a project with eleven employees, to today's company with 45 employees. P27's goal is to implement a new technical payment platform in the Nordic region. Once the new platform is in place, the transformation from today's infrastructure to tomorrow's can begin. In this process, P27 collaborates with Nordic banks and also participates in the Swedish Transformation Programme together with the Swedish Bankers' Association, the Swedish banks and Bankgirot.

"The transformation that is being planned is the largest in the Nordic region,

and probably one of the largest in the world. Sweden has a good payment infrastructure, but a system that is national is no longer enough. Customers, both companies and individuals, need a new, fast and frictionless structure that works across national borders. The Bankgirot System is built for Sweden; P27 can start with a blank sheet of paper," says Lars Sjögren, CEO of P27.

According to Lars Sjögren, a new Nordic solution will enable seamless and efficient real-time transactions across the Nordic region.

"The development towards a more international payment system is driven by trends such as the rapidly growing international e-commerce, where the corona pandemic has contributed. We must also be able to make secure payment transactions in real

time, regardless of currencies. This is something that will be of great benefit, not least on the corporate side, as companies gain greater control over their working capital.

"There is currently strong support for a Nordic payment infrastructure from the banks in Sweden, Finland and Denmark. Norway has so far chosen to remain outside and Iceland, as a Nordic country, should also be included. We must stick to the idea of a system that works for the entire Nordic region.

The new infrastructure also gives banks, even smaller ones, access to a much larger market than their own country can offer.

"There is also a financial aspect. As the number of transactions increases, costs increase. Therefore, more standardised and future-proof platforms and services are

needed. The more actors who can use them, the lower the item cost per transaction.

"The acquisition of Bankgirot is a hugely important piece of the puzzle for P27 and the planned transformation. Bankgirot's employees have unique expertise; the company has over 60 years' experience of running and developing payment infrastructure and we must take advantage of this, so that the process is stable."

When Lars Sjögren looks to the future, the challenges are many, but he has confidence.

"The pandemic slowed our timetable somewhat in 2020, and there are many things that need to be put in place in 2021. We can't influence everyone, but we are working hard to go live," says Lars Sjögren.

P27 is still under construction and dependent on regulatory licences and approvals. The acquisition of Bankgirot also depends on regulatory approval.



We must also be able to make secure payment transactions in real time, regardless of currencies.

Lars Sjögren
CEO, P27

Photo: P27

Real-time payments and payments handled through the Bankgiro system continued to increase, albeit at a slower pace than expected.

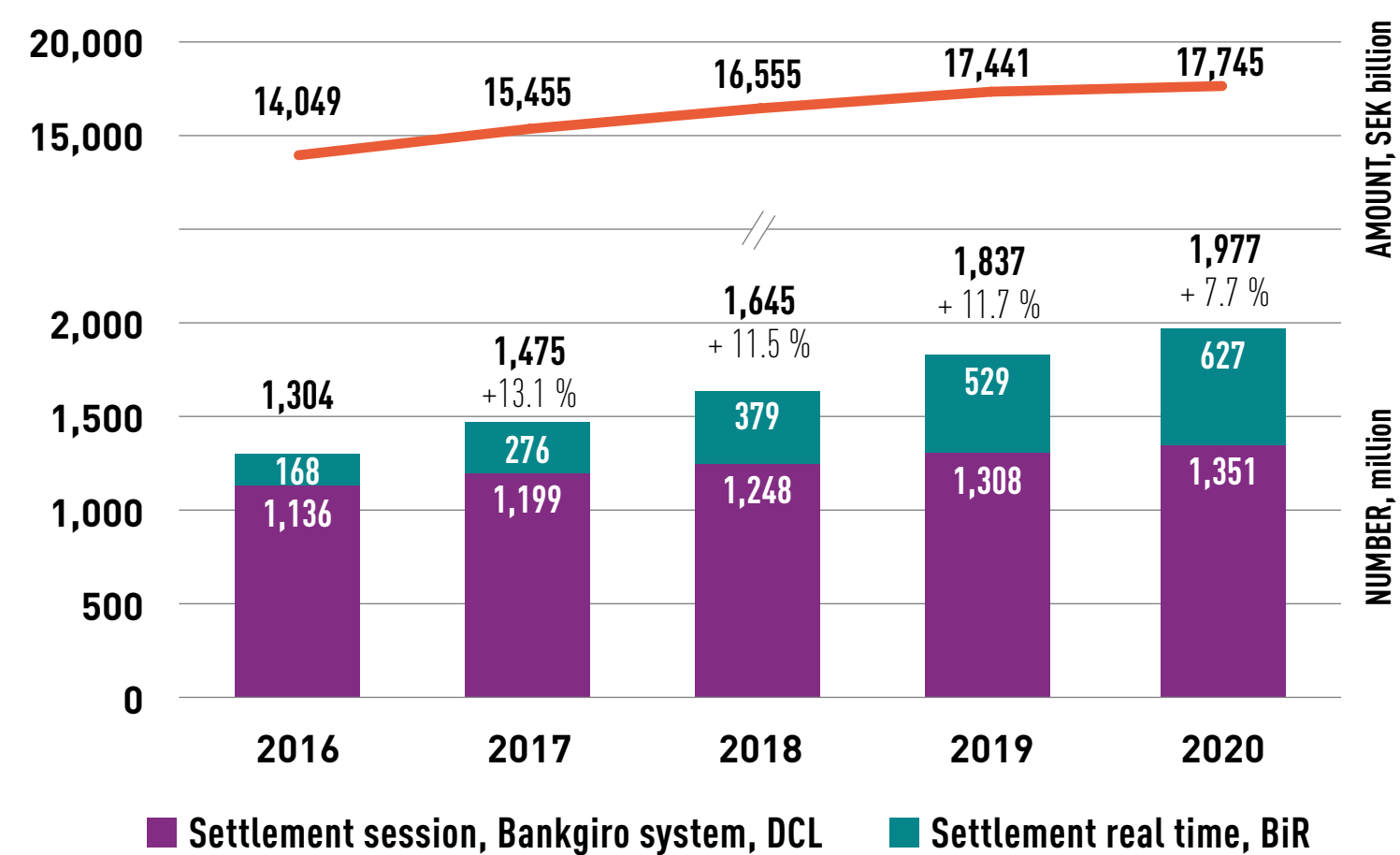
services, such as payroll and supplier payments, decreased in line with notices and bankruptcies, while grant payments increased. The summer and autumn brought some recovery in growth before it weakened again with the second wave of infection. Overall, real-time payments and payments handled through the Bankgiro system continued to increase, albeit at a slower pace than expected.

The corona pandemic has led to a faster transition to e-commerce and a real-time economy. At the beginning of 2019, a total of one billion payments had been made in Bankgirot's real-time plat-

form since its launch in 2012. By the end of 2020, that figure had doubled to two billion payments. In total, more than SEK 1 trillion has been transferred since its inception. Volume in the payment platform BiR, Payments in Real Time, increased by 18.6 per cent to 627 million transactions in 2020.

During the year, several volume records were broken. 30 November 2020, for example, was a record day for the Bankgiro system's services Autogiro (Direct Debit), Avgående betalningar bank (Pre-authorized payments) and Bankgiro Inbetalningar (Bankgiro Receivables).

Number of payments processed and total amount



Henrik Bergman, Head of Financial Infrastructure, Swedish Bankers' Association

We must keep up the pace

“The driving force behind the transformation is that we want to build a more efficient payment infrastructure that makes it easier and cheaper for banks to develop new payment services. Operating and maintenance costs are reduced for banks with more standardised systems and for banks' customers, the new services mean that they can handle their payments more easily,” says Henrik Bergman of the banks' industry organisation the Swedish Bankers' Association.

Henrik Bergman is, together with P27's CEO Lars Sjögren, the chairman of the Transformation Committee within the Swedish Transformation Programme, the decision-making forum that will hold together the transformation in Sweden's payment market. This is where Bankgirot, P27, the Swedish Bankers' Association and the banks meet. The role of the Swedish

Bankers' Association is to coordinate the process and ensure that the target is pursued; the role of P27 is to deliver the new Nordic infrastructure and the role of Bankgirot is to ensure the current infrastructure until the transformation is complete.

“Sweden has always been at the forefront of digitalisation and contributed our know-how when the EU built up standards, regulations and structure for euro payments in the early 2000s. When it got started, it was actually better than the Swedish one, which has its background in the 1970s and 1980s. In Sweden, we started looking at how we could improve our payment infrastructure again. What was done in Europe was a good base, but we want to do something better, something that works all over the Nordic region – and harmonises with the EU. Now that

work is starting to bear fruit,” Henrik Bergman continues.

“Each Nordic country should have its own transformation plan so that everything develops at the right pace, both for the country and for the Nordic structure. Today there is a plan for Sweden and we are now entering the transformation. Finland made an adjustment to the EU when they joined the Euro collaboration, but would like to see a Nordic solution. Denmark has a different banking structure with many small banks, so there it will take a little longer. Norway also has the ambition to join the new Nordic regulations managed by the Nordic Payments Council (NPC), but is evaluating the time perspective in which this becomes relevant,” says Henrik Bergman.

In 2020, work continued on the overall Swedish transformation plan. This was,

among other things, about identifying and reducing risks in the transformation, developing communication with all interested parties and harmonising so that everyone has time to do everything in the right sequence.

“The transformation will take time. Not everything can be replaced overnight, we have to take it in pieces and build up the new structure step by step. The big challenge is to keep the process together – and it gets more complicated the more detailed the planning becomes and the more parties that get involved in the planning. We are constantly seeing new things that need to be resolved. Everything needs to be taken in the right order and we cannot create shortcuts that only work in Sweden. It is a challenge to keep to the Nordic perspective at all times,” says Henrik Bergman.



The transformation will take time. Not everything can be replaced overnight, we have to take it in pieces.

Henrik Bergman

Head of Financial Infrastructure, Swedish Bankers' Association

Photo: The Swedish Bankers' Association

The way forward

Three assignments in focus

Bankgirot's three main strategic assignments

In 2020, Bankgirot's mission has been concretised and formulated as three strategic assignments with the following order of priority:

1. Ensure stability in existing infrastructure

According to rules and regulatory requirements, until the last transaction.

2. Perform a responsible decommissioning of current services

According to the market's current transformation plan at any given time.

3. Support an effective transformation of the payment infrastructure

According to customer demand and to the extent possible.

For over 60 years, Bankgirot has been a link in the chain that enables companies, individuals, authorities and organisations to make payments safely and efficiently.

Every day, an average of 7 million payments pass through Bankgirot's system, which makes the company an important part of the Swedish financial system.

Managing risk and ensuring stability

Fundamental driving forces in the payment market such as technological development, improved efficiency and the pursuit of modern customer offerings mean that the Swedish payment market will undergo a major change in the coming years. In 2020, Bankgirot's strategic planning has been based on the need to mitigate the operational and financial risks that are driven by ongoing external changes in the financial sector.

For Bankgirot there are two main driving forces; on the one hand, that a common Nordic payment platform is estab-

lished by the bank owned company P27. Another driving force is increased regulatory requirements from authorities.

A new Nordic payment infrastructure is established

The planned transformation to a new Nordic payment infrastructure, where clearing and settlement of payment transactions is to be handled through P27 and the Riksbank, while a large part of the payment services will be provided by the banks themselves, has a profound impact on Bankgirot. Bankgirot is part of the transformation and intends to follow the transformation plan decided by the market. Bankgirot's primary task is to maintain and secure the existing payment infrastructure until the transformation is completed. In other words, this means that Bankgirot's products and services will be gradually phased out in line with the transformation. A process that must in every way be carried out responsibly and in a controlled manner, in collaboration with the market's actors. As part of the process, the owners of P27 and Bankgirot signed an agreement in October in which P27's acquisition of Bankgirot was agreed. The agreement is conditional on the purchase being approved by the European Commission and by the Swedish Financial Supervisory Authority.

The transformation means that Bankgirot's mission has been concretised in 2020 and formulated as three strategic assignments.

Ensure stability in the existing infrastructure

As the only clearing house in Sweden licensed for mass payments, Bankgirot has a central role in the financial system that is important for the functioning of society. Virtually all payments made between companies, authorities, organisations and private individuals go through Bankgirot. The whole of Sweden is affected if payments are delayed or prevented. The financial bloodstream then literally stands still, with major consequences as a result. Bankgirot's top priority is to ensure the stability and security of the existing payment infrastructure.

Activities within this assignment are aimed at securing both operational and financial conditions, so as to meet quality and regulatory compliance requirements.

Employees

The competence, commitment and motivation of each individual employee is crucial for the ability to maintain continuity and quality in the operations. Therefore, Bankgirot works both to retain and to develop its employees and to attract new ones. This



Bankgirot's top priority is to ensure the stability of existing payment infrastructure.

aspect becomes even more important for Bankgirot with the planned transformation to a new Nordic payment infrastructure, when the decommissioning of Bankgirot's services becomes a reality. (For more information on this, see the section Social Sustainability).

Financing

For all companies, a stable financial situation is necessary for the ability to run a robust business in the long term. For Bankgirot, transaction volumes will decrease over a number of years as the market transfers to a new infrastructure and new services with the ongoing transformation. At the same time, Bankgirot must maintain activities in a secure manner and with the highest quality until the last transaction in the systems is completed. This means that Bankgirot's actual cost base will not decrease at the same rate as its income. Therefore Bankgirot, as a customer financed and non-profit-maximising company, needs to be proactive and as a strategic financing solution increase the transaction price for the coming years. This is to secure future financing and not fall below the regulatory requirements for the business. (For more information on this, see the section Economic Sustainability).

Outsourcing provides the best conditions for safeguarding the market's security and quality requirements going forward.

Outsourcing

In order to ensure stability, security and quality over time, Bankgirot initiated outsourcing of application management and IT operations to external suppliers in 2019. As part of the outsourcing, the relocation of Bankgirot's server platform to an operational supplier was completed in 2020. Similarly, the development and management of, for example, the Bankgirot system's services has already been transferred to another supplier.

Bankgirot believes that outsourcing provides the best conditions for meeting the requirements that will be set in the long term.

Supplier management and security

In Bankgirot's role as a client organisation, the management and follow-up of the company's suppliers are becoming increasingly important components. Bankgirot currently has a well-functioning dialogue with and control over its supply chain, a code of conduct for suppliers and regular follow-ups. The company's ambition is to have a continuous dialogue with suppliers on sustainability issues. Here, as with various types of security issues, Bankgirot's challenge lies primarily in following the continuously increasing requirements of authorities and customers (more information on this can be found in the section Financial Sustainability).





Photo: private

A new infrastructure is planned and we will close down our services gradually, but the infrastructure must be active for many years and the quality must be kept up until the last transaction is completed. That is our most important task.

Andreas Darner
Chief Strategy
Officer,
Bankgirot

Performing a responsible decommissioning of current services

For Bankgirot, the changes in the payment market mean that the company will phase out existing services as banks connect to the new payment infrastructure. This means that Bankgirot will not develop new payment services or change existing payment services other than what is necessary to ensure stability and security under current regulations and to effectively phase out existing services.

As a hub in the payment market, Bankgirot plays an important role in the transition to a new payment infrastructure. Bankgirot operates several activities linked to both the market's and the company's own transformation, and these are expected to increase in number as the transformation to a new infrastructure continues.

Secure decommissioning

Bankgirot is planning for a secure and cost-effective decommissioning of its current services, so that customers and their businesses are affected as little as

possible. Bankgirot has created an organisation that analyses the process and plans a series of measures to reduce the impact of the operational and financial risks that arise during the complex process of transformation.

Bankgirot readiness

In parallel with running the only existing payment infrastructure, it is important that Bankgirot does not become a bottleneck in the transformation to a new one. For the company, this is about getting as ready as possible for the transformation. This means that Bankgirot analyses all business events during the transformation to see how the company's own organisation and operations are affected.

Supporting an effective transformation

Bankgirot is analysing the consequences of the transformation for the company as well as for Bankgirot's customers and the Swedish financial system. As a participant in the Swedish Transformation Programme, where market coordination takes place, and through active customer

dialogue, Bankgirot contributes with its combined expertise in payments to ensuring that transformation takes place as smoothly as possible.

Customer and market support

Bankgirot has for many years supported its customers in their business. The company's aim is to continue with this, subject to available resources, in order to contribute to an effective transformation of the market. Bankgirot also participates in the market's coordinating work within the Transformation Programme to both understand the market's needs and contribute knowledge and expertise in planning through specific expertise on the present infrastructure.

Acquisition in progress

Provided that the ongoing acquisition by P27 is approved by the relevant authorities, the ambition is that the joint competence of P27 and Bankgirot can contribute to the stability of existing infrastructure as well as to creating synergies and efficiency in the transformation of the Nordic payment market.

Eva Nässlin Larsson, Senior Business Architect

Together we guarantee payments in Sweden during the transformation

“The transformation represents a very big change. We will phase out Bankgirot’s services in a responsible and secure manner and support the transition to a completely new payment infrastructure. At the same time, our operations must continue until the last transaction is completed. No other country has made such a comprehensive transformation. For me, it is actually both exciting and interesting to be in the midst of this process,” says Eva Nässlin Larsson, Senior Business Architect who runs overall analysis and planning of Bankgirot’s transformation.

“The big challenge is uncertainty, in terms of both time and the future. No one knows how long the transformation process will take; it could be quick and take only a couple of years, or new challenges could arise so that it takes much longer

than that. There is a plan for the whole, as well as detailed plans for some parts, but other issues need to be solved along the way. We must be ready for a number of different scenarios.

“The most important thing is that we are able to ensure the stability of our services. For Bankgirot as a company, it is important to nurture and develop the high level of in-demand skills that the employees have. Bankgirot has a corporate culture with strong values and there is a built-in pride. Together, we must keep the quality of our services at the same high level, even if we do not know exactly where and when the journey ends,” says Eva Nässlin Larsson.

The transformation is a very extensive process and Bankgirot is part of a large financial ecosystem with a large number of banks, authorities and companies that in

turn have links to many more companies in Sweden and abroad.

The Swedish transformation into a new payment infrastructure is complex, with many parties participating. The Swedish Transformation Programme, in which Bankgirot has participants at all levels from the governance of the Transformation Committee to the working groups where plans take shape, is the forum that sets the pace for the transformation process in Sweden. Here, Bankgirot can listen to its customers the banks and understand how the transformation affects the company, and at the same time share Bankgirot’s perspective in the planning of the transformation.

“We have performed extensive analyses to understand how Bankgirot as a company is affected. It is about the consequences of decommissioning in a number of areas - for

our IT systems that are integrated in different ways, for our suppliers and the agreements with them, for our ability to meet regulatory requirements, for how to archive data - and not least for our organisation. In 2019 and 2020 we analysed, in 2021 it is time for more hands-on preparations.

“The internal transformation work at Bankgirot has a common governance and supportive functions, but the really big and important work will take place out in the line, in the business. Our analyses and planning are intended to coordinate and facilitate the transformation. Anyone who is responsible for a system, service or function is also, as today, responsible for the delivery all the way, even if it is to be discontinued. This ownership is important and is based on the fact that we have competent employees,” says Eva Nässlin Larsson.



We have done extensive analysis work to understand how Bankgirot will be affected by the transformation.

Eva Nässlin Larsson
Senior Business Architect, Bankgirot

Photo: private

A sustainable business

Stable and secure payment infrastructure

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Bankgirot's sustainability strategy



Bankgirot bears a great responsibility in its task of ensuring that society's financial system functions optimally.

Bankgirot's operations are the hub of the infrastructure that enables companies, institutions, organisations and individuals to perform secure, fast and efficient payment transactions.

Every day, the company handles nearly 8 million payments worth SEK 70 million. This means that Bankgirot bears a great responsibility in its task of ensuring that Sweden's financial system functions optimally.

Bankgirot has both a responsibility and a clear ambition to pursue sustainability issues that are important for the company's business, for customers, for the financial sector and for society at large. Bankgi-

rot's work is conducted in the three areas of social sustainability, economic sustainability and ecological sustainability.

The work is linked partly to its own strategy to support Bankgirot's mission and business goals and partly to the UN's Global Goals for Sustainable Development. Here, Bankgirot has chosen the goals that are deemed relevant to Bankgirot and where the company also has the opportunity to influence developments.

Sustainability efforts are governed by a policy, which is revised every year. There are also special guidelines for, for example, business travel and other governing documents such as the Code of Conduct for both employees and suppliers. Bankgirot strives to bring responsibility for sustainability issues far into the business areas in order to create clearer mandates and greater opportunities to influence. The 2021 business plan therefore has several sustainability goals integrated.



Sara Lannerhjelm Frisk, Chief Operating Officer

Sustainability is in everything we do

“I don't think you can talk about sustainability issues as something separate from the company's day-to-day operations. At Bankgirot, we work on sustainability all the time – in everything we do. It is in the business, in our values, in our decisions and part of our leadership. The more we talk about sustainability as a separate issue, the less it is perceived as integrated into the business. Bankgirot is a responsible organisation where the long-term perspective is our alpha and omega. Our operations must function at all times and to be long-term we must be sustainable. This is a prerequisite for ensuring a stable and secure payment infrastructure,” says Sara Lannerhjelm Frisk, Bankgirot's Chief Operating Officer.

In 2020, a new materiality analysis was carried out to identify the sustainability issues that are most important for Bankgirot and our stakeholders. These are aspects of the entire sustainability area –

social sustainability, economic sustainability and ecological sustainability. Based on the materiality analysis and stakeholder dialogue, Bankgirot has developed goals for continued sustainability efforts, goals that have now been included in the company's business plan for 2021.

“Sustainability was already included in the business plan, but now the goals have been phrased in a way that more clearly relates to Bankgirot's priority sustainability issues. In 2021, there are two main areas that we will continue to work on – social and economic sustainability.

“As regards social sustainability, Bankgirot needs to remain attractive to our employees and provide opportunities for development. Bankgirot's operations are important to society, while we know that our assignments have a finite time horizon. Our employees are Bankgirot's most important asset and with the assignments

Bankgirot has now and in the future, we need to create the conditions to ensure that we at Bankgirot can be sustainable. This means, for example, that we need to create a good balance between work time and leisure time – a sustainable everyday life, with health, collaboration and self-leadership in focus, and that we have a leadership that meets the changes we have before us. This is especially true in these times of remote working.

“As regards financial sustainability, we continue to work on sustainable supplier relationships.

Bankgirot needs to continuously define requirements and follow up with suppliers in different areas to ensure that their respective operations are also sustainable. The supply chain is important because it covers not only the economic, but also the social and ecological aspects,” says Sara Lannerhjelm Frisk.



Bankgirot is a responsible player where the long-term perspective is our alpha and omega.

Sara Lannerhjelm Frisk
Chief Operating Officer,
Bankgirot

Photo: private

Dialogue with our stakeholders

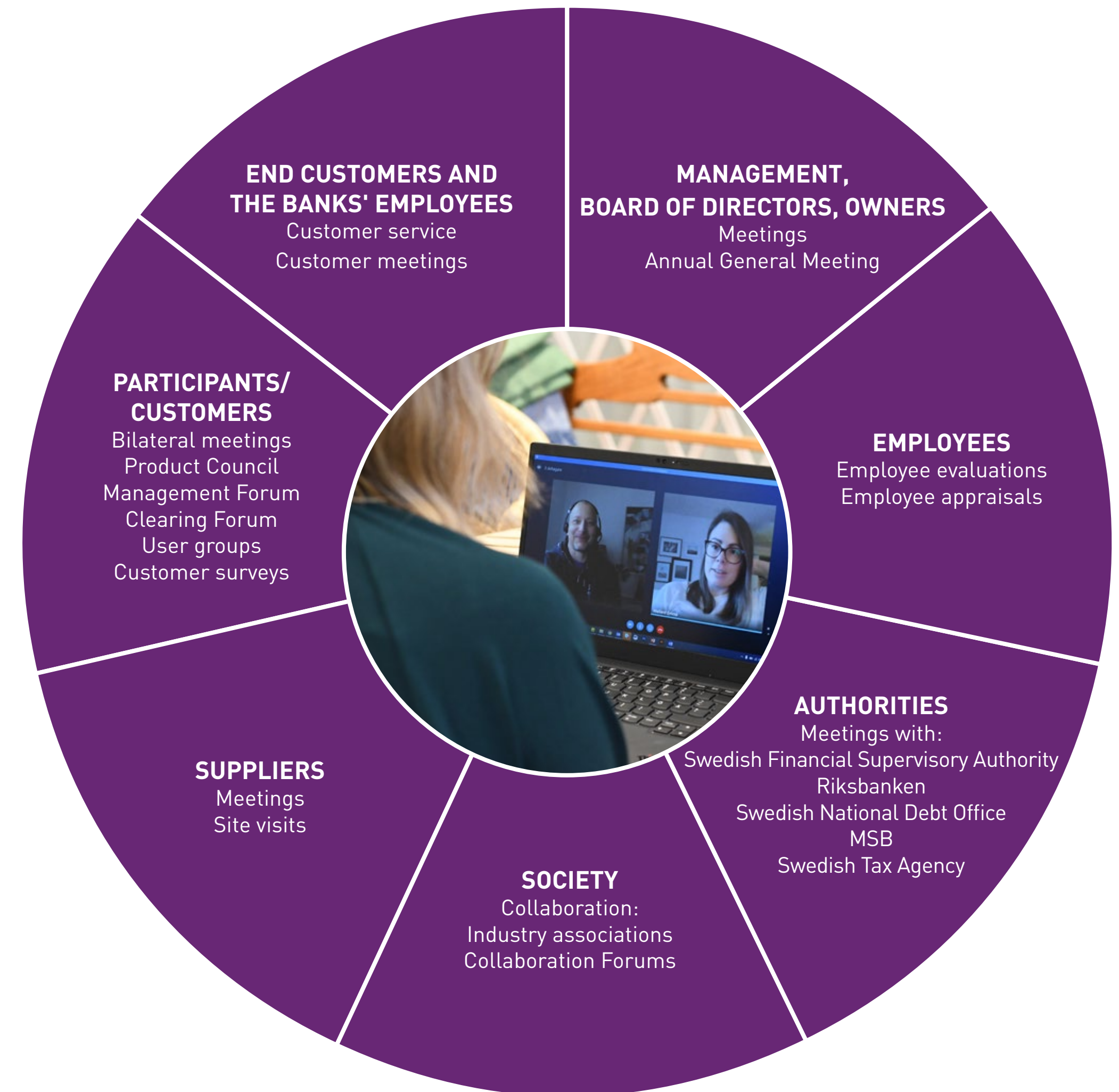
Bankgirot's sustainability strategy is based on the dialogue that is constantly and continuously conducted with the company's various stakeholder groups in the form of customers, employees, authorities and suppliers.

The dialogue clarifies which issues are the most important for Bankgirot to work on, from a business, social and environmental perspective. Bankgirot's aim is to reach out directly to more representative groups among stakeholders for prioritising sustainability issues. Today, the daily dialogue is complemented by direct or indirect questions to stakeholder groups as a support for correct prioritisation. A number of customers' and suppliers' sustainability reports were also reviewed in 2020, so as to identify priority areas among them.

Priorities and needs change over time and this means that strategies and activities also need to change. In order to follow developments and reflect what is most important and relevant to the company's various stakeholders, Bankgirot's priority sustainability issues are tested and questioned every year. The last evaluation added 'Economic stability and profitability' as an important issue.

Priorities and needs change over time and this means that strategies and activities also need to change.

DIALOGUE WITH STAKEHOLDERS and examples of channels



Madeleine Almqvist, Risk Officer

MATERIALITY ANALYSIS AND STAKEHOLDER DIALOGUE 2020:

Four top questions

Bankgirot's sustainability strategy is based on the dialogue that is constantly conducted with the company's various stakeholder groups in the form of customers, employees, authorities and suppliers. The dialogue clarifies which issues are the most important for Bankgirot to work on. Every year, Bankgirot conducts a new materiality analysis and stakeholder dialogue. The aim is to clarify and prioritise the sustainability issues that are most important for the company and for the company's various stakeholders.

"The stakeholder dialogue for 2020 was conducted in different ways depending on the stakeholder group. We created an e-form with our existing priority sustainability questions from 2019 and added seven new ones, so as to challenge the old ones and to see if it was time to bring in new perspectives. Then we asked our stakeholder groups to prioritise sustainability

issues by responding to the e-form, or we reasoned our way to an order together with each group.

"Bankgirot's management group prioritised the same sustainability issues from two perspectives, partly the significance for Bankgirot's business and partly the extent to which Bankgirot believes it has the opportunity to influence the issue. Together, the priorities resulted in the 2020 materiality analysis," says Madeleine Almqvist, Risk Officer and Sustainability Coordinator at Bankgirot.

Banks, bank branches and bank customers

"We had a dialogue with our sales organisation regarding our customer banks' priorities. We also reviewed some of their own sustainability reports. We also asked, via the annual customer survey, which sustainability issues they considered most important for Bankgirot to pursue. We tried to

capture the priorities of bank employees and the banks' customers, the companies that use our services, through discussions with representatives from our customer service," says Madeleine Almqvist.

Suppliers

"A selection of our suppliers' sustainability reports was also reviewed. The reports show their own sustainability priorities, but at the same time they show us what is important for suppliers in their respective value chains. Then we can assume that they also think it is important that we work on similar issues, to the extent that we have the opportunity to influence.

Authorities

Bankgirot's compliance department has answered questions about the authorities' priorities.

"They have close contact, primarily with the Swedish Financial Supervisory Authority and Riksbank. This time we chose to reason our way to what we consider to be the most important issues for the authorities.

Employees and the board

"Among the employees, we made a selection of women and men of different ages, managers, trade unionists, members of the engagement group and the work environment committee, so as to get a representative mix. They were each given the opportunity to prioritise in the e-form. Bankgirot's board members also contributed to the materiality analysis in the same way.

Four questions

"The dialogue and analysis clearly show that the employee issue is at the top with most stakeholders, as well as available payment solutions, information and cyber security and a sustainable supply chain. The employee issue is important because, for example, the banks and their customers want to be able to talk to representatives from us who understand and can help. From a business perspective, employee wellbeing and competence are extremely important, not least during the ongoing transformation," says Madeleine Almqvist.



The aim of the analysis and dialogue was to clarify the sustainability issues that are most important for the company and for the company's various stakeholders.

Madeleine Almqvist
Risk Officer,
Bankgirot

Photo: private

Bankgirot's priority sustainability issues



The issues are important both for Bankgirot's operations and for Bankgirot's influence on society, the environment and the economy.

Based on Bankgirot's overall sustainability strategy, stakeholder dialogues and the materiality analysis carried out during the year, Bankgirot has prioritised nine sustainability issues that are considered essential.

The issues are important both for Bankgirot's operations and for Bankgirot's influence on society, the environment and the economy as a whole. The nine issues have since been grouped within the three sustainability areas of social, economic and ecological sustainability.

MATERIALITY MATRIX 2020



Bankgirot's sustainability areas

Social sustainability

● Attract, retain and develop employees

Bankgirot has the ambition to be an attractive employer for both current and potential employees. Preserving and developing competence within the organisation and attracting new employees is crucial for the ability to ensure our services, future skills needs and to drive the business forward.

● Gender equality and diversity in the workplace

Bankgirot is a company that values equality and has the basic view that people's differences lead to greater creativity and create a healthy dynamic in the workplace.

● Healthy work environment

Bankgirot strives to make health matters a natural part of the work, with a corporate culture and work environment that focuses on well-being, health and balance.

Economic sustainability

● Secure, accessible and efficient payment solutions

Through secure, accessible and efficient payment solutions, Bankgirot contributes to a sustainable and stable financial infrastructure.

● Information and cyber security

Bankgirot's services in the field of payments are digital. A high level of information and cyber security is therefore of the utmost importance for secure, accessible and efficient services.

● Sustainable supply chain

Bankgirot's aim is to create long term and sustainable collaboration with its partners and suppliers. The company strives for an open dialogue with these in order to also drive sustainability issues in the supply chain.

● Economic stability and profitability

In order for Bankgirot to offer its customers, and thus society at large, a secure, accessible and efficient payment infrastructure, Bankgirot as a company must have long-term economic stability.

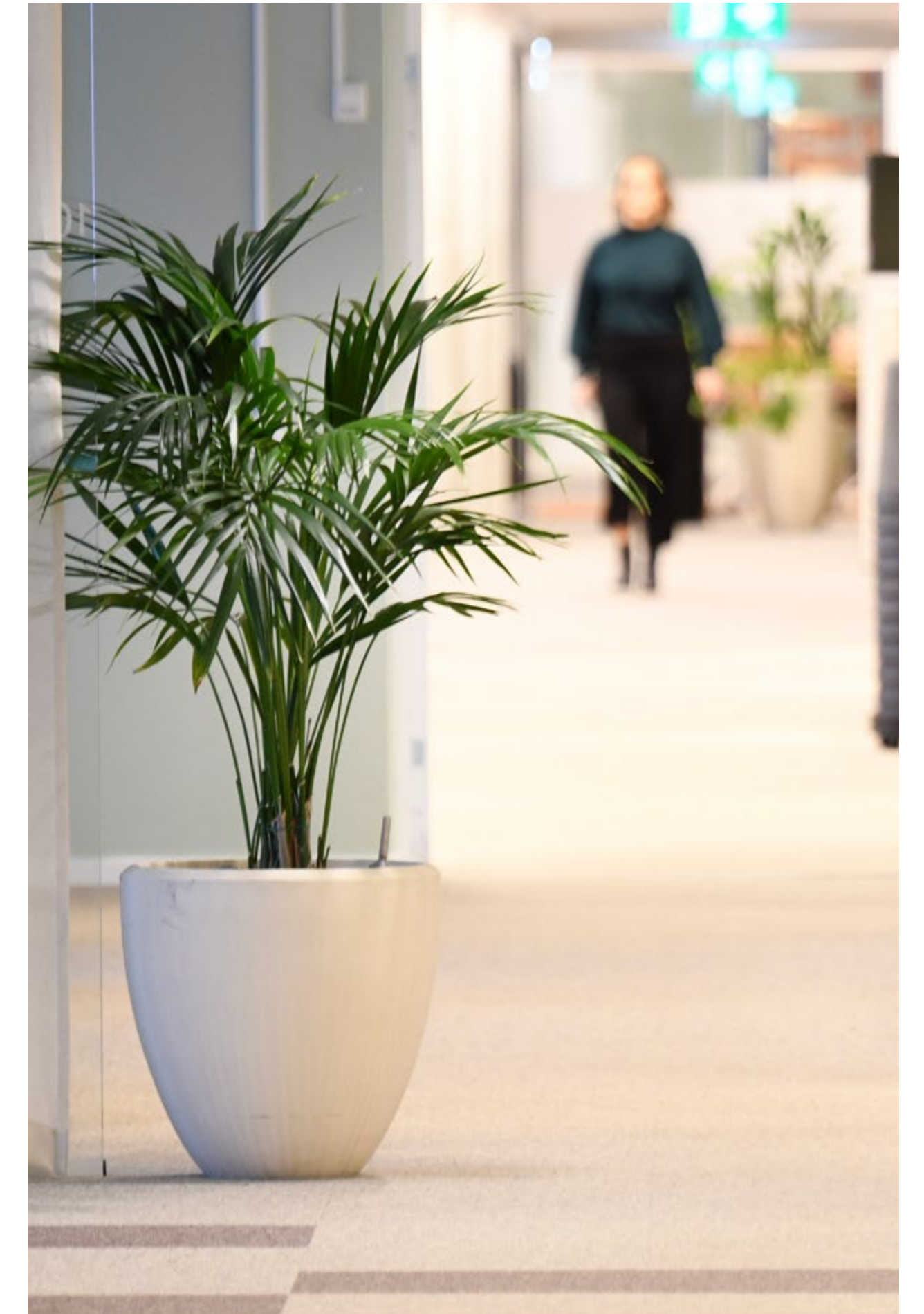
● Counteract financial crime

Today's economy, where transactions are increasingly occurring in real time, places high demands on monitoring payment systems in order to reduce the risk of their being exploited for financial crime. Bankgirot assists banks and authorities in their law enforcement work.

Ecological sustainability

● Reduce climate impact

Bankgirot's ambition is to reduce climate impact by focusing on digital services that reduce paper handling and contribute to more efficient use of energy and responsible resource management.



Bankgirot and the UN development goals

The UN has set 17 global goals for sustainable development.

The goals cover a wide range of areas and, since Bankgirot is part of an international system of financial services and solutions, the company's operations have a direct or indirect impact in several of these areas.

Conversely, Bankgirot's operations, like many others, are affected by major long-term external trends and by the changes in demographics and climate that we see emerging. Based on its sustainability strategy and the analyses that have been carried out, Bankgirot has chosen to focus on the five of the UN's 17 goals that have been deemed most relevant to the business.

Goal 16. Peace, justice and strong institutions

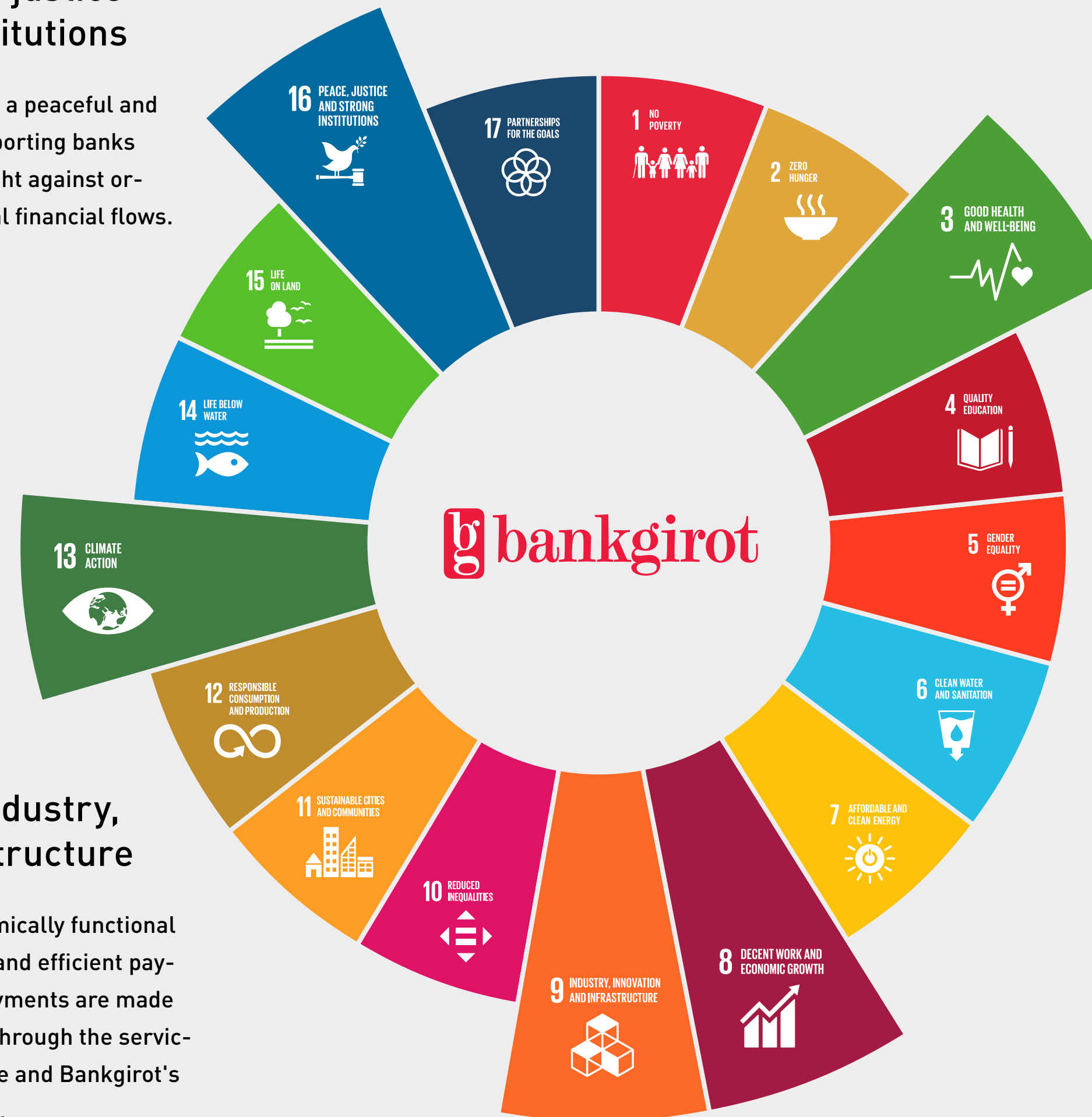
Bankgirot contributes to a peaceful and inclusive society by supporting banks and authorities in the fight against organised crime and illegal financial flows.

Goal 13. Combating climate change

Bankgirot helps to reduce climate and environmental impact by offering digital services. The company's ambition is also to reduce its own climate impact and increase environmental awareness among employees.

Goal 9. Sustainable industry, innovation and infrastructure

Bankgirot contributes to an economically functional society by providing an accessible and efficient payment infrastructure. Every day, payments are made efficiently and securely, including through the services Autogiro (Direct Debit), E-invoice and Bankgirot's BiR platform, which enables Swish.



Goal 3. Good health and wellbeing

Bankgirot's contribution is to perform activities aimed at preventing work environment-related health problems and to offer Bankgirot's employees a safe and healthy work environment.

Goal 8. Decent work and economic growth

Bankgirot's contribution to economic growth is to offer payment services – accessible to all. Good working conditions are a prerequisite for Bankgirot to be an attractive employer that attracts and retains competent employees. The ambition is also to ensure good working conditions in the supply chain.

Social sustainability

Social sustainability for Bankgirot is to:

- Be a sought-after, equal employer that attracts and retains committed, competent employees, and that offers a good work environment with a focus on health and wellbeing.
- Have a value-driven corporate culture in which professionalism, responsibility and openness permeate everything the company does.
- Support social projects that contribute to good social development.

Bankgirot conducts activities that are important to society. Employees' skills and motivation are crucial for ensuring that everything works 24 hours a day, year round.

Not least during the transformation process that is underway in the market, the company's employees are the most critical resource. For more than 60 years, Bankgirot has built a strong and unique corporate culture that, together with the company's values, forms an important part of the strength and stability of the business.

Retain and attract competent employees

Each of Bankgirot's employees plays an important role for the financial system and thus for Sweden. In order to ensure a sustainable everyday life for the company's employees, a balance between work and private life is needed. For Bankgirot, attractive and healthy working conditions,

equality, health and exercise are important parts of what it means to be an employee or a manager.

Bankgirot has a strong corporate culture and Bankgirot's values Professional, Responsible and Open shall always characterise attitudes between employees, to the company's customers and to the outside world. During 2020, the three values have been included as part of the employee interviews.

According to Bankgirot's Code of Conduct, all employees must be met and treated with respect. For Bankgirot, diversity is about welcoming differences, such as in age, background, culture and life experience. Differences create both creativity and a healthy dynamic. The work environment shall promote safety, health and equal working conditions, salaries and development opportunities. Discrimination, persecution, bullying or other abusive treatment will not be tolerated.

Bankgirot as an employer

Bankgirot is a workplace that strives for all employees to be committed and able to continuously evolve. This is important for driving the business forward and to ensure

Bankgirot's values



Professional



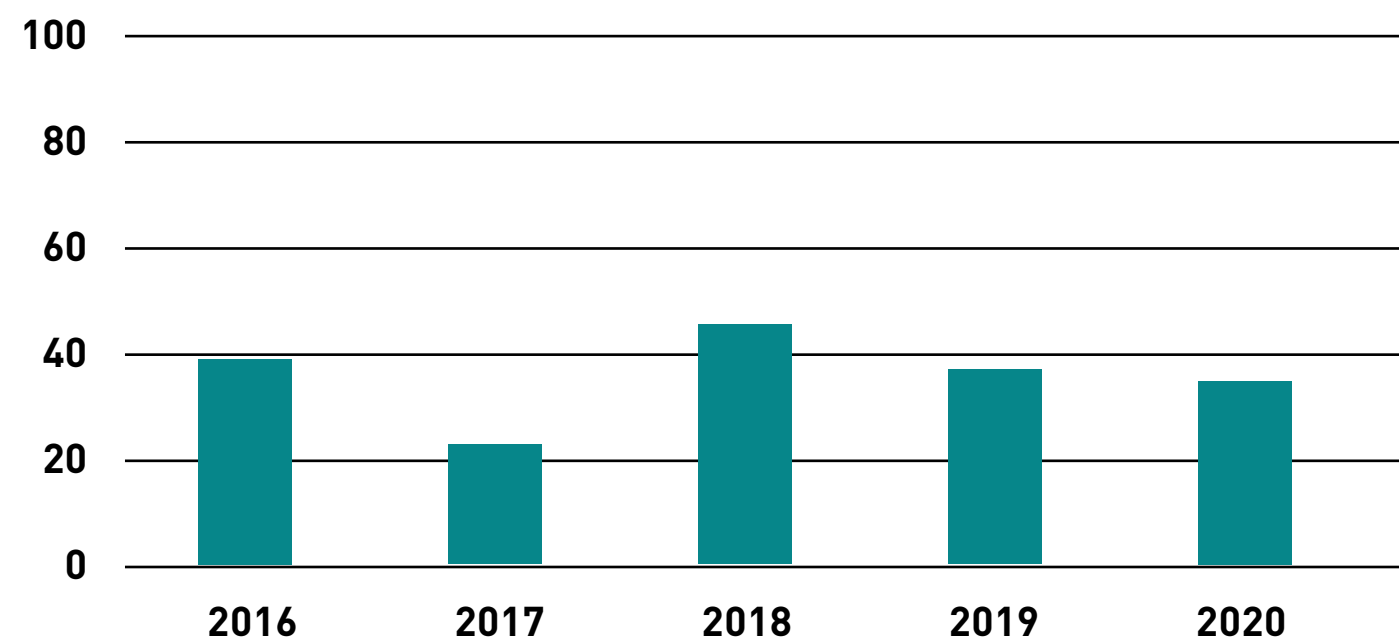
Responsible



Open

the provision of competence when the payment market is rapidly changing. Bankgirot's goal is for all employees to feel that there is an opportunity to influence and test new ideas in the company. There is also a defined strategy to encourage internal mobility and allow employees to try out new challenges and roles.

Internal mobility, per cent



Bankgirot is a company where people can grow and develop. There is a defined strategy to encourage internal mobility and allow employees to try out new challenges and roles.

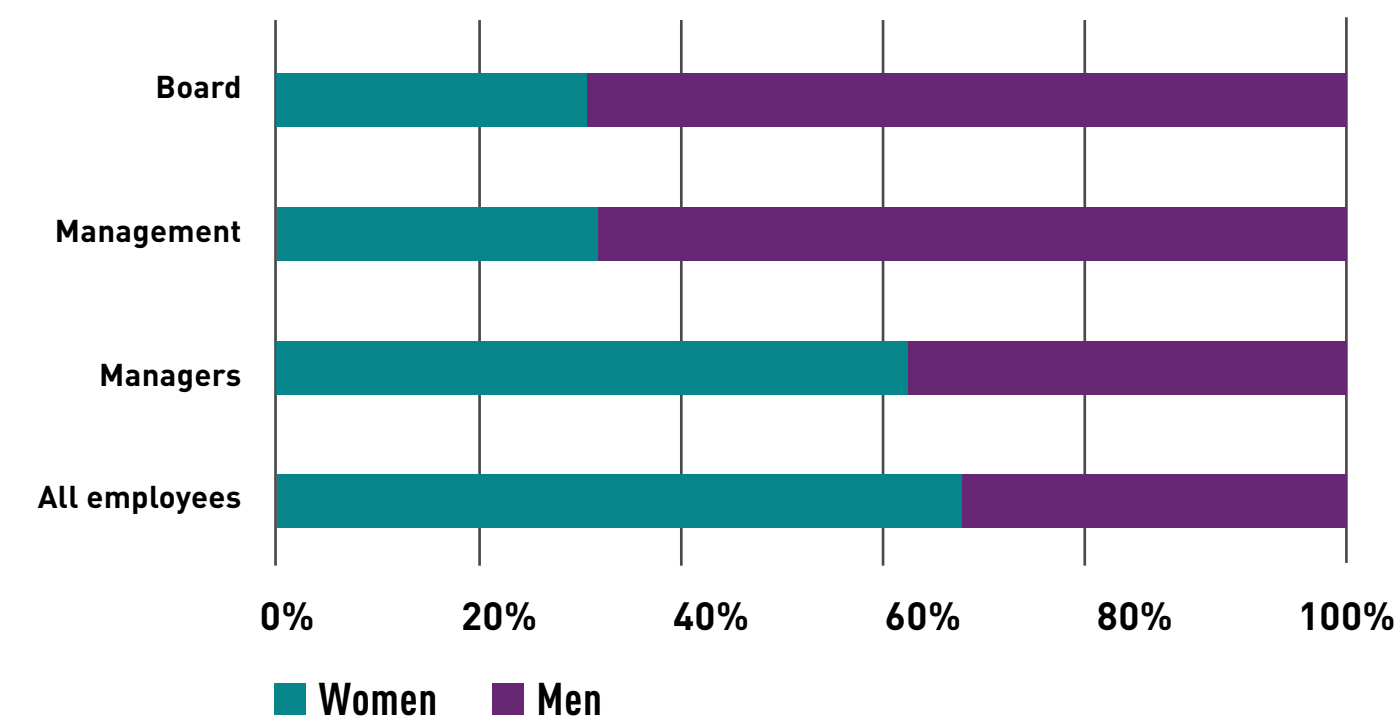
Staff turnover

In 2020, 19 employees left their employment at Bankgirot. This is a decrease compared to 2019 when the corresponding number was 25.

Bankgirot measures staff turnover, internal mobility and employee satisfaction every year.

For 2020, Bankgirot's staff turnover was 9.6 per cent measured by inflows (2.8 per cent in 2019). For the outflow, staff turnover amounted to 15.9 per cent (27 per cent in 2019). Internal mobility was 34.8 per cent (37.5 per cent in 2019). For 2021, the target is for 50 per cent of all employment positions to be internally filled.

Gender distribution, women and men



Bankgirot has long had a large proportion of female managers compared to the average in the financial industry. The proportion of women in the management team has averaged 51 per cent over the past five years.

Bankgirot has long had a large proportion of female managers compared to the average in the financial industry.

Gender equality

Bankgirot has been an equal workplace for many years. The company works actively to ensure that everyone is offered the same opportunities for competence development and work-life balance.

For Bankgirot, it is a priority to contribute to an even gender balance in the banking and financial industry, in terms of both employees and managers. Bankgirot has long had a predominant proportion of female managers. In 2020, 16 out of 27 managers were women. The corresponding figure for 2019 was 18 out of 28. In the banking and financial industry, about half of managers (46 per cent) are women, according to statistics from the BAO Financial Association (2019). The total among employees was 101 women and 57 men. (2019: 113 and 64 respectively).

Bankgirot encourages all employees to take parental leave by means of financial compensation in addition to the applicable collective agreements. At Bankgirot, 30 per cent of parental leave was taken by male employees in 2020, which is on a par with the financial industry average of 32 per cent for 2019.

Gender equality index, JÄMIX

The gender equality index, JÄMIX, shows how equal an organisation is in terms of working conditions, work environment and employment conditions. Nyckeltalsinstitutet has created a standard in which different key figures highlight important aspects of gender equality.

The nine key figures on which an organisation's gender equality is based:

1. Professional groups
2. Management Group
3. Equal managerial careers
4. Salaries
5. Long-term sick leave
6. Parenting
7. Employment rate
8. Permanent employment
9. Active work

Since 2019, Bankgirot has been using Nyckeltalsinstitutet's gender equality index, JÄMIX, to set goals for gender equality. The result for 2019 was 130, which is slightly above the index for the industry of 124. The results for 2020 are reported in the second quarter of 2021.

Health and work environment

Bankgirot's ambition is that health matters shall be a natural part of everyday life and that there shall be a corporate culture and work environment that focuses on wellbeing, health and balance in life.

Bankgirot has an active sports club that arranges wellness activities with support from the company. In 2019, over 150 training sessions were held by employees for employees in yoga, circuit training and step-up. In 2020, 35 sessions were completed by mid-March. After this, all group activities were cancelled as a result of the corona pandemic. Instead, employees were encouraged to take exercise through step challenges, tips on training programs and motivational lectures on exercise and lifestyle change.

During the corona pandemic, Bankgirot has followed a precautionary approach and tried to protect both operations and employees. As a consequence, on 13 March Bankgirot decided on remote working for most employees. Those who needed to remain in the office for practical or security reasons were divided into separate zones. Employees working from home were able to pick up office furniture and other materials to ensure, as far as possible, a good workplace at home.

In order to monitor the work environment (physical and psychosocial), that digital technology worked and the effect of information about activities and corona adaptations, Bankgirot implemented a special employee survey in 2020. The survey was sent out on an ongoing basis to all employees during the spring and autumn. The average response rate for the survey was 72 per cent. The results for the entire period show that nearly 8 out of 10 employees were satisfied for the measured areas, which is considered a good result in the extraordinary circumstances.

During the corona pandemic, Bankgirot has followed a precautionary approach and tried to protect both operations and employees.



In February 2020, Bankgirot received the award "Best Health Index in Finance & Insurance 2019".

In 2020, total sick leave amounted to 2.5 per cent (2019: 3.2 percent). In order to work proactively on employee health, all employees are covered by a regular health survey in questionnaire form and have the opportunity to use health insurance. Bankgirot also has a wellness grant that almost nine out of ten employees use (85 per cent in 2020). For Sweden on average, just over half use their wellness allowance, according to Benify.

Since 2018, Bankgirot has been measuring how employees thrive and perceive their work situation every two weeks. Among other things, questions are asked about job satisfaction, participation and commitment. In 2020, the response rate averaged 88 per cent and the employee satisfaction index was 7.7 out of 10 (2019: 7.1). The result is on a par with the industry's 2020 index of 7.7.

With the Health Index, the health of the organisation is assessed by a total valuation of key figures such as the number of healthy employees, rehab results and wellness. In February 2020, Bankgirot received the award "Best Health Index in Finance & Insurance 2019" from Nyckelt-

alsinstitutet. This was because the company's health index stood at 133 (industry average 117). The results for the Health Index 2020 will be compiled in the third quarter of 2021.

Social commitment

Bankgirot supports and respects international human rights and therefore complies with UN principles in accordance with the UN Global Compact. As a natural consequence of this, the company expects the same from its various partners and suppliers. The company also believes that it is important to support social projects that contribute to a good and sustainable social development.

Since 2020, Bankgirot has been working with the non-profit organisation Mind, whose mission is to prevent mental illness by offering compassionate support, spreading knowledge and forming opinion on relevant issues in this area. With the participation and commitment of the employees, the company also contributed to a fundraiser for Stadsmissionen for the benefit of families financially affected by the corona pandemic.



Health Index

The Health Index has been developed by Nyckeltalsinstitutet and presents the health status of employees in a simple and general way. The health of the organisation is assessed by means of a valuation and scoring of each key figure.

The nine key figures on which the organisation's health situation is based:

1. Number of healthy employees
2. Illness
3. Rehab inflow
4. Rehab risk
5. Rehab results
6. Short-term sick leave
7. Long-term sick leave
8. Wellness
9. Work environment activities

Economic sustainability

Economic sustainability for Bankgirot is to:

- Guarantee a high level of availability and security in the payment infrastructure.
- Have a high level of information and cyber security.
- Have a sustainable supply chain.
- Use financial resources efficiently and responsibly.
- Maintain a business that is stable and profitable in the long term and contributes to the digitalisation that benefits society.
- Counteract financial crime.



The technical operation shall operate 24 hours a day, 365 days a year.

Introduction

For over 60 years, Bankgirot has enabled the digitalisation of Sweden's payment market together with customers, authorities and partners. In 2020 and beyond, Bankgirot will support the transformation process that will lead to a new Nordic payment infrastructure. The most important thing during the transformation is to ensure stability in existing infrastructure until the last transaction is completed, which places great demands on financial stability, among other things.

Secure, accessible and efficient payment solutions

As an organisation, Bankgirot shall always be able to maintain business-critical operations. The company therefore works continuously on crisis and continuity management. The technical operation shall operate 24 hours a day, 365 days a year. In 2020, Bankgirot continued to show high quality in its services. As an example of this, the company's Clearing and Settlement service was available for more than 99.9 per cent of the time. The availability of Real-Time Payments was just below 99.9 per cent.



Mikael Larsson, Chief CEO Office

This year we have secured payments in Sweden from home

When Bankgirot received the first signals during the winter break that the coronavirus was spreading in Europe and would probably come to Sweden with returning Swedish holidaymakers, Bankgirot's crisis management group was activated.

"We were in action quickly. As early as the Monday after the winter break, we were up and running. We realised from the outset that we must work according to the precautionary approach, that is to try to protect both the business and employees. Soon we realised that it was becoming quite a load for the crisis group, so we divided it into two groups that were in action in alternate weeks," says Mikael Larsson, head of Bankgirot's crisis management and chair of the internal Corona group.

On 13 March, Bankgirot decided on split operations, which meant that the

business was divided into different locations. Most of the employees started working from home, while those who needed to remain in the office for security reasons, or for practical reasons, were divided into different zones. Those who worked from home were also allowed to pick up computer screens, chairs and other items they needed.

An internal communication effort began:

"We set up a secretariat that received and logged questions and gathered information on our intranet so that everyone could access it. In a business like ours, it is important to take responsibility and to be clear, so that everyone knows what is happening and what applies. For this reason, we prioritised communication.

"We started planning for a return to normal life after the summer, but that was

not what happened. When crisis management was deactivated, a newly created Corona group took over that continued the work during the autumn.

"During the year, employees' views on the work environment, technology and communication have been monitored in a special employee survey. The average results show that nearly 8 out of 10 employees were satisfied for the affected areas, which must be considered a good result in the extraordinary circumstances.

"At the beginning of the pandemic, the Riksbank activated the collaboration group 'Crisis cooperation for the central payment system'. This includes Bankgirot and other organisations in the payment market with the aim of ensuring the stability of the financial system during a crisis. There has been and continues to be a good exchange

of information in the group," says Mikael Larsson, who is also pleased with the praise Bankgirot has received for its work, both from the employees and elsewhere.

"Our planning was rated 'pass with distinction' by a representative from the Swedish Defence University, and our employees seem to appreciate that we took the spread of infection seriously from the outset. I think there are several success factors at work, but we were quick in comparison with many others and the crisis management had a mandate to make decisions, which made it all much easier.



We realised from the outset that we must work according to the precautionary approach, that is to try to protect both the business and employees.

Mikael Larsson
Chief CEO Office, Bankgirot

Photo: private

Satisfied customers

Bankgirot's Satisfied Customer Index, NKI, for 2020 amounted to 77 (2019: 77), which shows customers' continued confidence in Bankgirot as a company and in the products and services offered. According to the Swedish quality index, Bankgirot's customer satisfaction remains higher than the average for banks with corporate customers in Sweden, where the NKI average is 65 for 2020.

Bankgirot also continuously measures customer satisfaction with how customer support handles telephone and e-mail contacts. The outcome for 2020 shows that nine out of ten customers (90.2 per cent) are satisfied with customer services' knowledge and commitment. This is on a par with the industry average in 2020 of 91.5 per cent. On average in 2020, about 850 customer cases were handled every day by Bankgirot's customer support.

Information and cyber security

Bankgirot has a unique role as a clearing house for payments in the Swedish financial system. This means that expectations

for the security function are high, both from authorities and from customers, in terms of information and cyber security as well as the protection of personnel and physical assets. According to a number of security experts, the increasingly uncertain geopolitical situation in the world at large poses a real threat to various societally critical functions. The need for higher readiness to safeguard the financial system has increased, something that is now also being emphasised to a greater extent by the relevant authorities. This creates the need for Bankgirot to further develop its ability to control and perform security work in order to effectively manage changes and additional regulations.

Bankgirot continuously implements improvements to technical and organisational security measures and has also in 2020, linked to the outsourcing of IT operations, worked to further enhance and increase capabilities in the security field. Security work is a technically resource-intensive and staff-intensive activity. In 2020, Bankgirot has therefore introduced a sin-

gle department in this area in order to be able to manage the work more effectively.

From a security perspective, Bankgirot participates in several networks, such as FSPOS (Financial Sector Private-Public Cooperation) and Fidi Finans (Forum for information sharing in the financial sector). Here Bankgirot participates, for example, in joint training, activities and exercises.

In parallel, various training efforts have been made to further raise employees' awareness of how they themselves can reduce risks and raise their understanding of the need for high security. The training sessions, which have covered subjects from all over the area of security, have included all employees and consultants.

Bankgirot continues to constantly develop the ability to control and perform security work.

Supplier management

For Bankgirot, the transition to being a client organisation, together with new and stricter regulations, has meant high demands for continuous transfer and rein-



Photo: private

In order to meet current and future security threats, continuous improvement of the security work is required. Our owners, customers and supervisory authorities also expect this.

Christian Bengtsson
Chief Security Officer,
Bankgirot

forcement work with regard to the company's supplier management.

Bankgirot currently has agreements with approximately 270 suppliers and consultants. As a result of updated regulations and EU guidelines, Bankgirot has updated its internal governing documents and in 2020 continued its work on implementing measures to meet the new regulatory requirements, as well as strengthening the organisation in terms of resources and process tools.

Bankgirot has a code of conduct for suppliers based on the UN's guiding principles in the Global Compact. The code of conduct sets requirements for suppliers in areas such as human rights.

To ensure a sustainable supply chain, Bankgirot strives to work even more proactively and to a greater extent with supplier audits. During the audits, the agreement compliance of the different suppliers on security issues, environmental work or work environment issues, for example, is scrutinised.

Bankgirot conducts its business in an ethical and responsible manner.

In order to follow up on social sustainability aspects, some supplier employees also participate in the measurements of the work situation carried out for Bankgirot's own employees.

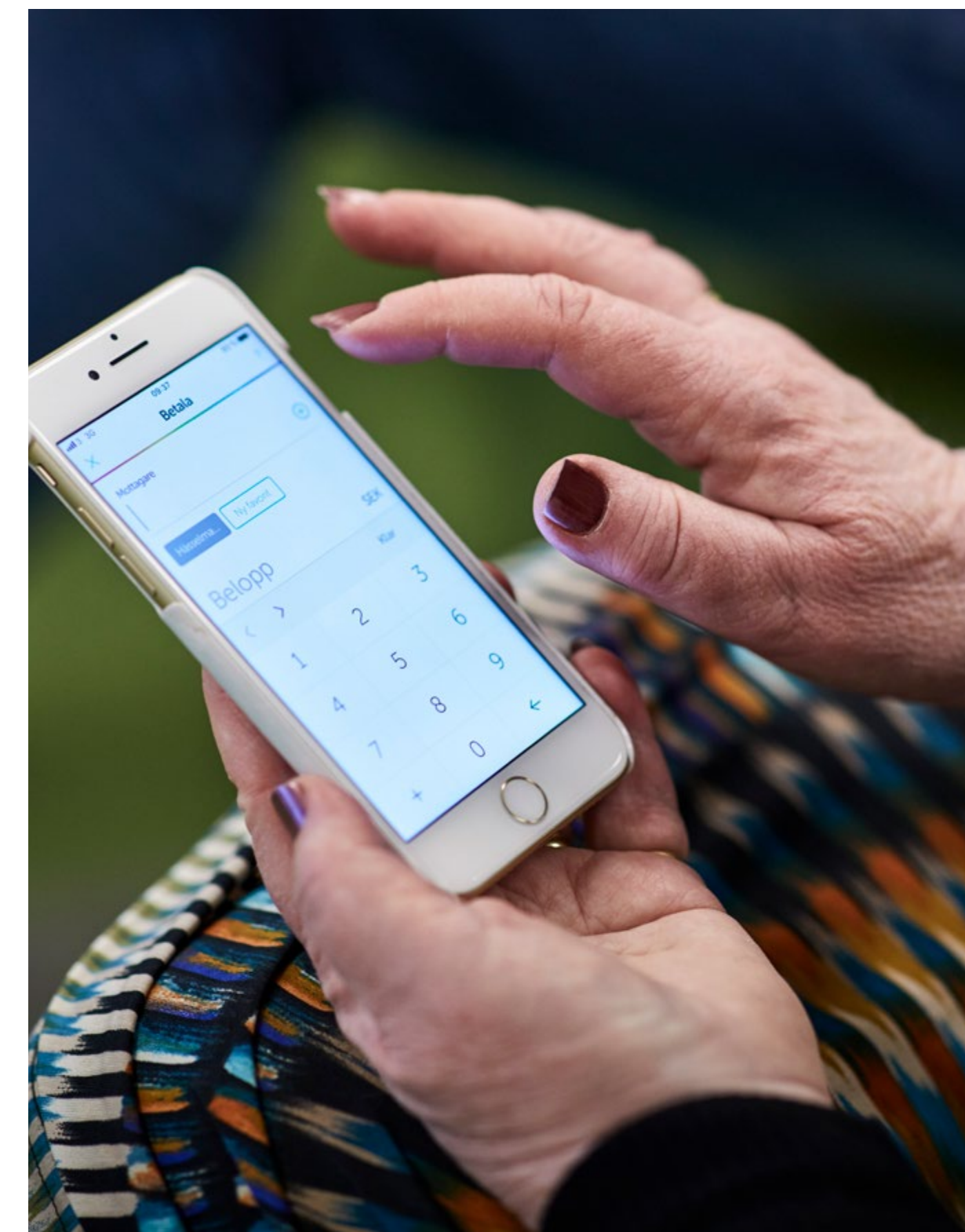
Economic stability and profitability

A company must have financial stability and profitability in order to operate effectively. For Bankgirot there are also regulatory financial requirements. In future years, the volume of, and therefore the income from, Bankgirot's transaction flows will decrease as these are transferred to a new payment infrastructure. At the same time, Bankgirot must maintain activities in a secure manner and with the highest quality until the last transaction in the systems is completed. This means that Bankgirot's actual cost base will not decrease at the same rate as its income. Therefore, in order to ensure financing during the transformation period, Bankgirot's board has decided to increase the transaction price from 2021.

Counteracting crime and corruption

The real-time economy demands a great deal in terms of transparency and monitoring in order to reduce the risk of payment systems being used for criminal purposes. The risk of money laundering linked to financial systems remains highly relevant. Bankgirot's activities also include assisting banks and authorities in their law enforcement work.

Bankgirot conducts its business in an ethical and responsible manner. The company has a code of conduct that includes absolute zero tolerance of bribery and corrupt business practices. There is also a special code of conduct for the suppliers that Bankgirot engages. Bankgirot is also responsible for ensuring that there are whistleblowing procedures, as described in Bankgirot's guidelines for handling irregularities.



Ecological sustainability

Ecological sustainability for Bankgirot is to:

- Actively work to reduce our own environmental and climate impact.
- Invest in digital services that reduce paper handling, increase energy efficiency and contribute to responsible resource management.
- Make heating the premises more efficient and choose green electricity.

Bankgirot's operations have a low level of direct environmental impact in society. The impact that exists mainly concerns paper handling and logistics.

For Bankgirot as a company, however, it is important to constantly work to minimise the organisation's impact on the environment and climate.

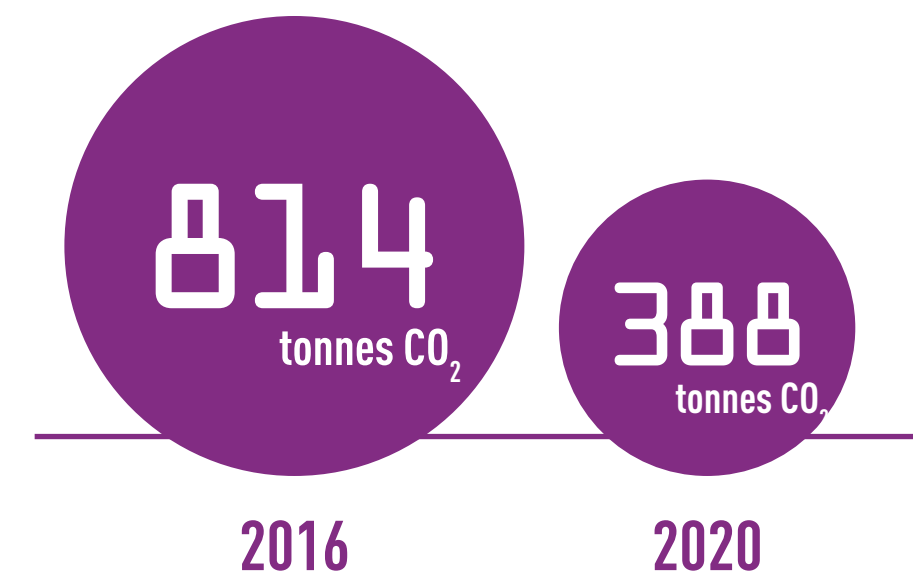
Reduced climate impact

In 2020, Bankgirot conducted a climate calculation based on the activities in 2019. The new calculation shows that the company's move in 2017 to a new climate-smart office, agreement on green electricity and reduced paper handling have contributed greatly to reducing cli-

mate impact. Overall, Bankgirot's carbon dioxide emissions have decreased by an estimated 52 per cent since 2016, from 814 tonnes to 388 tonnes.

Paper handling

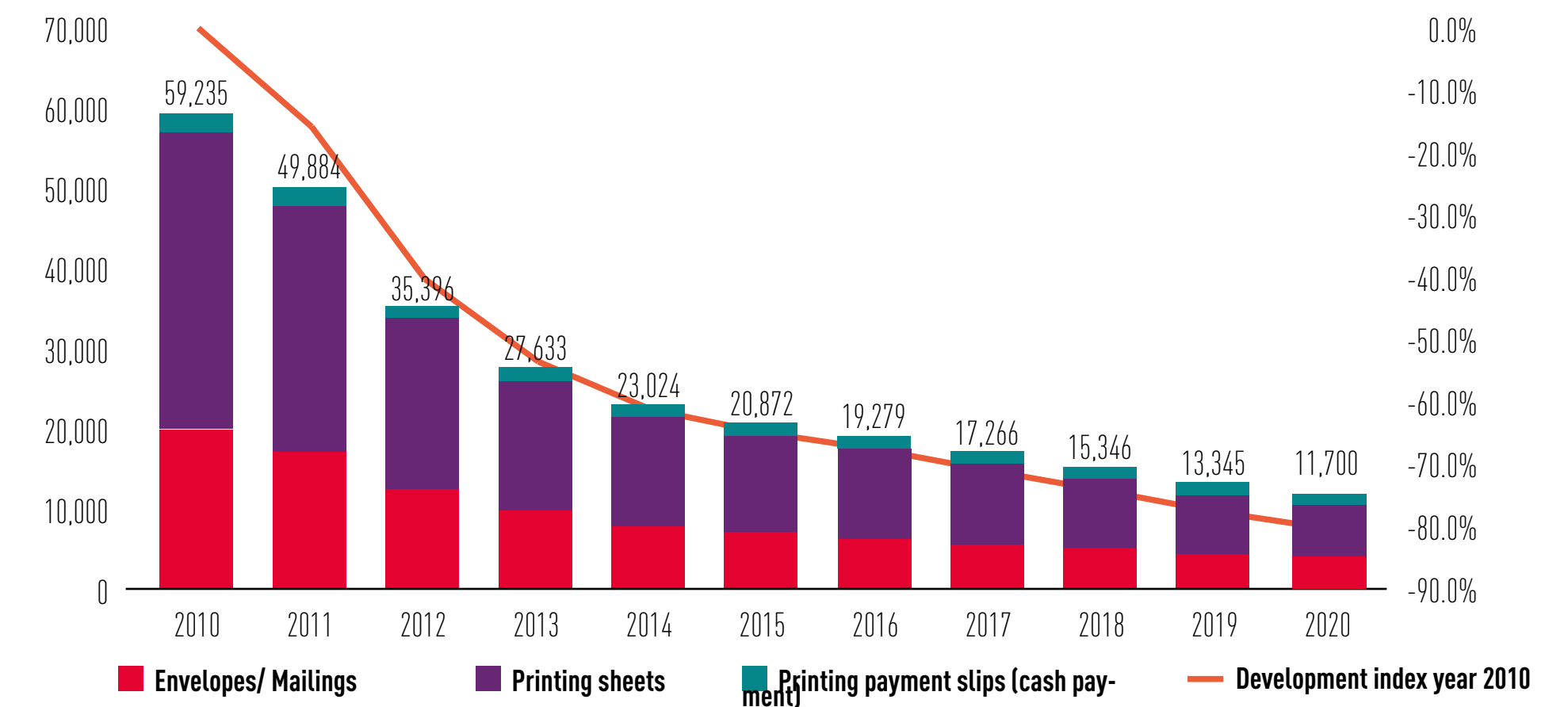
Reducing the use of paper has long been one of Bankgirot's priority sustainability activities. The ongoing digitalisation of transaction management is therefore



Bankgirot's carbon dioxide emissions have decreased by an estimated 52 per cent since 2016.

Paper volume in thousands

Paper handling



Paper handling

Through investments in digital payment services and other active efforts, Bankgirot works to reduce the climate impact. Since 2010, the volume of payment information printed and inserted into envelopes has decreased by 80 per cent.



Photo: private

Bankgirot's move in 2017 to a new climate-smart office, agreements on green electricity and reduced paper handling in our services have reduced the climate impact. Bankgirot's carbon dioxide emissions have decreased by 52 per cent since 2016.

Marianne Simonsson
Facility Manager,
Bankgirot

increasingly becoming an important tool to reduce Bankgirot's climate impact. In 2020, the number of paper printouts and paper mailings decreased by 12 per cent. Since 2010, the total volume of paper mailings has decreased by 80 per cent.

In order to further reduce the company's carbon footprint, Bankgirot has been offsetting its paper mailings since 2019. The carbon dioxide emissions that arise when payment information is sent on paper from Bankgirot to customers, end customers and authorities are carbon offset through Vi-skogen, which works on tree planting and education in East Africa.

Digitalisation

The digitalisation of Bankgirot's customer support has increased during the year. In total, 25 per cent of customer support cases are handled digitally, compared to 5 per cent in 2019. In the digitalised flow, the customer's request is processed immediately and thus the customer receives faster feedback on their case. Digitalisation also reduces the number of manual customer cases and paper mailings.

In 2020, customers' digital orders for payment information via customer service have increased significantly. This means that the proportion of information sent on paper in 2020 has decreased from 83 per cent in 2019 to 49 per cent in 2020.

Business travel

As a result of the coronavirus pandemic, travel restrictions were imposed which meant that all business trips were cancelled from March onwards. A total of 10 flights and one train journey were made in 2020.

Energy consumption

Bankgirot conducts an energy survey every four years. The last was in 2018. According to the survey, Bankgirot's energy costs are very small in relation to the company's sales. The largest volumes of energy are consumed in the company's computer halls. Outsourcing of IT operations is reducing Bankgirot's climate impact as servers are successively transferred to one of Europe's most environmentally efficient data centres with a Power Usage

Effectiveness (PUE) of 1.12. The average for data centres in Europe is 1.70.

With an energy consumption of 33 kWh per square metre, Bankgirot's office had a lower energy consumption in 2020 than comparable companies. The industry standard according to Sveby is 50 kWh per square metre. According to the energy survey carried out in 2018, the energy used for Bankgirot's transports is negligible.

Sustainability -related risks

Risk reporting and escalation is an integral part of Bankgirot's normal procedures and decision-making processes.

As a guarantor of payments in Sweden, Bankgirot works continuously to identify and manage sustainability-related risks within its operational activities.

Risks are prioritised in several areas in order to secure Bankgirot's mission.

Risk reporting and escalation is an integral part of Bankgirot's normal procedures and decision-making processes. There are a number of governing documents in the form of policies, guidelines and instructions that regulate risk management.

Given here is an overview of Bankgirot's sustainability-related risks as well as relevant governing documents that support risk management in day-to-day operations.

SOCIAL

INTERNAL SUSTAINABILITY-RELATED RISKS

Risk of

- Reduced staffing and loss of skills
- Discrimination and persecution
- Physical or mental illness
- Deficiencies in supplier management and follow-up

Governing document

- HR/Gender equality and discrimination/Work environment and health
- Code of Conduct
- Purchasing

EXTERNAL SUSTAINABILITY-RELATED RISKS

Risk of

- Poor working conditions or child labour in the supply chain
- Lack of or unwanted effect of social collaboration

Governing document

- Purchasing
- Sustainability
- Code of Conduct

ECOLOGICAL

- High resource and energy consumption
- Insufficient recycling
- Unintended environmental impact and low prioritisation

- Sustainability
- Code of Conduct
- Business travel

- Environmental and climate impact

- Sustainability
- Code of Conduct
- Business travel
- Purchasing

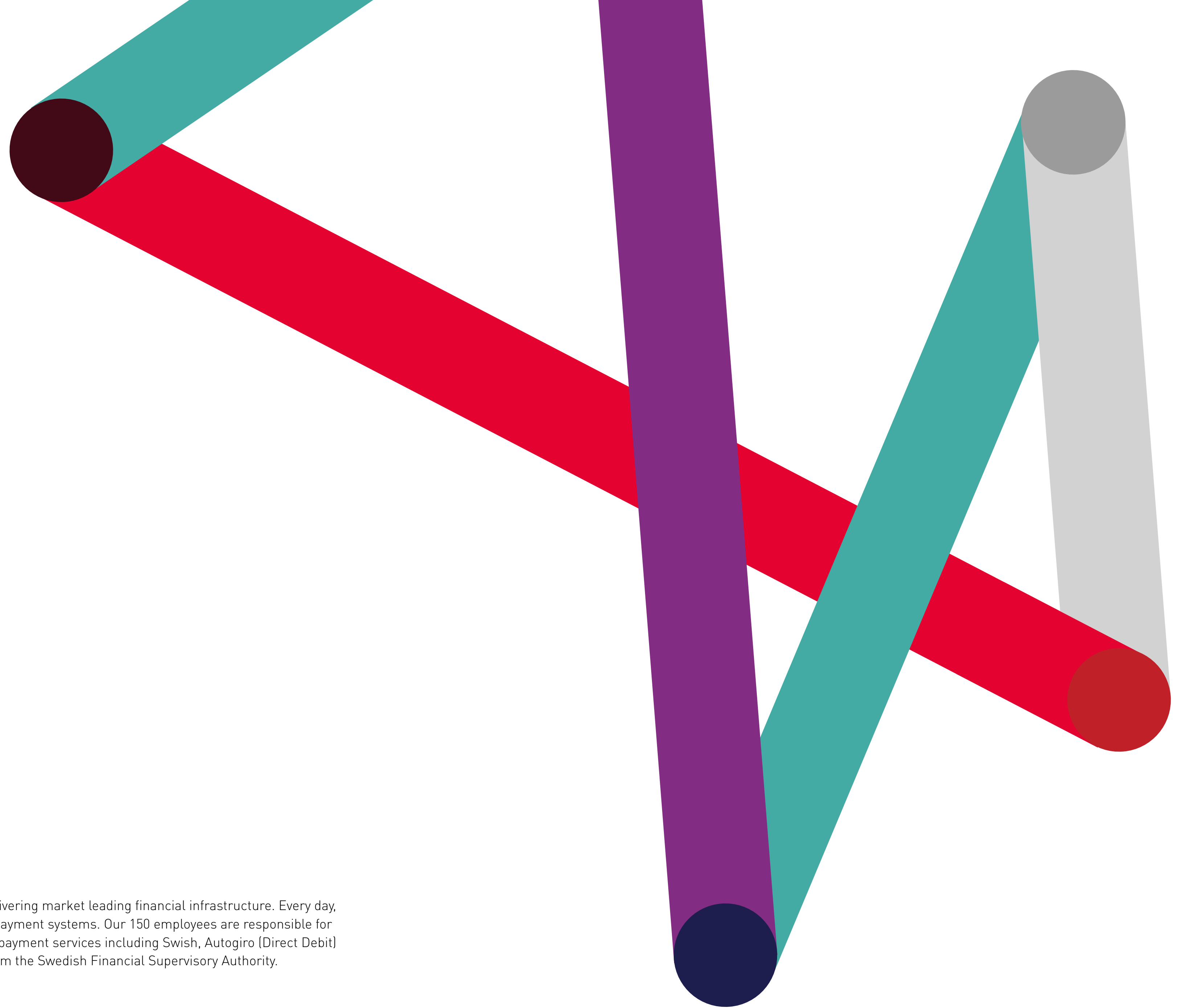
ECONOMIC

- Lack of system stability
- Abuse of power
- Bribery and corruption
- Lack of awareness of security risks

- Business continuity management
- Incident management
- Risk management
- Operational risk
- Security
- Sustainability
- Code of Conduct
- Conflicts of interest
- Corporate governance

- Lack of system availability
- Privacy breach
- Money laundering
- Exploitation of market position
- Political changes

- Information Security
- Data protection
- Risk management
- Sustainability
- Code of Conduct
- Ethics
- Reporting irregularities



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Bankgirot is a Swedish clearing house with over 60 years of experience in delivering market leading financial infrastructure. Every day, almost 8 million transactions worth SEK 70 billion flow through Bankgirot's payment systems. Our 150 employees are responsible for the Bankgiro system and payments in Realtime. Bankgirot's systems enable payment services including Swish, Autogiro (Direct Debit) and electronic invoicing. We guarantee the payment market under licence from the Swedish Financial Supervisory Authority.