

Sustainability report 2022



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Sustainability at the heart of everything we do

Ikano Bank, started by the founder of IKEA, is in the middle of a large scale transformation, re-inventing every aspect of our business. At the end of 2024, we will be a bank with an edge in technology in B2C and B2B on the path of being thought leaders for sustainable banking.

To us, sustainability is at the very core of our business, not an add-on. We have always believed in creating possibilities for better living for the many, and we are convinced that sustainability is an enabler for good business.

By creating a financially sustainable and well-governed bank, adaptable to a changing world and people's needs, we take our responsibility as a financial institution and contribute to a healthy and sustainable living for the many people and businesses.

The biggest contribution we can make is to help people make more sustainable choices and by supporting green transformation and circular solutions. Guided by affordability, we take social responsibility by giving more people access to the financial system. Still, of course, with affordability always in mind. We also make an impact by supporting the local community around us, and by being a fair employer.

During 2022 much of our sustainability work has been focused on further developing our processes in reporting and gathering data to give us a better base for making informed decisions. We have chosen two established frameworks; the Greenhouse Gas Protocol and UN Global Compact, to achieve clarity and enable comparability in our work moving forward. Having the right data in place, makes it possible for us to always act on the right signals.

In addition, this year has been about testing new ideas and gathering insights from our customers, on how we can enable and encourage our customers to make more sustainable choices. One key insight is that people are even more knowledgeable and interested in a sustainable lifestyle than we initially thought. The question is more how to make it happen.

There is also much inspiration to be found in our close collaboration with Ingka Group (IKEA Retail). We have the same founder, and share our heritage, strong culture and similar values. Together, we can make great things happen delivering accessible finance for more of the many people.

Our long-term ambition is clear. It is to push the industry standard on what a sustainable bank is. We will continue our hard work in 2023, transforming the bank and develop products based on customer insights and daring to try new things.

I am very proud of the commitment throughout the organisation, pushing forward in challenging times, gathering data, creating insights and delivering results. Together we create a better future for the many people and businesses.

Anna Werntoft,
Chief Transformation Officer



Ikano Bank at a glance

Working together using common sense and simplicity, and daring to be different is how we conduct our business every day.



183 days our co-workers spent doing Social volunteer work

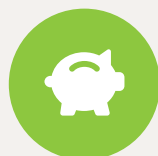


Credit card for IKEA Family in Germany won **Fairness award**

1,016 employees in 8 markets

40

tonnes reduced use of paper



17.9%

share of green investments.

30

increased employee engagement, eNPS



Established a green bond framework rated **dark green**

3 of 8

offices with 100% renewable heating



48% of our people managers are women

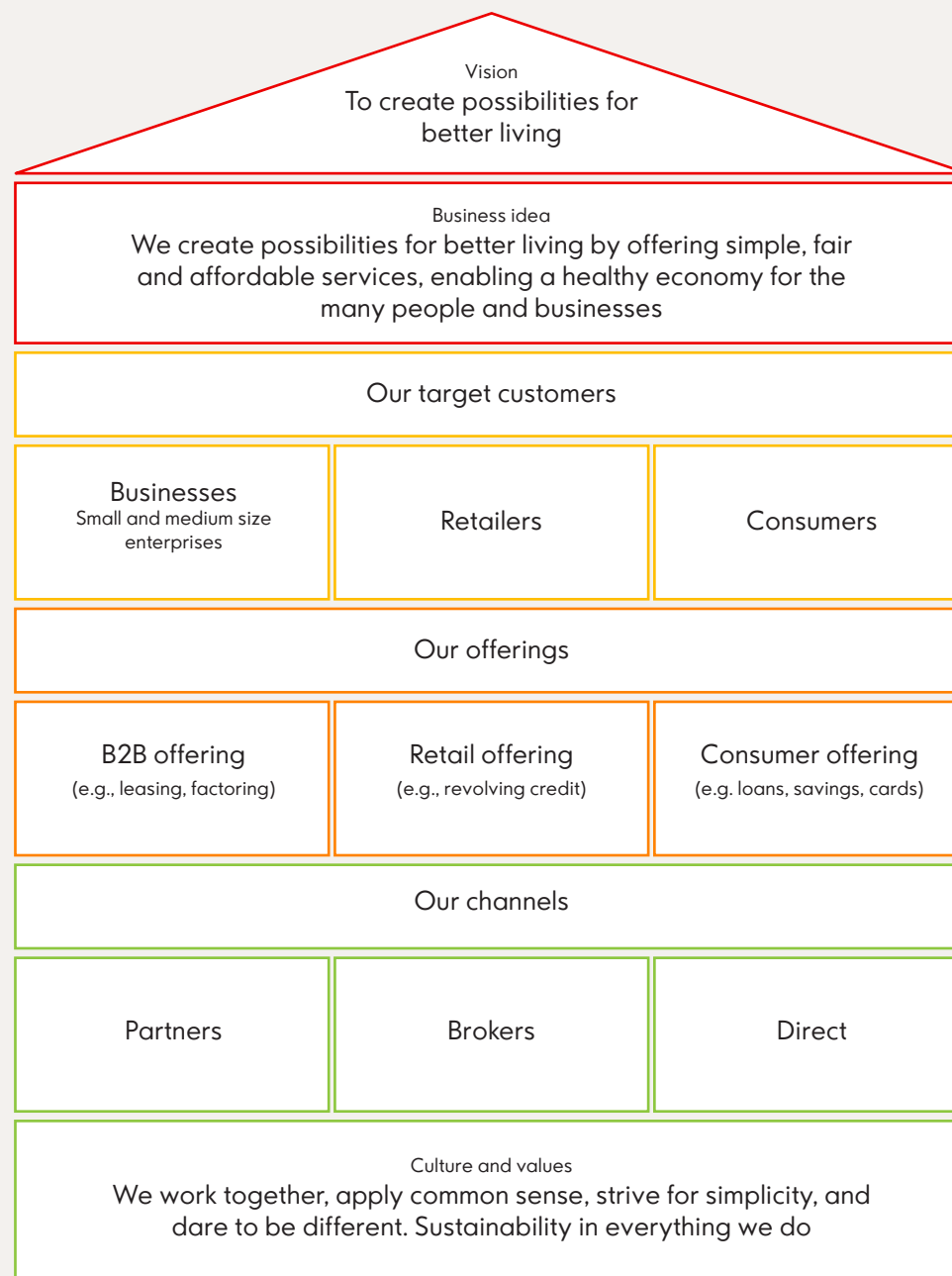
Business model

Our culture and values lay the foundation for our business and our vision and business idea guide us every day.

We create possibilities for better living by offering simple, fair and affordable services, enabling a healthy economy for the many people and businesses. We work every day to make a difference, by offering financial services on fair terms and contributing to a better future through accessible financing that supports sustainable living for our customers. Our long-term mission is to be a trusted and sustainable bank, making us the natural choice for the many people and businesses.

Ikano Bank AB (publ) is supervised by the Swedish Financial Supervisory Authority (Finansinspektionen). We conduct business in Sweden, Denmark, Norway, Finland, United Kingdom, Germany, Austria and Poland. Our services are mainly delivered online. Our head office is located in Malmö, Sweden and the company is registered in Älmhult, Sweden where the business was founded.

Ikano Bank is a part of Ikano Group, who owns 51 % of Ikano Bank. The remaining 49 % is owned by Ingka Group, the largest IKEA retailer who operates IKEA sales channels under franchise agreements with Inter IKEA Systems B.V.





Our foundation

Our retail heritage lays the foundation for our purposeful, customer centric and values driven culture. It is anchored in our values; working together, common sense and simplicity, and daring to be different, and guided by our promise; On fair terms. This is the basis for how we grow our people and business, ensuring efficient ways of working, clear governance, leadership skills, competencies and continuous development.

Our offer to the market

We offer private customers simple and smart banking services such as personal loans for private consumption, credit cards, mortgages and savings accounts. In addition we provide sales supporting financial solutions, including instalment payment solutions to retail partners, enabling improved loyalty, increased sales and enhanced end-user flexibility.

We also offer leasing and factoring services to businesses through direct sales as well as via partners. Our services give businesses financial flexibility and enable companies to free up capital and finance their growth.



Building sustainable financial services

Offering simple, fair and affordable financial services we want to enable a healthy economy for more of the many people and businesses.

A new bank is emerging. Our extensive transformation work is to ensure we remain a relevant bank for the many people and businesses. From a commercial perspective this means offering sustainable financial products for consumers and businesses across all our markets. Digitalising our processes to enhance customer experience, improve efficiency and reduce our climate footprint. We are balancing credit risk with long-term profitability as well as a healthy economy for the many people and businesses in mind.

A cloud-based digital platform

At the core of our digitalisation is the new cloud-based and event-driven platform, transforming our business from a traditional transaction-based operation to a “streaming bank”. The technology enables faster response and personalised communication, giving our customers easier access to our financial services. The new digital platform also creates opportunities to use open banking to access a wider range of data sources in e.g. credit check processes.

“With our simple and fair products, we make it possible for consumers to make sustainable choices, based not only on what they can afford today, but instead on what is right in the long run. Another aspect of sustainability relates to the use of open banking to make better credit assessments and make the process smoother for our customers.”

Jessica Svantesson, Chief Commercial Officer B2C



Consumer products for a healthy economy

The first consumer product on the new platform was launched in 2021 together with IKEA in the UK market. During 2022 more products were introduced; a credit card in Germany and a loan product in the Swedish market. We are already seeing results in increased efficiency and customer satisfaction. In the UK for example, customer service contact demand has fallen dramatically because of the new digital application process.

Another achievement is in awards won, such as for best credit product in the UK together with IKEA, Fairness Award in Germany and first place in the Swedish Quality Index (SKI) for best private loan in Sweden.

Last year's mortgage launch in the Swedish market, through our part-ownership of the fintech and mortgage company Borgo AB, has also exceeded our expectations, with mediated loans of over 2 billion SEK. It is a clear example of how a transparent and fully digital product can increase our relevance and brand awareness on the market.

“Our leasing services offer businesses an affordable way to invest in the green transformation with newer and more sustainable equipment. Also, many of our finance projects involve more sustainable solutions, such as solar panels and electrification. Another aspect of sustainability in our B2B services is to give more SMEs access to funding sources, on equal terms as larger enterprises.”

Henrik Staulund, Chief Commercial Officer B2B



Enabling green transformation in businesses

Our B2B offering is mainly focused on leasing. This is a business with a natural circular element, where we see a growing interest and new categories finding “as-a-service” business models. Our ambition is to support the green transformation of businesses with our financing solutions and to make fair financing available to more businesses, improving their financial position.

In 2021 Ikano Bank made the decision to develop a new platform for B2B services. The platform will enable more harmonisation across our markets, making it less resource-demanding and easier to scale products once developed. In addition, it will improve the ability to track and manage sustainable assets and give needed capabilities in catering for ESG factors in credit assets. The platform will also enable easier integration and adaptation of new data sources to reach businesses otherwise deemed less creditworthy

Sustainability dimensions of digital development

Our digital transformation and product development supports sustainability in several ways. Our goal to reach 100 % paperless customer communication by 2025 means we will reduce our carbon footprint, as well as increase our financial sustainability by improved efficiency and reduced manual work. Faster and

more personalised communication increases our relevance in the market, making more people choose our transparent and fair services instead of less viable alternatives. And the use of open banking gives additional customer groups access to the financial system.

A balanced credit risk approach

The risk perspective in our financial services aims at ensuring we act as a responsible lender focusing on affordability and creditworthiness of our customers, and making fair financing accessible to more of the many, while at the same time protecting the profitability requirements of the Bank.

During 2022 our work regarding sustainability in credit risk was focused on implementing affordability measures and regulatory requirements related to protecting our customers, as well as applying new data sources in loan application processes.

“Digitalising our customer processes means we can reduce our carbon footprint by using less paper. It also improves the customer experience by enabling instant communication, which also makes it easier for our co-workers to help customers. This year we have laid the foundation and made good progress, with further achievements yet to come.”

Dan Hedgate, Chief Operations Officer



“From a credit risk perspective sustainability is about having as good insight in the financial position of the customer in the application process as possible, and avoiding pushing the customer into an increased stressed financial position. But it is also about identifying and helping customer groups that historically have been rejected.”

Christian Lund, Chief Credit Officer



Governance

Sustainable development is an important and integral part of the pursuit of value creation for customers, employees, and the society. Sustainability is an integral part of the overall business strategy within the Bank. This is also reflected in our governance structure.

Board

The Board of directors have overall responsibility for strategy and policies. The Board will address and consider strategic and tactical issues related to the sustainability area.

CEO

The Chief Executive Officer is responsible for the execution of the sustainability direction and implementation of the governance structure set by the Board of directors.

Chief Transformation Officer

The Chief Transformation Officer (CTrO) has the coordination responsibility by mandate from the CEO to drive the sustainability agenda across the Bank. The

CTrO coordinates the overall agenda, ensuring correlation between strategic initiatives for sustainability and reporting on the progress to the CEO and Bank's management team. The CTrO is also responsible for the overall prioritisation of initiatives to ensure alignment with the business strategy.

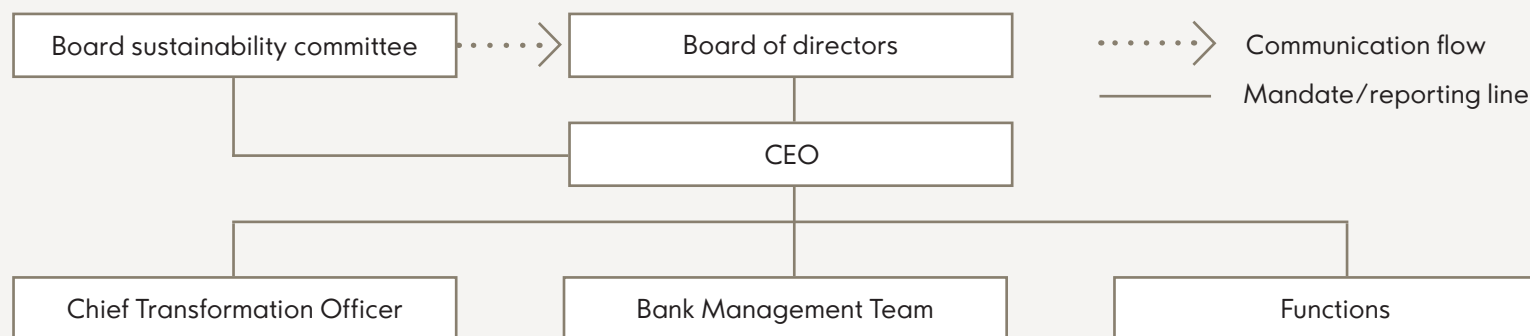
Functions

The functions in the Bank led by respective Chief officer are responsible for implementing sustainability in respective policies and other steering documents to secure sustainable products and services in our customer offerings.

Sustainability committee

The committee is a preparatory body that reports to the Board and submits recommendations to the Board for approval. The purpose of the committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities relating to sustainability/Environmental, Social and Governance (ESG) matters.

Members; CEO Ikano Group, Board member representative, and the regular invitees; Ikano Group Sustainability manager, CEO Ikano Bank, Chief Transformation Officer, Legal counsel from the Bank. Ingka will have a representative part of the committee starting 2023





Bank Management Team

The Bank management team handles and assists the CEO on all strategic and transformational aspects of the Bank. Sustainability is an integral part of the agenda on how we pursue our mission to become recognised as a trusted and sustainable bank.

Sustainability work groups

When needed, sustainability work groups are formed to drive specific sustainability tasks related to steering documents and strategy. The work groups will consist of representatives from relevant functions to the assigned task.

There is a close cooperation between Ikano Bank AB (publ), Ikano S.A. and Ingka Investments B.V. Ikano S.A. owns 51% and Ingka Investments B.V. owns 49% of Ikano Bank, and Ikano Bank services Ingka Group (IKEA Retail) with financial services.

List of relevant policies for sustainability governance

IKANO GROUP POLICIES (adapted by the Bank)

- Donations and Community Impact
- Code of conduct
- Partnership

IKANO BANK POLICIES

- Anti-money laundering and counter terrorism financing
- Remuneration
- Conflicts of interest, anti-bribery and corruption
- Credit risk
- Internal governance and control
- Risk and capital
- ESG (Environment, Social and Governance)
- Whistle blower





Sustainability framework

The sustainability agenda in Ikano Bank is part of a bigger picture.

Our commitment and responsibility

At Ikano Bank we have an overall commitment and responsibility to stay true to our values, safeguard our brand and minimize threats to our reputation. Our values; common sense and simplicity, working together and daring to be different guide the way we do business, and we never compromise on our promise - on fair terms.

We want our customers, partners and co-workers to choose us for what we stand for, what we deliver and how we deliver it. We are strongly committed to the business standards, requirements and declarations of intent which are set out in the Ikano Code of Conduct and in the Ikano Partnership Policy. The Ikano Partnership Policy specifies Ikano's position on labour, human rights and environmental issues, as well as outlines our expectations on our business partners.

Ikano upholds the human rights of all co-workers and treats everyone with dignity and respect. We adhere to internationally recognised laws and standards including the Universal Declaration of Human Rights and the UK Slavery Act. This means that Ikano refrains from using child and involuntary labour, upholds high working standards and regulatory remuneration standards, respects the rights of our co-workers to organise freely, exerts no discrimination and dissociates from harassment and abuse in the workplace.

Ikano is committed to the highest standards of ethical conduct and we expect the same commitment from our partners. Our values of trust, integrity and honesty form the foundation for all our relationships.

We follow the Paris Agreement and work actively with the following programs and frameworks:

UN SDG

The 2030 agenda for sustainable development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership.

UN Global Compact

Ikano Bank joined the UN Global Compact in 2019, an initiative aimed at companies and advocating 10 principles based on international conventions. These principles, established in 2000, cover human rights, labour law, the environment and anti-corruption.

Greenhouse Gas Protocol

The Greenhouse Gas Protocol (GHG protocol) establishes comprehensive global standardized frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions. Ikano Bank have worked with the GHG protocol since 2020.

Partnership for Carbon Accounting Financials

Partnership for Carbon Accounting Financials (PCAF) is a collaboration between financial institutions worldwide, to enable harmonised assessments and disclosures of greenhouse gas emissions financed by loans and investments. Ikano Bank became a member in 2021.

Green Bond Principles

The Green Bond Principles (GBP) are voluntary, international guidelines that recommend transparency, disclosure and reporting in the market for green bonds. The GBP were established in 2014, and last updated in 2021. Ikano Bank have been working with GBP since 2020, and the Bank's green finance framework complies with GBP recommendations.

UN Sustainable Development Goals (SDGs)

The UN SDGs provide a framework for collective action to tackle global sustainability challenges. At Ikano Bank, we support all of the UN SDGs, and we use them to guide our strategic ambitions. We have chosen to focus on 7 goals (see below), where we believe we can make the biggest positive impact through our own operations and our business.



Good health and well-being are natural parts of our own operations and our vision to create possibilities for a better living, enabling a healthy economy to the many people and businesses.



We want to give support for more children and adults to have a better opportunity in life and we support various charitable initiatives in the communities where we operate. We also encourage our co-workers to volunteer through our Social Day scheme.



Gender equality, decent work conditions and children's rights are important parts of our own operations. We strive for gender balance across the Bank, and conduct regular salary gap analyses to ensure equal pay.



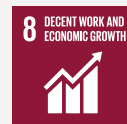
Affordable and clean energy is a priority for Ikano Bank. We offer simple, fair and affordable financial solutions to consumers and businesses, to enable them to invest in a more sustainable living. We are also moving towards having 100% renewable energy in our offices by 2025.

UN Global Compact

To strengthen our adherence to the 10 principles an internal assessment of all our markets and functions will be performed during 2023. The gap analysis will be transformed into an action plan with set priorities and timelines to close the gaps identified. See our progress on page 40.

Materiality- and Stakeholder analysis

We perform regular materiality- and stakeholder analysis. A new assessment will be finalised during 2023.



We set high standards for fairness and work with our suppliers to ensure human and labour rights are protected. Through our commitment to UN Global Compact, we ensure we always hold ourselves to the highest possible standard.



We develop new products and services which make a difference and encourage a more sustainable life. We acknowledge the impact large companies can have on the environment, and we actively seek new ways to limit the impact.



We strive towards a more sustainable consumption and efficient use of natural resources. We constantly work towards using less materials and instead develop digital solutions. We are developing a set of policies and practices across our value chain, managing the solutions and materials we use in the Bank.

Our progress 2022

See overview summary on page 39



Our long-term ambition

We believe people engaged in a healthy economy contribute positively to the wider economy, help drive social progress and are more able to make better sustainable choices. We strive to support the needs of the many people, with high ambitions to further develop and create financial inclusion.

People need the right means and tools to be able to contribute to a sustainable future. We will provide the many people with inclusive digital banking solutions that will help them achieve a healthy economy, driving social progress, and empowering more people to make better, more sustainable choices in their everyday life.

The financial industry has an important role in driving environmental change through what and who they finance. Together with our partners, we also actively support development of circular solutions. At Ikano Bank, we want to steer capital towards low carbon and climate resilient activities, helping to mitigate the economic and social risks posed by climate change.

For the world to get on track towards a net-zero economy, capital is needed to accelerate the transition. To be genuine and credible, we incorporate sustainability as a natural part of our new business developments and how we operate our business. By actively promoting human rights, fair working conditions, and diversity and equality we make a difference for the lives of people, the community and the environment.



Sustainability strategy and goals

We have identified three main areas of objectives and goals where we will focus our efforts. It is a long-term direction and intended to motivate continuous improvements and make sustainability a natural part of our everyday business.



Healthy & sustainable living



Circular & climate positive



Fair & inclusive





Healthy & sustainable living

We will offer seamless and simple digital banking services, granting access to capital to more of the many and promoting a healthy and sustainable living.

By 2025



100% paperless customer correspondence¹.



25% share of our liquidity portfolio is defined as green.



Be recognised in the top 3 of sustainable banks in each market in which we operate.²

¹During 2022 we have enlarged the scope to consist of all customer correspondence to increase accessibility for the customer and accelerate the phasing out of paper.

²All other 8 goals contribute to this goal.



Circular & climate positive

We will work to reduce the environmental impact caused by our own operations, as well as finance solutions for a circular and climate positive economy.

By 2025



Increase our sales of lending verified as green by 10 times (compared to baseline 2021).



Reach climate neutrality in our offices.



100% of our IT equipment is recycled or returned for extended life³.

³During 2022 we took a decision to add the work we do in IT as one of our highlighted 2025 goals. We continue to measure "100% of our retail partners will have committed to 1.5°C business plans" and ensure our partners' commitment meets our standards.



Fair & inclusive

We will provide development opportunities, a safe work environment and equal treatment for all co-workers. In addition, we will make positive contributions to the community around us.

By 2025



Reach more of the many people by granting loans to customers who are currently underrepresented.



Create platforms and distribute knowledge to include more people and help them build a better personal economy.



Mirror the diverse society in our workforce.

Healthy & sustainable living



The challenge

The right to a healthy and sustainable living should be for all, but is still unaffordable and unaccessible for many. A stable financial infrastructure, with well-governed, trustworthy and financially stable banks, is necessary to make sustainable choices affordable for everyone.

Our commitment

We are committed to listen to our customers, to learn more about what they need to achieve a healthy economy. We will innovate and develop sustainable, accessible, and easy-to-use financial services on fair terms for the many people. We will build a stable, profitable bank, creating trust among our customers, partners, suppliers, and co-workers.

Reduced use
of paper by
40 tonnes

Increased share of
green investments to
17.9%

196,000
hours saved by
automating processes

A financially stable bank

To fulfil our business idea of enabling a healthy economy for the many people, we need to build a financially strong bank, with a balanced level of risk.

Trustworthy and stable financial institutions are an important part of building a sustainable society. Our aim is to build a stable bank, capable of efficiently allocate resources, with a balanced level of risk, where all stakeholders' aspects, such as our owners, co-workers, partners, lenders, authorities, etc., are taken into account.

Being sustainable includes managing the business in terms of margins, risk, costs, and regulatory compliance. By doing so, we ensure that we can meet the future demand for our products and that we can build trust with our stakeholders.

Transformation for financial stability

The goal of our transformation is to offer simple and fair financial solutions based on the latest technology, giving more of the many better access to financing. Our strategy going forward also allows us to take advantage of our international presence, by acting as one bank on all our markets. This helps achieve economies of scale through the use of shared systems, processes and structures. It also facilitates the introduction of new innovative solutions to our customers in a cost-effective way.

Profitability as a vehicle

Long-term financial stability for the Bank is about meeting capital requirements, fulfilling our commitments and providing returns to our owners to ensure investment in the future development of our business. Running a financially strong business also ensures our ability to grow our business and continue to serve current and new customers.



Counteract corruption and money laundering

We work in a structured way to counteract the risk of being misused in money laundering or terrorism financing. As well as preventing fraud and corruption.

Counteracting money laundering

The measures of combating money-laundering and terrorism financing has been further developed during 2022. The work continues with a new upgraded system for transaction monitoring and customer screening. The bankwide Anti-money laundering (AML) competence has been strengthened and training sessions adapted to specific working areas, e.g. financial crime investigators, customer service co-workers, sales etc.

Fraud

Fraud poses a risk of significant financial loss, reputational damage, and adverse impacts not only to Ikano Bank, but also to our customers and partners. Our business requires taking calculated risks, while continuously working to improve and develop our capability to prevent, detect, and respond to fraud. We launched a new anti-fraud system in UK in May 2021, and during 2022 it was implemented for the new financial service product for IKEA in Sweden, with great success. In the upcoming year we will further explore the potential of the system to support our strategy of preventing fraud in a more efficient and uniform way across the entire Bank.

Bribery and anti-corruption

Our policy is to only use ethical business practices while conducting business activities, as well as to comply with all applicable laws, rules, and regulations governing antibribery and corruption in all markets where we operate. Ikano Bank has a zero-tolerance approach towards acts of bribery and corruption by co-workers or anyone acting on our behalf. We have policies and procedures in place to detect and avoid bribery and corruption.

Annual training for all co-workers

An important part of our work is to ensure our co-workers are sufficiently trained. An AML e-training is part of the annual mandatory training for all co-workers. The purpose of the AML training is to give all of our co-workers an appropriate level of understanding and awareness of money laundering and terrorism financing, and our role in the detection and prevention of Ikano Bank being misused for these purposes. We have also conducted fraud awareness training, both for co-workers and partners, as well as arranged training in investigation methodology for our investigators working in the Nordics.



A healthy risk culture

To us, responsible lending is all about taking our customers' best interests into account, contributing to a financially healthy society and delivering accessible financial solutions on fair terms.

We strive for what we call “a healthy risk culture”. That means we manage our lending activities consciously within a set risk appetite and act responsibly towards our customers and clients by applying a sustainable lending approach.

Responsible lending

We offer simple banking products (savings, cards, loans, and mortgages) on fair terms direct to consumers and via retail partners, as well as leasing and factoring to businesses. We are open and transparent about our terms and conditions and have no hidden fees in our agreements. As a responsible lender, we assess our customers' ability to repay their loans.

Regulatory requirements for assessing affordability support our focus on being a responsible lender, to avoid our customers getting into an adverse financial position. Therefore, it is vital for the Bank to scan for and track implementation of new and amended regulations within this area.

Responsible lending means to have as good insight in the financial position of the customer in the application process as possible. This includes accessing as much relevant data as possible in the credit vetting process. Therefore, exploring new data sources that drive additional customer insight, will become an even more important part of our lending practice. An example of new data sources is open banking standard. This provides a wider access to customer data and acts as an instrument for assessing affordability of customers whose credit applications would have been declined using traditional methods. By further developing open banking, we aim to reach even more of the many people.

Following our ethical values

Our ethical values are our foundation, and we commit ourselves to ensure that these are being followed in our credit process. Our ambition to become a sustainable bank includes the exploration of new- or underserved segments to reach more of the many. But always based on the assessment of the customers repayment capacity and being a responsible lender. For our business customers, we do not actively limit our lending business to certain sectors or industries. However, our sustainability commitment includes an exclusion list of sectors and business areas as stated in our ESG policy. See page 21.



Risk reporting

We ensure that the credit portfolio and the wider risk exposure of the Bank is within a set of risk appetite tolerance levels. The risk exposure and risk incidents are monitored on a regular basis and reported to the management of the Bank. The reporting includes, but is not limited to, incidents related to fraud, integrity, and information security as well as customer complaints and other key risk indicators. Since the landscape for information security is constantly changing Ikano Bank continuously monitors and assesses the threats in this area.

The Bank is subject to national and EU regulatory requirements as well as regulations and guidelines from the Swedish Financial Supervisory Authority (SFSA) and the European Banking Authority (EBA). We collaborate with various external parties to closely monitor new threats and weaknesses to ensure the integrity and confidentiality of customer, partner and co-worker data. Ikano Bank has policies and other steering documents in place for information security as well as personal data protection.

Information and IT security is continuously addressed with preventive measures and we apply a process where regular operational risk assessments are conducted. Mandatory compliance training is provided to all co-workers annually, using an online platform. The training covers a number of areas, such as:

- Code of conduct
- Fraud awareness
- General Data Protection (GDPR)
- Information security essentials
- Operational risk management essentials
- Anti-money laundering



Responsible investments

Ikano Bank has been investing in green bonds since 2017, with a constantly increasing share of our portfolio.

By investing in green bonds, we contribute to the funding of climate-positive and socially responsible projects, such as renewable energy, energy efficiency, clean water, clean transportation, etc. During the year, we have significantly increased the share of green bonds in our liquidity portfolio, from 13% to 17,9%. Ikano Bank's sustainability ambition is to reach at least 25% by 2025.

Our ESG policy

Ikano Bank does not invest in sectors or business areas that are assessed to present major environmental, ethical or social sustainability risks. Our ESG (Environment, Social and Governance) Policy, states that we exclude investments in the following sectors and business areas:

- Alcohol
- Fossil fuel and nuclear power (including coal, oil, gas)
- Gambling
- Pornography
- Tobacco / Cannabis
- Weapons (all type of weapons including nuclear)

A green bond framework in place

In 2022 we developed a green bond framework, which was reviewed by CICERO Shades of Green, a provider of independent, research-based second party opinions (SPOs) of green financing frameworks. Cicero rated the framework as Dark Green and the governance score as Good. With this framework in place we have the possibility to issue our first green bond when needed. The proceeds of the green bond will then be used to re-finance green loans to consumers and retail partners which finance eligible green projects, mostly in the categories of renewable energy, clean transportation and energy efficiency.



Circular & climate positive



The challenge

Climate change is one of the greatest challenges facing our planet, already affecting the daily lives of millions of people. To reach the global climate goals we all have a responsibility to use our planet's resources wisely and minimise our climate footprint.

Our commitment

We will contribute by offering fair and accessible financing solutions for a circular and climate positive economy, for both consumers and companies. We will also work to reduce the environmental impact we create, as well as by our partners and suppliers.

Increased no. of offices with **100%** renewable heating

3.1 tonnes of IT equipment returned.

Increased share of sales defined as green **x10** in the Swedish market

Financing solutions that benefit the environment

By financing green products we enable our customers to live a more sustainable life at home, or run a more sustainable business.

Since 2020, we have been measuring our share of green lending, with the ambition to increase our green lending over time. We apply the Green Bond Principles (ICMA) framework for products qualifying as green and we see a great potential in growing the green share of our loan book.

In 2022 we saw a positive trend in green lending which rose from 1.7% in 2021 to 1.8% share of the total loan book.

In Sweden we increased the share of B2B sales defined as green 10 times compared with 2021, while the Polish market more than doubled the share of B2C sales defined as green compared with 2021.

Currently renewable energy and clean transportation are the dominant contributors in our share of lending defined as green.

Area	Products	Green share
Renewable energy	Biogas refinery, PV panels	50,1%
Clean transportation	Electrical vehicles, e-charging stations	22,5%
Eco-efficient and / or circular economy adapted products, production technologies and processes (Eco certified and energy efficient equipment)	Printers, photo copiers, circular leasing model	18,3%
Energy efficiency	Energy efficient equipment, power storage	6,7%
Environmentally sustainable management of living natural resources and land use	Farming as a service	1,3%
Sustainable water and waste-water management	Mobile water cleaning units	1,1%
Total		100%



Low energy community water treatment with biological treatment solutions

2020 Ikano Bank has been cooperating with Biowater in Norway. Biowater has developed biological treatment solutions for many industries, such as wastewater handling (municipalities), the pulp and paper industry, and brewery and drinks industries, in Norway as well as globally. The technology is patented, setting the standard for low energy community water treatment – lowering energy consumption by 50 % compared to standard solutions. In 2022 Ikano Bank financed two pilot installations through our leasing solution/product and a third is planned for 2023.

Biogas refinery

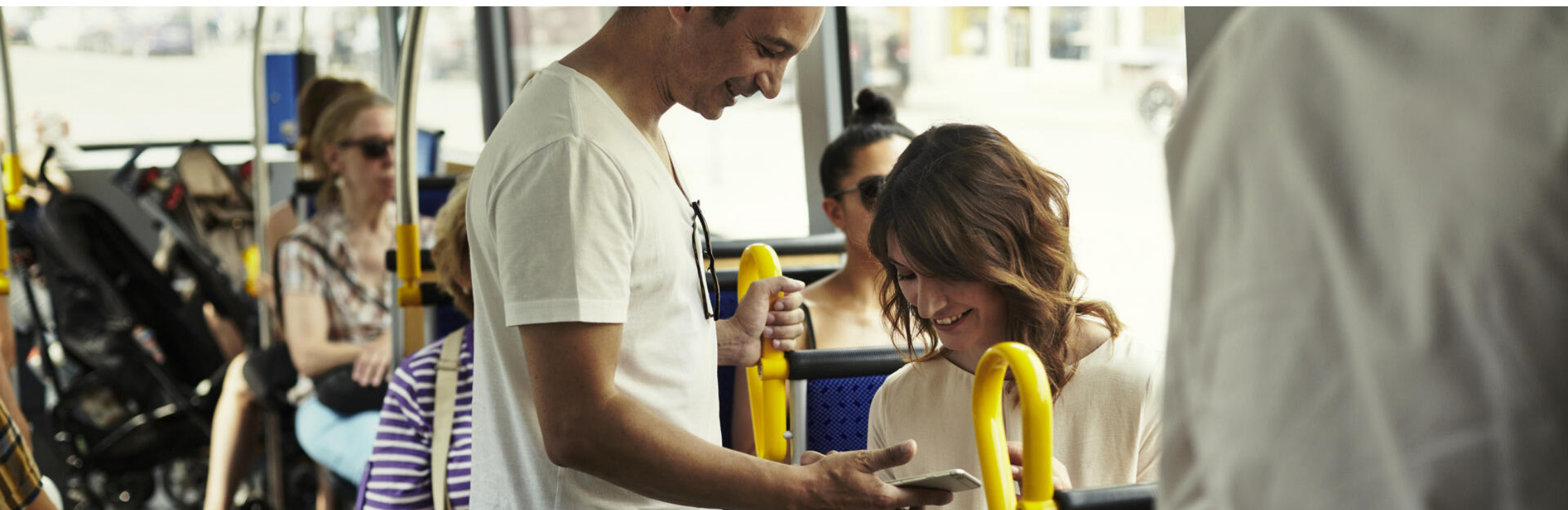
In Finland Ikano Bank financed a biogas refinery with leasing. The biogas is refined from wastewater and turned into biogas fuel. The wastewater plant, biogas refinery and biogas fuel station are located in close proximity to each other, to minimise the the impact of transportation. The produced biogas is approximately 12,000 MWh which equals to 1.2 million litres of diesel and the tCO₂e reduction from the wastewater sludge refined biogas is approximately 3 thousand tons.

Sustainable financing for housing area

Atea, known for being a leading IT infrastructure supplier, has made a significant impact in the energy-efficient area by introducing 158 heat pumps to the housing area of Kyndby Huse in Denmark. Partnering with Atea Finance and Ikano Bank, they won a tender to replace the outdated heating solution from a nearby heating plant that was set to close at the end of 2023. This new heating solution is not only environmentally friendly, as it will reduce the Co₂ footprint by +9 tons a year. It will save an average of 2.7 million kWh on a yearly basis. Making it an incredible investment in sustainable energy. The installment process began in 2022 and is set to be completed early in 2023.

Circular Office provided by Nornorm

In 2022 Ikano Bank started a collaboration with NORNORM in Sweden. NORNORM offers a subscription-based service to furnish office spaces and gives the customer flexibility to change between different types of workplace layouts such as lounges, meeting rooms and desks. With a selection of highly durable furniture and a circular perspective, they can refurbish the furniture and extend the product's lifetime to well over a minimum of 20 years.





Climate smart business

Reducing the climate impact of our operations is an important aspect of our business. We constantly work to measure and improve our efforts for a climate smart business.

Running a climate smart business is about how we set up and run our offices, how we travel and conduct meetings, it is in who we collaborate and partner with and how we communicate with our customers. We have reviewed our business to understand how we can best contribute to the Paris Agreement reducing our own emissions. We have identified the following areas where we can make a difference.

Purchasing

Responsible sourcing plays an important part in delivering sustainable development and results. Throughout the year we have continued to develop the way we work with sustainable sourcing, by choosing the right suppliers and managing our supplier base.

All potential suppliers are requested to respond to a set of sustainability related questions with the aim to ensure that suppliers live up to our standards. We've also strengthened our environment requirements on sustainability in our Partnership Policy.

In 2022, we reached 100% in electronically signed agreements within our supplier base, contributing to a reduced use of paper. We also engaged with specific supplier categories through a questionnaire exploring how they manage and plan to reduce emissions and increase the use of renewable energy in their operations. This was done to further enhance the understanding of our supplier base and in a responsible way and to improve our supply chain, together with our suppliers.

Green House Gas Assessment (GHG)

We perform a GHG assessment for scope 1, 2 and 3 annually, using 2020 as the baseline. In 2021 we became a member of Partnership for Carbon Accounting Financials (PCAF) to guide the work we are doing to reduce emissions within our investment portfolio.

We have set goals to be delivered by 2025 for each of the 3 areas, with tangible actions to be delivered during 2023. One of the overall actions is to improve the data quality enabling us to make better decisions.

Becoming a paperless and digital bank

Our digital transformation enables us to remove the use of paper for loan applications, statements, and other communication with our customers. During 2022, we have continued to deliver more improvements reducing paper in our daily operations. Between 2018 and 2022 we reduced our total paper consumption by 50.9% from 338.2 tonnes in 2018 to 166.1 tonnes in 2022 (figures include both internal and external use of paper). What cannot be removed is replaced with certified paper eg; Forest Steward Council (FSC)- or Programme for the Endorsement of Forest Certification (PEFC) certified paper.

In addition, we continue to automate our operations by replacing time-consuming manual work with bots. This is done to increase efficiency in our daily operations, but also to reduce errors in the process and improve quality. During 2022, we automated 75 new processes and delivered over 150 changes to existing ones. In total this delivered over 196 thousand hours saved, in line with our set target of saving 200 thousand hours. Since 2019 we have implemented over 200 automations, improving both efficiency and customer experience. During 2022 we delivered several improvements, e.g. automated handling of customer master data updates, such as addresses, email addresses and phone numbers. Another example is speeding up the processing of card blocks when fraud is suspected.

Travelling

Travelling by rail is always our first choice for business trips. When public transport (bus, train, etc.) is safe and efficient, it is always the first choice before taxi, private or rental car. Carpooling should be coordinated whenever possible. Our offices are located within convenient distance to train and/or bus stops. Some of our offices also offer free bicycle rental. By the end of 2025 all our benefit cars will be electrical or Plug-in Hybrids (see progress on page 34)

We continue to use online meetings as the preferred solution for long distance meetings, being both safe and efficient, and we only travel when the meeting objective cannot be achieved through an online meeting. We are reviewing our meeting and travel policy focusing on more sustainable alternatives, to include meeting options, food selection, transportation etc.,

Sustainable offices

We work continuously to reduce the environmental impact of our office operations. We currently have 8 office locations, with about 1,000 co-workers in total.

We set a goal to reach climate neutrality in our offices by 2025. This, in combination with the GHG assessment, has initiated a number of actions:

- Reduce our use of electricity, cooling and heating where possible
- Increase our share of renewable energy
- Transit our company cars to more environmentally friendly options, e.g. EVs or Plug-in Hybrids
- Ensure that all our IT equipment is recycled or reused
- Reduce daily consumption products including paper

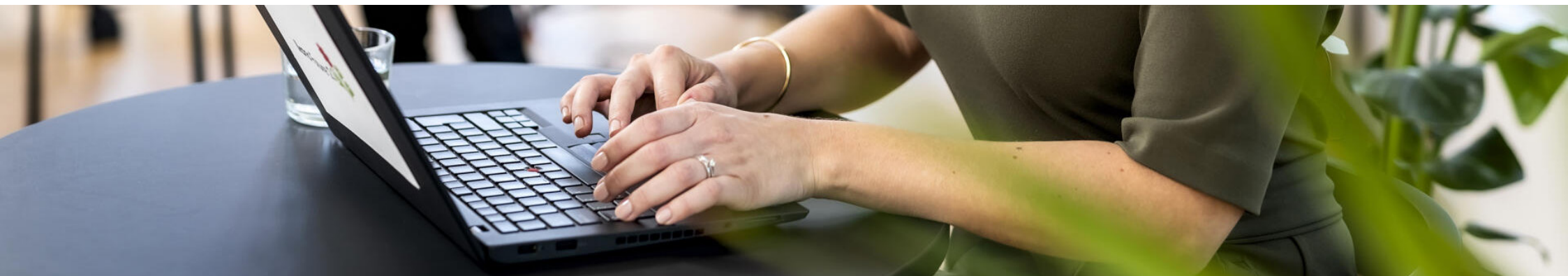
A number of achievements have been made and we will continue pursuing the ambition to have climate neutral offices by 2025. See section Key figures for sustainability on page 34–35 for more details.

Results in 2022:

- 6 of our 8 offices use renewable electricity
- 3 of our 8 offices use renewable heating
- 6 of our 8 offices use renewable cooling
- 37.5% of our company cars are now EV or plug-in Hybrids
- Our paper consumption both internally and externally has reduced by 172,1 tonnes or 50.9% (compared to 2018)

Upcoming 2023:

We are planning many initiatives for 2023 to make our offices even more sustainable. Some examples are installing LED lights in our office in Poland, increasing the number of company cars which are Plug-in Hybrids and EV, relocating our office in Germany to a more sustainable building, continuing to digitalise our customer communication and further reducing the use of paper.



Sustainable IT

Our new digital platform enables data-driven financial services, a better customer experience and faster development of new products.

The new platform is based on a modular architecture, which allows for continuous improvements and replacements of specific modules. This enables us to select sustainable choices when new opportunities arise.

A fully digital process

In 2021 we launched our first loan product on the new platform in the UK, as well as a digital end-to-end process for mortgages in the Swedish market, eliminating use of paper and avoiding any travel linked to physical meetings and agreement signing. During 2022 the progress has continued with launches of a digital loan in Germany and in Sweden, decreasing the use of paper and physical cards. The mortgage product in Sweden has been further developed and we are now able to offer new loans, as opposed to only transfer existing external loans, allowing even more customers to use our fully digital product. This brings Ikano Bank one step closer to 100% paperless customer correspondence by 2025.

Award-winning products

In 2022, the new financial product for IKEA, launched in 2021, won “Best Consumer Credit Card or Credit Facility” award at the Cards and Payment Awards in the UK. This award shows that we are heading in the right direction in terms of responsible lending, and at the same time keeping the focus on customer satisfaction.

Removing legacy systems

As part of the transformation, several older systems are being decommissioned. In 2022, another 4% of these systems were decommissioned. In total, 113 systems have been decommissioned since 2019. From a sustainability perspective, this means that inefficient systems have been replaced and in some cases redundant systems have been removed.

Sustainability in our Supply chain

In 2022 we sent out a questionnaire to our IT suppliers and partners to understand how they manage emissions, renewable energy and data centres. This will be used as a starting point for a dialogue on how we can work together to set requirements and improving sustainability in both their and our daily operations.

Reuse and recycling of IT equipment

Since 2012 we have had a program in place for reuse, recycling and extended use of IT equipment. The purpose of the programme is to return redundant IT equipment from our offices to our partners, for reuse or recycling of parts and materials. This year we made a decision to add this as one of our formal goals for 2025 to which everyone in the Bank can contribute.

In 2022 our offices returned a total of 3.1 tonnes of equipment, avoiding 273 tonnes eCO² equivalent. Since 2019 we have returned a total of 5.7 tonnes of equipment avoiding 625 tonnes eCO² equivalent.



Fair & inclusive



The challenge

Around the world, millions of people are denied a fair chance to a decent living. Ensuring equal access and rights for all requires full commitment from every level of society. We as a company have a responsibility to ensure that our co-workers, customers, and partners are treated equally and on fair terms. That's how we do our part in building a fair and inclusive society.

Our commitment

We provide development opportunities, a safe work environment and equal treatment for all co-workers. And we create a collaborative environment where partners and customers are treated fairly on equal terms. We will deliver accessible financial services that contribute to closing equality gaps in society, and we will make positive contributions to the community around us.

Credit card in
Germany awarded
Fairness award

183 days our co-workers
spent doing Social
volunteer work

Gender balance **48%**
women in people
management positions.



Equality and diversity

We work to promote inclusivity and psychological safety across the Bank, to foster a climate where all co-workers feel they can contribute while being their true selves.

In November 2022 we made the transition to a One Bank model which brought together co-workers from across all our markets into functional teams, breaking down geographical boundaries and helping us to live our value of Working Together.

Our co-workers

Our headcount remains largely unchanged from the previous year at 1061 co-workers, down from 1069 in 2021. 85% of our co-workers work full-time and 15% are in part-time roles. 92% are permanent employees and 8% are in temporary roles. Our co-worker engagement and employee net promoter score (eNPS) continued to increase in 2022 to 8.4 and 30 respectively, with both surpassing the external benchmarks of 7.8 and 8.

Gender Equality

Overall, we are proud of the gender split we have in the Bank with a distribution of 54% women and 46% men. This ratio is reversed for our people management positions with 46% women and 54% men. A change in the Bank management team, where we added two more roles reporting into the CEO resulted in a gender distribution of 42% women and 58% men. Our work on always having a focus on the balance between gender is continuing.

Equal pay gap analysis

We continue to advocate that all co-workers with the comparable experience, performance and qualifications receive a fair and equal pay regardless of gender for the same or similar job. We continue to monitor all our markets for equal pay differentials outside of appetite and any identified gaps are addressed in the annual salary review to achieve equal pay for equal jobs for all genders.

Management Review

Our management performance review process enables us to take an holistic view of our organisation's strength and readiness, systematically removing key person dependencies, identifying and rising talent for leadership, management and other critical positions across the Bank, from a diversity, experience, performance and readiness perspective. The review found that in 2022, only 2 roles in key positions did not have an identified successor or emergency replacer.

AGE GROUP DISTRIBUTION	Unit	2022	2021
18–20	%	2,4	1,0
21–25	%	10,2	8,2
26–30	%	12,3	12,1
31–35	%	17,7	17,8
36–40	%	15,2	14,8
41–45	%	14,0	14,5
46–50	%	11,7	12,7
51–55	%	9,5	10,6
56–60	%	4,0	4,7
61+	%	3,0	3,6

Employee development, engagement and well-being

In 2022 we focused heavily on building the foundations we need to drive our organisation forward and enable sustainable growth. Attracting, developing and retaining highly-skilled co-workers and creating a performance culture which empowers our people to co-create, perform and transform will enable us to achieve our sustainability ambitions.

Compliance and training

Given our regulatory environment we ensure all co-workers are kept-up to date with relevant regulations and compliance requirements. This is done through a suite of mandatory computer-based training courses that are refreshed periodically to ensure they remain current. At the end of 2022 we launched a new suite of training material called “Being A Bank” which teaches our co-workers the fundamentals of working for a financial services organisation, covering areas such as regulations and licensing, corporate and internal governance, our customer journey, our product offering and our approach to credit management. These new training modules will become mandatory in 2023.

Competence development

To maintain the right skillset, now and for the future, we continue to focus on retention and development opportunities for our co-workers. We reskill and upskill competencies where possible and recruit new competence where there is a skill or knowledge gap. Our new Competency Framework constitutes the foundation and will provide guidance on what is required and expected of each co-worker. To close competence gaps we offer a broad range of learning solutions, such as professional e-learning modules and access to online videos as well as learning tailored to individual needs and role specific needs. Since the pandemic the way we learn has changed and physical workshops have been replaced by other methods, using online tools to sustain a continuous learning journey for our co-workers.

Our leadership programmes

During the past year we have focused on supporting and developing our leaders in an ever-changing environment. Our internal learning programme “Leading through change” focusing on culture, values and leadership, psychological





eNPS 30

Our end of year goal reached, our longer-term ambition is to reach a goal of eNPS 40.

safety, and building trust has been delivered to all leaders and co-workers. The priority for 2023 is the development of the right skillset and mindset of our leaders to continue to drive transformation. The Ikano Group's Leadership Skills and Capabilities model provides the pillars and guidance for a new Leadership Development Program due to launch and run throughout 2023. Particular emphasis will be put on leading through the Ikano Values and Ways of Working.

Performance Management

Since 2016 we have been using an annual performance management process called "The engagement dialogue". This is meant to strengthen co-workers' engagement and commitment and to combine each person's needs and wishes with the needs of Ikano Bank. The aim of the engagement dialogue is to evaluate the previous year and establish and agree on next year's objectives, while connecting those objectives to the overall business strategy of Ikano Bank.

Based on a new approach of performance management work has begun to develop a more dynamic solution in Ikano Bank People, our core people platform. This work will focus on the behaviour needed to truly engage and align our co-workers to deliver against our business plans. This will be done through regular quality conversations with the direct manager with the opportunity to give and receive feedback. We will simplify the existing process and ensure our people have "clear line of sight" to our overall company objectives and understand how their contribution makes a difference.

Employee Engagement

We conduct a regular pulse survey to measure overall employee satisfaction and engagement throughout the year. The results and feedback given to improve our workplace are discussed within the teams, and actions are taken to ensure improvements.

Work has also begun to update our regular pulse survey that measures overall employee satisfaction and engagement. The questions have been reworked for 2023 and we have added new categories that are more relevant to our business, including a section on sustainability. We have also increased the opportunity for co-workers to provide their qualitative feedback, enabling us to drive actions and

3,818

Number of courses accessed in LinkedIn learning.

outcomes to ensure high levels of engagement. Having reached our end of year goal of eNPS 30, our longer-term ambition is to reach a goal of eNPS 40.

Whistleblowing

We continue to promote and develop a culture of openness and transparency. This year we released an updated Whistleblowing Policy in line with the requirements set out in the Directive (EU) 2019/1937 of 23 October 2019 on the protection of persons who report breaches of Union law. We have also launched an upgraded platform by which co-workers can anonymously report any concerns or issues.

Health and safety

Throughout 2022 we continued to welcome co-workers back to our offices following periods of lockdown across our markets, with many offices taking a phased approach to allow for a period of readjustment to office life. We maintain a commitment to create a physically and psychologically safe and healthy workplace, where the risks of work-related illness and occupational injury are prevented through pro-active and timely measures. Our focus for 2023 will be to promote proactive management of mental health across the Bank by introducing qualified Mental Health First Aiders across all markets and to ensure all our co-workers have access to specialist support, if needed.

One Bank Way of Working

In 2022 we took the next natural step to evolve our business and continue our journey to become One Sustainable Bank. In November we increased commercial focus by creating a separate B2B function reporting to our CEO and changed reporting lines in functions such as Operations, Business Control, Credit and People & Communications to strengthen working together bank-wide, establish common ways of working and better use the expertise and competence we have in the Bank. By 2024 we aim to be One Sustainable Bank with an edge in technology in B2C and B2B, on the path of being thought leaders for sustainable banking.

Supporting positive development in society

We want to make a positive impact on the lives of the many people. This includes financially supporting good causes, especially in places where we operate and can make a difference.

We support initiatives contributing to positive development in society, through donations, volunteer work, and cooperation with non-profit organisations. We donate to projects focused on education, health issues, integration in society, and many more initiatives to support our sustainability agenda.

In addition, all co-workers can spend one day of paid leave a year supporting a local charity. These Social days are aimed at increasing co-worker engagement, in our sustainability work and in important issues where we can all contribute.

Since 2016 we have been encouraging co-workers to take part in the yearly Ikano Health week, a group-wide initiative where we dedicate one full week to our health, by exercising or focusing on mental health.

Support for Ukraine

The invasion of Ukraine is a humanitarian tragedy that affects us all. We saw active engagement among our co-workers to support, and as a company we donated money to help people who had to leave their homes and flee for their lives.

The money raised during Health week 2022 was donated to an organisation in Poland, the Nienieodpowiedzialni Foundation (NNO), supporting Ukrainian refugees. The donation helped to purchase a vehicle for evacuation of injured and civilians (mainly parents with children), first aid medical equipment for several hospitals in Lviv and Kharkov, and much more.

For many years we have been supporting Operation Orphan in the UK, a charity working to support orphans and vulnerable children around the world. This year a donation from Ikano's charity fund helped them send their crisis team to Moldova offering targeted support to vulnerable child refugees.

We also organised collections of supplies to help refugees, with co-workers volunteering to pack the supplies. In Poland, for example, co-workers helped sorting and packing more than 20,000 pairs of shoes. See image on the next page of some of our co-workers who helped out.

Here are some examples of other initiatives we have supported this year:

WiesPaten in Germany

WiesPaten is an initiative that helps educationally disadvantaged children and young people of mostly immigrant background to navigate their school path. The focus is on special teaching, sponsored by companies. In addition, the children carry out activities together with their sponsors.

Ungas vägar in Sweden

We have together with Save the Children and other companies and partners including the employment agency (Arbetsförmedlingen) and Malmö Stad designed a program to increase young people's opportunities for better living. The aim is to prevent lifelong exclusion in society. The program is aimed at young unemployed people aged 18-29 in socio-economically vulnerable areas and people who have recently come to Sweden. The goal is to help young people into work or education. Since the program started in 2020 we have have run three programs with a total of 38 participants with the following results: 65% work or study, participants report increased self-esteem, increased belief in being able to influence their life, increased knowledge of what is required to get a job, and increased trust in society/authorities.



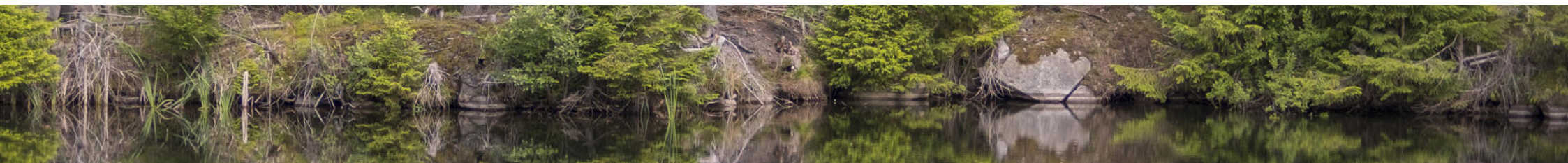
Here is one example of how our co-workers in Poland supported Ukrainian refugees, sorting and packing shoes together.



Key figures

GENERAL INFORMATION	Unit	2022	2021	2020	2019	2018
Number of offices	qty	8	8	8	8	8
Total office space	m ²	14,338	15,139	15,372	15,372	15,372
Offices certified (LEED / BREEAM)	qty	3	3	3	3	3
Offices with renewable electricity with certificate	qty	6	6	4	4	4
Offices with renewable heating with certificate	qty	3	1	**	**	**
Offices with renewable cooling with certificate	qty	6	3	**	**	**
Electricity	kWh	992,118	1,052,493*	1,101,368*	1,271,837*	1,345,717*
Heating	kWh	898,428	1,333,630*	1,309,873*	1,497,309*	1,544,087*
Cooling	kWh	34,573	42,079	38,750	40,023	45,955
Water	m ³	4,396	2,985	3,848	11,590	5,478
EV company cars	%	15.3	3.6	2.3	**	**
Hybrid plug-in company cars	%	22.2	8.3	1.1	**	**
Remaining company cars	%	62.5	88.1	96.6	100	100
RETAIL PARTNERS	Unit	2022	2021	2020	2019	2018
100% of our retail partners will have committed to 1.5 C business plans	%	72.9	66.6	**	**	**
PAPER CONSUMPTION	Unit	2022	2021	2020	2019	2018
Internal	tonnes	6.6	6.7	12.3	17.1	18.5
External	tonnes	159.5	199.8	197.7	249.9	319.7
Total	tonnes	166.1	206.5	210.0	267.0	338.2

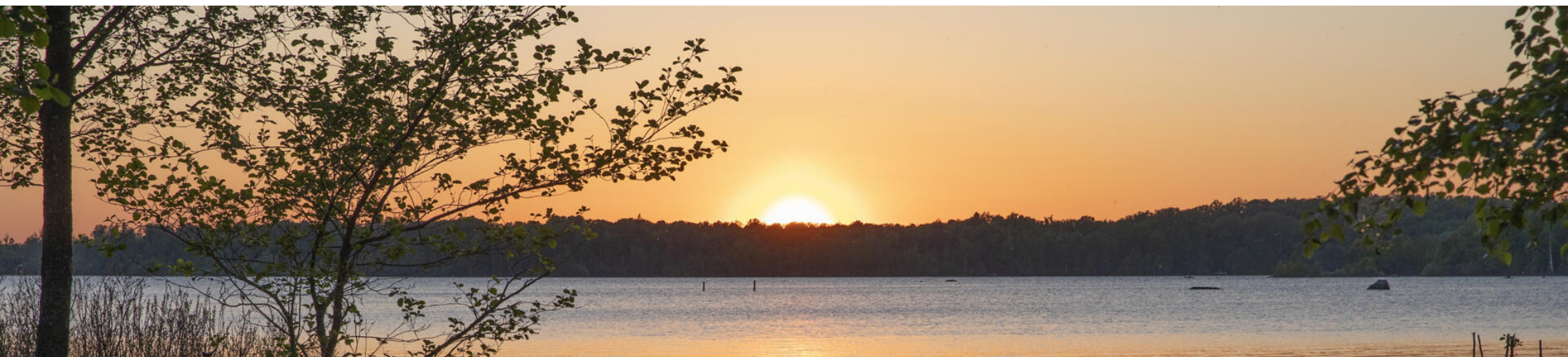
*Correction of data in Sundbyberg **No available data





BUSINESS TRAVEL	Unit	2022	2021	2020	2019	2018
Air	segments	1,431	191	513	2 497	2 739
	km	912,237	106,661	397,655	1,761,698	2,004,080
Hotel	nights	1,693	252	467	1,794	1,985
Rental car	days	4	1	4	16	5
SOLAR PANELS FINANCED	Unit	2022	2021	2020	2019	2018
Solar panels	qty	561	625	1,114	1,221	1,011
Estimated produced kWh	kWh	3,679,210	3,826,400	4,498,500	4,788,466	3,543,399
OUR 2025 GOALS	Unit	2022	2021	2020	2019	2018
100% paperless customer correspondence	%	25	*	*	*	*
25% share of our liquidity portfolio is defined as green	%	17.9	13.1	4.6	3.0	*
Increase our sales of lending verified as green by 10 times (compared to baseline 2021)	%	0.8	0.6	*	*	*
Loans defined as green of total loan book	%	1.8	1.7	0.8	*	*
Reach climate neutrality in our offices	tCO ₂ e	4,126	5,072	4,831	*	
100% of our IT equipment is recycled or returned for extended life	tCO ₂ e	273.3	311.5	34.7	5.6	*
	tonnes	3.1	1.7	0.7	0.2	*

*No available data





People data

GENERAL EMPLOYEE INFORMATION		Unit	2022	2021	2020	2019
Headcount	count		1,061	1,069	1,008	1,067
FTE	sum		987	946	898	934
Employment (Full-time)	%		85	85	86	78
Employment (Part-time)	%		15	15	14	22
Employment (Permanent)	%		92	92	97	na**
Employment (Temporary)	%		8	8	3	na**
Average seniority	years		5.8	5.5	5.4	na**
DIVERSITY INFORMATION		Unit	2022	2021	2020	2019
Total Employee (female)	%		54	56	57	57
Total Employee (male)	%		46	44	43	43
People manager (female)	%		46	44	48	45
People manager (male)	%		54	56	52	55
Bank Management Team (female)	%		42	50	40	30
Bank Management Team (male)	%		58	50	60	70
Amount of different nationalities	count		22	23	18	na**
EMPLOYEE DEVELOPMENT AND ENGAGEMENT		Unit	2022	2021	2020	2019
Total training hours dedicated in LinkedIn Learning	hours		764	1,371	1,625	na**
Learning videos completion in LinkedIn Learning	count		13,473	24,138	31,617	na**
Employee Engagement Index (Ikano Bank)	index		8.4	8.14	8.09	na**
Employee Engagement index (external benchmark)* ³	index		7.8	7.6	7.5	na**
eNPS (Ikano Bank)	index		30	14	17	na**
eNPS (external benchmark)* ³	index		8	7.4	8.1	na**

SOCIAL RESPONSIBILITY INFORMATION		Unit	2022	2021	2020	2019
Total number of social days	days		183	56	* ⁴	217
Total spend on charity	kSEK		1994	761	1,250	2,157
BOARD OF DIRECTORS INFORMATION		Unit	2022	2021	2020	2019
Board constellation – ratio of external members	%		50	44	57	57
Board constellation – ratio of internal members* ²³	%		50	56	43	43
Board of Directors (female)	%		30	22	29	29
Board of Directors (male)	%		70	78	71	71

* as per 31/12 of each year

*² employed by shareholder of Ikano Bank

*³ all pulse survey participants

*⁴ no data collected due to Covid pandemic

na** values not measured that year

AGE GROUP DISTRIBUTION		Unit	2022	2021
18–20	%		2.4	1.0
21–25	%		10.2	8.2
26–30	%		12.3	12.1
31–35	%		17.7	17.8
36–40	%		15.2	14.8
41–45	%		14.0	14.5
46–50	%		11.7	12.7
51–55	%		9.5	10.6
56–60	%		4.0	4.7
61+	%		3.0	3.6
Total	%		100	100



Our carbon footprint

Since 2020, Ikano Bank has conducted a GHG assessment for scope 1, 2 and 3. In 2021 we became a member of Partnership for Carbon Accounting Financials (PCAF), guiding our work to reduce emissions within the investment portfolio.

We have set goals to be reached by 2025 for each of the 3 scopes, with actions to be delivered during 2023. One of the overall actions is to improve the data quality, enabling us to make better decisions.

2022 shows a positive trend in lowering emissions within our own operations. The main contributing factors are less commuting resulting in lower emissions, reduced use of paper and reduced emissions of purchased goods and services (in 2022 based on factual GHG data from top suppliers instead of purchase value). Due to the end of the pandemic Co2 emissions from business travel have increased in 2022. There has also been an increase in emissions from company cars (scope 1). However, the increased share of EV and Plug-in Hybrid company cars has limited the increase.

Scope 1

Covers emissions from sources that an organisation owns or controls directly – for example from burning fuel in company cars.

Scope 2

Covers emissions that a company causes indirectly when the energy is purchased from a utility provider – e.g., electricity, heating, cooling.

Scope 3

Emissions are all other indirect emissions that occur in the value chain of a company and are not included in scope 2. These emissions are a consequence of the company's business activities but occur from sources the company does not own or control.

GREENHOUSE GAS (GHG) PROTOCOL (tCo2e)	Development (%) 2021 vs 2022	2022	2021	2020 (baseline)
SCOPE 1				
Cars	53%	214	140	207
Stationary combustion	-55%	9	20	86
Total Scope 1	39%	223	160	293
SCOPE 2				
District heating		-	-	-
Electricity	-35%	32	49	114
Total Scope 2	-35%	32	49	114
SCOPE 3				
Indirect emissions from fuel and energy	38%	58	42	93
Business travel	2,508%	339	13	46
Employee commuting	-53%	696	1,493	1,606
Purchased goods and services	-11%	2,437	2,730	2,078
Other	-42%	341	585	601
Total Scope 3	-20%	3,871	4,863	4,424
TOTAL SCOPE 1, 2 & 3	-19%	4,126	5,072	4,831
Investments	10%	93,413	84,679	60,822
TOTAL SCOPE 1, 2 & 3 (incl. investments)	9%	97,539	89,751	65,653

Note;

The model used for calculating emissions for investments is based on the PCAF methodology. In contrast the calculation model for lending is not yet fully developed. Emissions from lending is therefore excluded from this assessment.



EU taxonomy regulation

Ikano Bank is, in accordance with Article 8 of the EU Taxonomy Regulation and the underlying disclosures act, required to disclose the proportion of taxonomy-eligible and taxonomy non-eligible activities related to the environmental objectives of climate change adaption and climate change mitigation.

The EU taxonomy related disclosure requirements were applicable for the first time in 2021. For the accounting years 2021 and 2022 transitional rules apply for credit institutions. This means reporting is limited to the extent to which customers and counterparties' activities are being eligible or non-eligible with the EU taxonomy. From 2024 and onwards credit institutions will report to what extent activities are aligned with the EU Taxonomy. The European Commission has published templates to be used for the full taxonomy reporting from 2024 and onwards.

The Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) will replace the Non-Financial Reporting Directive (NFRD), supporting the further implementation of the EU Taxonomy Regulation moving forward. We are currently reviewing the impact on our business strategy, IT systems, lending and investment processes, and will be eligible for reporting in 2025, for accounting year 2024.

Data and methodology

Mandatory eligibility disclosures of financial undertakings must be based on actual information from our customers, and not estimates. For 2021 the scope for disclosures only included exposures to household mortgages. In 2022 exposures to car loans, renovation loans and NFRD undertakings were also included. Ikano Bank only offer general purpose loans and does not have any exposures to household mortgages, car- or renovation loans and no such exposures has been assessed for eligibility.

During 2022 we have worked with improving the methodology to identify NFRD undertakings, but the implementation is not yet complete. Therefore, when identifying NFRD companies, there are still limitations in available data from customers and counterparties. As a result, the eligibility disclosures for NFRD companies may not be complete. Exposures to non-NFRD undertakings within the EU and to non-financial undertakings outside the EU are not assessed for taxonomy eligibility. Initially other assets such as cash and credits to local governments is not included in the mandatory reporting. Consequently, this means that the table does not sum up to 100 percent. Demand inter-bank loans, derivatives, trading portfolio and assets related to central governments, central banks and supranational are excluded from being reported as taxonomy eligible.

	Proportion of Covered Assets, %		Proportion of Total Assets, %	
	2022	2021	2022	2021
MANDATORY TAXONOMY REPORTING				
Taxonomy eligible assets	1.2	-	1.1	-
Taxonomy non-eligible assets	71.6	72.4	66.2	67.3
Assets related to central governments, central banks, supranational	8.1	7.5	7.5	7.0
Derivatives	0.4	0.0	0.3	0.0
Assets related to non-NFRD ¹ undertakings	14.7	10.4	13.6	9.7
Trading Portfolio	-	-	-	-
On demand inter-bank loans	4.8	4.4	4.4	4.1

¹Entities obliged to report according to Non-Financial Reporting Directive



Our engagement with the UN Sustainable Development Goals

The UN SDGs provide a framework for collective actions to tackle global sustainability challenges. At Ikano Bank, we support all of the UN SDGs, and use them to guide our strategic ambitions. We have chosen to focus on 7 goals, where we believe we can make the biggest positive impact through our own operations and our business.

Find out how we contribute to the goals we have chosen to prioritise in the table below.

United Nations Sustainable Development Goals		How Ikano Bank contributes	Read more on page
	Good Health and Well-being	Launched a mortgage calculator in Sweden Awards contributing to good health and well-being Affordability focus	7–8, 28
	Quality Education	Engagement through our social initiatives	32
	Gender Equality	Equality and diversity focus Engagement through our social initiatives	29, 32
	Affordable and Clean Energy	Increase of our share of green sales and green liquidity portfolio Increase of renewable electricity, heating and cooling in our offices	22–24, 26
	Decent Work and Economic Growth	Working with human rights, fair working conditions, diversity and gender equality Engagement through our social initiative	11, 29–30, 32
	Industry, Innovation and Infrastructure	Increasing our sustainability requirements towards our suppliers and partners Increase our share of green sales promoting sustainable technologies	23–25, 27
	Responsible Consumption and Production	100% digital solutions applying cloud-based solutions where possible Removal of physical material Reuse and recycling of IT equipment Promotion of sustainable solutions	23–24, 26–27



Our engagement with the UN Global Compact



To strengthen our adherence to the 10 principles we decided to perform an internal assessment across all our markets and functions. The assessment will be performed during 2023. The gap identified will be transformed into an action plan with set priorities and time-lines to close the gaps identified.

United Nations Global Compact (UNGC) Principles

HUMAN RIGHTS			ENVIRONMENT		
Location in report			Location in report		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	Respecting human rights, fair working conditions, diversity and gender equality (11–12, 29–30) Equality in our foundation (page 29)	Principle 7	Businesses should support a precautionary approach to environmental challenges	Responsible investments (page 21) Our sustainability goals (page 15, 35) Updated partnership policy (page 25)
Principle 2	Make sure that they are not complicit in human rights abuses.	Respecting human rights (page 11–12, 32)	Principle 8	Undertake initiatives to promote greater environmental responsibility.	Our sustainability goals (page 15, 22–27)
LABOUR			Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	Updated partnership policy (page 25) Our sustainability goals (page 23–24)
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Respecting human rights (page 11–12, 32)	ANTI-CORRUPTION		
Principle 4	The elimination of all forms of forced and compulsory labour.	Respecting human rights and childrens' rights (page 11–12, 32)	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	Code of conduct, mandatory trainings and whistle-blowing process (page 18, 31)
Principle 5	The effective abolition of child labour.	Respecting human rights and childrens' rights (page 11–12, 32)			
Principle 6	The elimination of discrimination in respect of employment and occupation.	Equality and diversity in our foundation (page 28–29)			



Approval and auditor's sign off

Approved by the Board, date according to digital signature.

Auditor's opinion regarding the statutory sustainability report

To the general meeting of the shareholders in Ikano Bank (publ), corporate identity number 516406-0922

Engagement and responsibility

It is the board of directors who is responsible for the sustainability report for the year 2022 and that it is prepared in accordance with the Annual Accounts Act for Credit institutions and Securities Companies.

The scope of the examination

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm, date according to digital signature.

KPMG AB

Mårten Asplund
Authorized Public Accountant





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Under the supervision
of the Swedish Finansinspektionen

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