

# Sustainability report 2023



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# Walking the walk of sustainability

Ikano Bank is undergoing a major transformation, where sustainability is a core factor. To find out more we asked our Chief Financial Officer Niclas Olsson and Anna Werntoft, Chief Transformation Officer and responsible for sustainability in the Bank to clarify the key aspects of this journey below.

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## **First of all, how would you summarise Ikano Bank's approach to sustainability?**

Anna: Our business idea is to enable a healthy economy for the many people and businesses. And we do it by offering simple and affordable financial services on fair terms. Our biggest contribution to a sustainable society is through our customers. Other important aspects are of course to reduce our own climate footprint and being a fair employer.

Niclas: We also have to make sure our business model is sustainable, with a balanced risk approach. Being a financially healthy bank is fundamental to being sustainable long-term. In that sense, profitability is sustainability.

## **An important part of the transformation is the development of new digital products and services. How will this benefit our customers?**

Anna: Our new digital platform gives us a fantastic opportunity to build in sustainability into new products and processes which benefits our customers. And it improves our ability to use best practice and apply new solutions in more markets.

## **How is sustainability in Ikano Bank organised, and why?**

Anna: We have a pool of experts with the responsibility of advising, spreading knowledge and following up on goals and our performance. The actual work is done in all functions of the organisation, in our daily work. Sustainability is not something you do on the side. It is part of our everyday business.

## **This is the last sustainability report before the new EU corporate sustainability reporting directive is implemented. What impact will it have on sustainability reporting?**

Niclas: CSRD means that companies will have to relate to commitments and plans regarding sustainability in the same way as we relate to financial reporting, commitments, and plans. We welcome the change, it levels the playing field and pushes us to incorporate our sustainability agenda in our plans and strategies – to not only talk the talk, but walk the walk, so to speak.

## **That said, what are we doing at Ikano Bank in regards to the new regulation?**

Niclas: We have initiated a CSRD project with the aim to integrate our sustainability reporting into our financial reporting. During 2023 we have performed a preliminary double materiality assessment (DMA) to identify material impacts, risks and opportunities. We still have a lot of work in front of us to deliver the new integrated Annual Report for 2024 in the beginning of 2025, but we look forward to seeing the results and the impact it will have on our work moving forward.

## **What are some of the sustainability highlights in 2023?**

Anna: We have improved our credit models to be more granular, to assure responsible lending, and we have increased our knowledge on how to measure our carbon footprint. Also, we are getting closer to a fully digital correspondence with our customers, which has a positive impact on both customer experience, emissions, and costs. Another positive development is the growth of sales defined as green in our B2B leasing business. And when it comes to Ikano Bank as a responsible employer I would like to highlight our Mental Health First Aider initiative. We now have 25 co-workers certified working across the Bank to raise awareness of mental health and wellbeing, and support their colleagues.

## **And lastly, what about 2024?**

Anna: Next year we will continue the CSRD work we have already started. It has been a good discussion agreeing on what is material for the Bank. I am proud to see the high engagement we have in the Bank and happy about how our level of knowledge has improved.



Anna Werntoft, Chief Transformation Officer and responsible for sustainability and Niclas Olsson, Chief Financial Officer.

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## At a glance



**194** social days spent by our co-workers supporting a local charity.



Launching a new digital IKEA loan in Finland



We moved our office in Wiesbaden to a sustainable building close to public transport

**24%** share of Green Bonds in our Liquidity Portfolio, vs 18% in 2022

**60%** of our customer correspondence is paperless

**19%** reduction of carbon emissions (scope 1,2,3)

**1,035** employees in 8 markets



Credit card for IKEA Family in Germany won Fairness award for the second time in a row

**38** all-time high employee engagement, eNPS

**46%** of our people managers are female

**480** MSEK financing of green solutions in B2B

## Business model

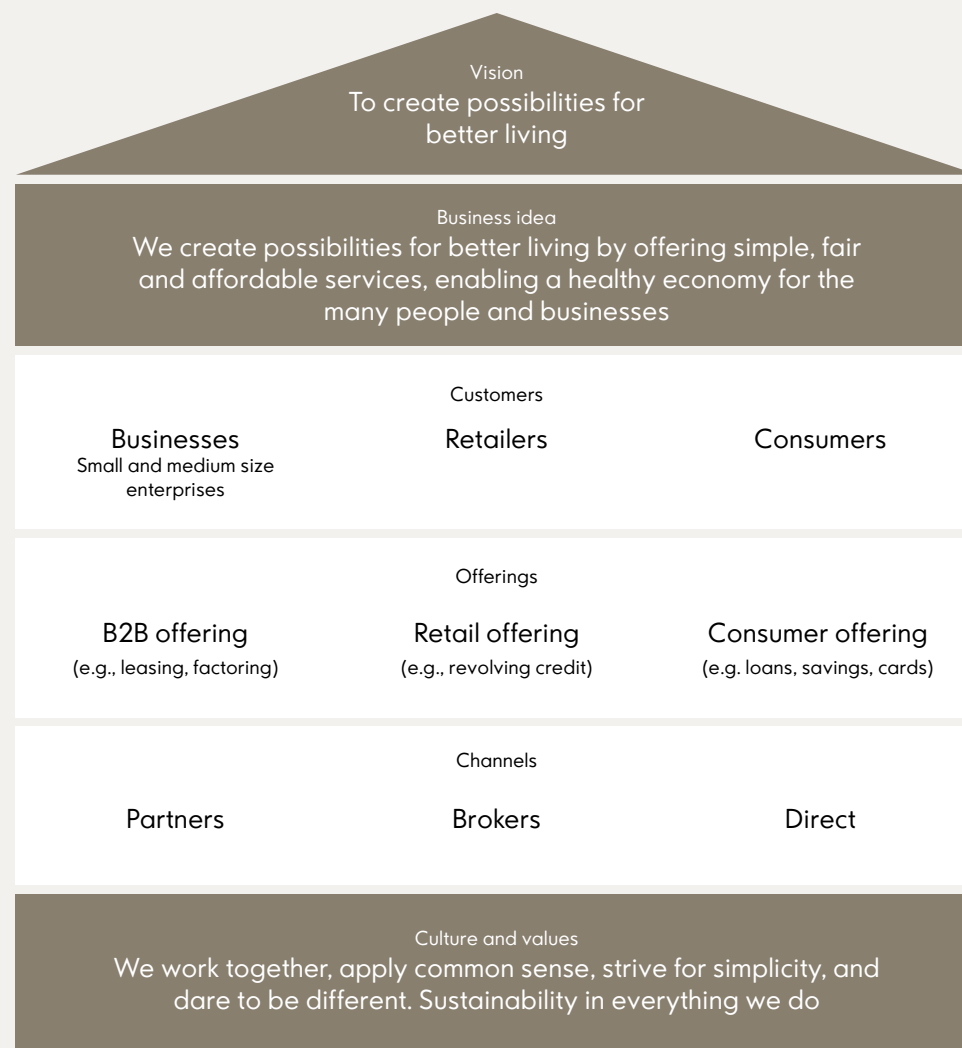
Our culture and values lay the foundation for our business and our vision and business idea guide us every day.

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. 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.

### Our foundation

Our retail heritage lays the foundation for our purposeful, customer-centric and value-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.





## Financial services for a healthy economy

Supported by our digital transformation we develop simple, fair and affordable financial services. Enabling a healthy economy for the many people and businesses is our contribution to a sustainable society.

Ikano Bank is in the middle of an extensive transformation to ensure we remain a relevant bank for the many people and businesses. At the core of our change is a new cloud-based and event-driven digital 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.

Our digital transformation and product development supports sustainability in several ways. Faster and more personalised communication increases our relevance in the market, making more people choose our transparent and fair products and services. And the use of open banking gives additional customer groups access to the financial system. In addition, our ambition to reach 100% paperless customer communication means we will reduce our carbon footprint as well as improve efficiency and reduce manual work. This year we have removed even more paper correspondence in our markets and are on track to meet our goal.

### Consumer products for a healthy economy

With our simple and fair products we enable consumers to make sustainable choices based on affordability and positive long-term effects. Since 2021, we have launched attractive consumer products on the new platform in several markets. And we will continue to do so in the coming years.

In September 2023, we introduced a new IKEA loan in Finland with fully digital application, payment and invoicing processes, transparent fees and interest rates. The launch was successful in terms of the digital customer journey, technical stability and operational processes. Already after three months it has resulted in higher efficiency and better business performance.

In Germany, the new IKEA Family Credit Card won the German Fairness Award for the second time since its launch in 2022. We are truly pleased with the recognition, based on customer perceptions in areas such as value for money, reliability, transparency and whether they would recommend a product or service.

We continuously work to improve the customer experience. One example is in Norway, where we improved the application process using new technology such as open banking. The result was a more digital process with less paper handling that made the process smoother and easier which increased availability. We have also transformed the loan and deposit payment processes in Sweden.

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With our simple and fair products we enable consumers to make sustainable choices, based on affordability and positive long-term effects.





### 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.

A new platform for B2B services is in development. The platform will enable more harmonisation across our markets, making it less resource-demanding and easier to scale products once developed. The platform will also make tracking and managing sustainable assets easier and enable us to cater for ESG factors in credit assets. In addition, it will facilitate easier integration and adaptation of new data sources. This is an important capability which will benefit businesses otherwise deemed less creditworthy.

### A balanced credit risk approach

As a responsible lender, we provide fair and transparent financial products that allow our customers to stabilise their finances. At the same time, we need to protect vulnerable customers and ensure that the Bank meets the profitability required for long-term stability and that sustainability factors play a crucial part in our credit granting.

During 2023 our work has focused on meeting the requirements posed by a more volatile financial world. We have strengthened our predictive analysis capabilities and implemented stricter requirements on affordability. This is to ensure that customers do not end up in financial hardship as well as introducing sustainability factors throughout our B2B lending.

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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.





# Governance

Sustainability is an integral part of the overall business strategy within the Bank, creating value for customers, employees, and society. This principle is also reflected in our governance structure.

The governance of sustainability is integrated in our management and functions, and consists of the following parts (see corporate governance chart below):

## 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 strategy 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 implement 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

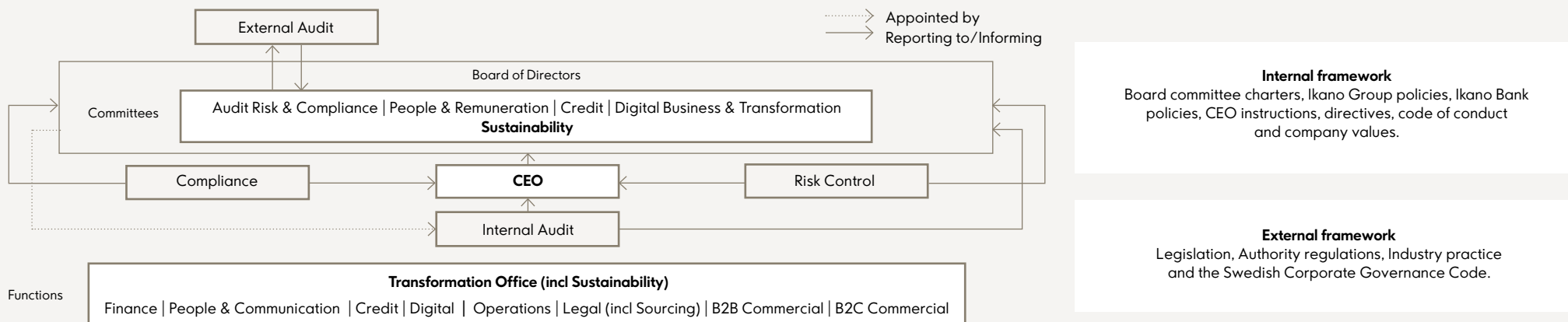
The functions in the Bank led by the respective Chief officer are responsible for implementing sustainability in respective policies and other steering documents to secure sustainable development of our products and services.

## 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.

## 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 functions relevant to the assigned task.





# Our commitment and responsibility

Our sustainability work is based on our own policies, instructions and directives, but also a number of external initiatives and frameworks. Because our sustainability agenda is part of a bigger picture.

At Ikano Bank we have an overall commitment and responsibility to stay true to our values, safeguard our brand and minimise 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 Bank upholds the human rights of our co-workers and workers in the value chain, treating everyone with dignity and respect. We adhere to internationally recognised laws and standards including the Universal Declaration of Human Rights, Norwegian Transparency Act and the UK Modern Slavery Act. This means that we do not accept using child and involuntary labour, uphold high working standards and regulatory remuneration standards, respect the rights of our co-workers and workers in the value chain to organise freely, exert no discrimination and dissociate from harassment and abuse in the workplace.

Ikano Bank 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 adhere to the Paris Agreement and work actively with the following initiatives and frameworks:

## UN Sustainable Development Goals (SDGs)

The 2030 agenda for sustainable development, with 17 goals for sustainable development, was adopted by all United Nations Member States in 2015. It provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At Ikano Bank, we support all of the UN SDGs, using them to guide our strategic ambitions. We have chosen to focus on 7 goals (see next page), where we believe we can make the biggest positive impact. Read more about our SDG contributions on page 37.

## UN Global Compact

The UN Global Compact is an initiative aimed at companies and advocating 10 principles based on international conventions. These principles, established in 2000, cover human rights, labour rights, the environment and anti-corruption. During 2023 we performed an assessment using the communication of progress (COP) questionnaire, identifying improvement potentials including strengthening our policies, instructions and directives across the Bank. Read more about our engagement on page 38.

## Greenhouse Gas Protocol

The Greenhouse Gas Protocol (GHG protocol) establishes comprehensive global standardised frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions. Ikano Bank has worked with the GHG protocol since 2020. Read more about our GHG Assessments on pages 24 and 36.

## 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. In 2023 an in-depth analysis of our 2022 financed emissions was performed. A Financed Emission 2022 report was published in November 2023. Read more about responsible investments on page 19.



## 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. Ikano Bank has been working with the principles since 2020 and has since implemented a green bond framework, reviewed by Cicero, a provider of independent, research-based second-party opinions of green financing frameworks. Cicero has rated the Bank's 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. Read more about green bonds on page 19.



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



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



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 more sustainable living. We are moving towards having 100% renewable energy in our offices.



We set high standards for fairness and work with our suppliers to ensure human and labor rights are protected. Through our commitment to the 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 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, instructions and directives and practices across our value chain, managing the solutions and materials we use in the Bank.

## Our progress 2023

See overview summary on page 37.

## Long-term ambition

We strive to be recognised as a trusted and sustainable bank, making us the natural choice for the many people and businesses. We offer financing on fair terms that is simple and affordable.

We believe people with a healthy economy contribute positively to the wider economy, help drive social progress and are more able to make better environmental choices. Our business idea “We create possibilities for better living by offering simple, fair and affordable services, enabling a healthy economy for the many people and businesses”, places sustainability at the heart of our business. The way we do business, the choices we make and the services we offer ensure that our own impact on people and the planet is made responsibly.

A strong economy, a fair society, and a healthy environment are interdependent and necessary for people and businesses to thrive. Moreover, the world is changing quickly, and the expectations of people are being shaped by new technology, concern for personal and social wellbeing, and the climate crisis.

Ikano Bank contributes to the stability of the financial infrastructure by maintaining a well-governed, resilient, and profitable bank. We secure long-term growth and competitiveness for the Bank and our customers by investing in new technology, by offering products and services that bring value to our customers. And by applying our strong company values and ethical culture in all aspects of the daily business. This builds trust among co-workers, customers, partners, and other stakeholders.

As part of the financial community, we have a responsibility to contribute to and be a good partner in society and recognise that trust in banks increasingly relies on how they make money. Trust plays a key role in customer choice and is an essential ingredient for our future growth.

We believe that sustainability is about long-term thinking; doing business in a way which is ethical as well as profitable and makes a positive difference for people and the planet.



### 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.



### 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.



### 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.

## 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 & sustainable living.



## A financially stable bank

Our aim is always to be an efficient and financially strong bank with a balanced risk level. This gives us the stability we need to fulfil our business idea of enabling a healthy economy for the many people and businesses.

Trustworthy and stable financial institutions are an important part of building a sustainable society. Our objective is to be a stable bank where the perspectives of all stakeholders, such as customers, owners, co-workers, partners and authorities, are taken into account.

To us, being a sustainable bank includes managing the business in terms of profitability and regulatory compliance, always considering our environmental and social ambitions. By doing so, we can meet the future demand for products and services and build trust with our stakeholders.

### Transformation for financial stability

Ikano Bank is undergoing a major transformation. New systems, products and processes built on new technology will improve our ability to offer simple, fair and affordable services, giving more of the many better access to financing. Our strategy also allows us to take advantage of our international presence by acting as one bank on all our markets, resulting in efficiencies using shared systems, processes and structures. Our new banking platform also facilitates the introduction of new innovative solutions to our customers in a cost-effective way.

### The importance of being profitable

A core fundamental for our financial stability is to ensure that capital requirements are met and our commitments are honored, at all times. Being a financially strong bank is an enabler for our ambition to invest in our business for growth, and continue to serve current and new customers with relevant and attractive products and services creating possibilities for better living.



## Responsible lending

We manage our lending activities consciously with a set risk appetite, always having our customers' best interests in mind. This way we can contribute to a financially healthy society.

In 2023, we have had two key objectives for our lending activities: promoting financial health for our customers and supporting our business customers in their green transformation.

### Promoting financial health

Promoting financial health in a time of economic volatility can be challenging. As a bank, we can provide much needed stability and help our customers to balance their finances, being transparent and taking responsibility.

This means that we are open and transparent about our terms and conditions, without hidden fees, and put much effort into assessing our customers' ability to repay their loans.

As a responsible lender we need to use as much relevant data as possible to reach insight into our customers' financial situation. In 2023, we have strengthened our affordability calculations and improved our predictive reporting, to understand more about the risk factors assessing our customers' ability to repay their loans. In these challenging times we have also taken a more generous approach to forbearance, to help customers get back on track.

### Supporting our business customers

Our sustainability commitment is reflected in our credit vetting and selection of business partners and customers. In 2023, we have introduced a third-party ESG scoring methodology and take ESG factors into consideration in underwriting for all material B2B lending. We also apply ESG considerations into establishing new partnerships for B2C lending. The aim is to develop this framework further in 2024 and apply ESG scores in a bank-wide strategic context.





# Counteracting money laundering, fraud and corruption

We work to protect ourselves and our customers from the risk of fraud and corruption every day. We improve systems and processes, and train all co-workers to detect risks and act responsibly.

## Money laundering and fraud prevention

We constantly develop and improve our anti-money laundering (AML) systems, processes and routines. In 2023, we launched a new digital solution for ongoing customer due diligence, thus reducing the need for paper-based customer correspondence. During the year we have also reviewed and refined our fraud prevention processes based on insights gained by analytics and data. By adopting digital solutions and data-based decisions in our fraud detection systems, we strive to minimise the impact on the customer journey while ensuring the quality of our preventive work. We ensure that we have a culture of fraud awareness throughout the organisation, reinforcing our collective responsibility to secure a high level of trust and reliability in the financial landscape.

## Anti-bribery and 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 anti-bribery 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 to protect ourselves and our customers is to ensure our co-workers are sufficiently trained. AML and fraud trainings are part of the annual mandatory training for all co-workers. The purpose of the AML training is to give our co-workers an appropriate level of understanding and awareness of money laundering and terrorism financing, and how to avoid Ikano Bank being misused for these purposes. The fraud training is done to raise awareness of potential fraud risks and provide clear guidelines for escalation and mitigation of these risks.



## Risk management and reporting

As a bank, we are required to contribute to the financial stability in the markets where we operate. As such, we need to ensure that our credit portfolio as well as 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 Bank management. 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. The landscape of information security is constantly changing and we continuously monitor and assess 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. We have 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:

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





# Responsible investments

We aim for sustainability in our investments, by analysing the environmental impact of our portfolio, by following our ESG policy, and by increasing the share of green investments.

In 2023, we have analysed our liquidity portfolio using the PCAF (Partnership for Carbon Accounting Financials) framework to better understand the environmental impact of our investments.

## Portfolio composition

93% of total emissions in the liquidity portfolio are due to sovereign bonds, while the share of sovereign bonds accounts for 43% of the total investments. The calculation method for Sovereign debts is based on the Purchase Power Parity (PPP) adjusted from Gross Domestic Product (GDP) method consequently lowering our emissions including adjusting the result for 2020, 2021 and 2022 respectively giving a reduction of 71% in average.

Outstanding amounts	Unit	2023	2022	2021	2020
Sovereign debts	MSEK	2,057	2,764	2,238	1,769
Corporate bonds	MSEK	2,067	4,318	3,430	2,582
Unlisted equity	MSEK	612	352	97	23
Listed equity	MSEK	51	42	38	42
<b>Total</b>	<b>MSEK</b>	<b>4,786</b>	<b>7,476</b>	<b>5,803</b>	<b>4,415</b>

Financed emissions	Unit	2023	2022	2021	2020
Sovereign debts	tCO <sub>2</sub> e	22,955	25,250	22,745	19,976
Corporate bonds	tCO <sub>2</sub> e	1,527	4,784	293	1,560
Unlisted equity	tCO <sub>2</sub> e	114	27	10	2
Listed equity	tCO <sub>2</sub> e	4	0	0	0
<b>Total</b>	<b>tCO<sub>2</sub>e</b>	<b>24,599</b>	<b>30,061</b>	<b>23,047</b>	<b>21,539</b>

## Greenhouse gas emission development

The outstanding amount has decreased with 36% between 2022 and 2023. In the same period, the financed emissions have decreased with 18%.

Financed emissions	Unit	2023	2022	2021	2020
Outstanding amounts	MSEK	4,786	7,476	5,803	4,415
Financed emissions	tCO <sub>2</sub> e	24,599	30,061	23,047	21,539
Emission change	tCO <sub>2</sub> e	-5,462	7,014	1,508	na
Emission change	%	-18	30	7	na
Emission intensity	tCO <sub>2</sub> e/MSEK	5.1	4.0	4.0	4.9
Weighted data score		1.9	2.2	3.4	3.3

The data quality has continuously improved over the years now being 1.9 compared with 3.3 in 2020 driven by access to better data. We are continuing our work to further understand the result and lower our emissions.

## Increasing our share of green investments

Since 2017, Ikano Bank has been investing in green bonds, increasing the share of green investments of our portfolio. Our goal is to have a 25% share of our liquidity portfolio defined as green.

By investing in green bonds, we contribute to the funding of more sustainable and socially responsible projects, such as renewable energy, energy efficiency, clean water, clean transportation, etc. During the year, we have continued to increase our share of green bonds in our liquidity portfolio from 17.9% to 23.9%. We will evaluate and identify our potential to grow our share of green bonds during 2024.

	2023	2022	2021	2020
Share of our liquidity portfolio defined as green	23.9%	17.9%	13.1%	4.6%

### ESG policy

Our ESG policy states that we do not invest in, or finance production in the following sectors and business areas:

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

During 2023, we added our Factoring business to follow the same principles that we use for lending and investments.



## 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.



## Financing green solutions

We finance green products for a sustainable life at home and to support sustainable businesses. Our ambition is to increase our green lending over time.

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

### Green lending in 2023

The positive trend in our green lending continued in 2023, with a rise from 1.8% in 2022 to 2.5% share of the total loan book. In Sweden and Denmark we doubled the share of B2B sales defined as green compared with 2022.

Clean transportation and eco-efficient and/or circular economy adapted products, production technologies and processes are the dominant contributors in our share of lending defined as green. Read more about some of our customers and how we support sustainable businesses on the following page.

Area	Products	Green share
Renewable energy	Biogas refinery, PV panels	2.0%
Clean transportation	Electrical vehicles, e-charging stations	47.9%
Eco-efficient and / or circular economy adapted products, production technologies and processes (eco-certified and energy efficient equipment)	Printers, photo copiers, circular leasing model	37.6%
Energy efficiency	Energy efficient equipment, power storage	9.2%
Environmentally sustainable management of living natural resources and land use	Farming as a service	3.2%
Sustainable water and waste-water management	Mobile water cleaning units	0.0%
Total		100%



## Examples of customer business cases

### Enabling sustainable food production in an urban environment

Swegreen is a Swedish innovation and technology-based urban farming company enabling sustainable food production in an urban environment. Swegreen offers a digitalised farming service inside grocery stores, where the farms are remotely controlled via a cloud-based platform. By combining modern computer science with engineering technology and agricultural expertise, Swegreen enables the store to offer customers hyper-locally produced vegetables and herbs, from planted seed to fully grown plant – all on site in the store. Ikano Bank co-operates with Swegreen, offering finance of subscription-based farming service through our leasing solution. The model itself is called Farming-as-a-Service (FaaS).

### Preventive care for dairy cows

Agricam is a global producer of preventive medical care for cattle, primarily dairy cows. Ikano Bank finances Agricam's veterinary equipment and software for dairy farmers, which enables the farmers to diagnose the animals themselves. This means treatment can be started at an early stage, thus avoiding unnecessary use of antibiotics.

### E-charging financing for the future

LS-Liikennelinjat Oy is a public transport contractor offering transportation services with a fleet of 200 buses in the southwestern parts of Finland, including the third largest city Turku. For LS-Liikennelinjat Ikano Bank finances different types of E-charging stations for electric busses, such as regular charging stations, charging terminals and EAvenue power centers.





## Reducing our own environmental impact

Most of our environmental impact comes from our customers. However, there is still much we can do to strengthen sustainability in our own daily operations. From sourcing and customer communication to how we manage our offices.

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During 2023, we have reviewed our operations, guided by our sustainability framework, to understand how we can best contribute to reducing our own emissions. From this, we have identified a number of areas where we can make a difference.

### Using our sustainability framework to measure impact

We annually perform a GHG assessment for scope 1, 2 and 3, using 2020 as the baseline to measure progress and set actions on how to lower our emissions. One of the overall actions is to improve the data quality enabling us to make better decisions. During 2023, we have incorporated our initiatives and actions into a climate transition plan as preparation for the regulatory reporting of Corporate Sustainability Reporting Directive (CSRD). The climate transition plan will continue to evolve overtime and during 2024 we will evaluate what it will take to commit to the science-based target Initiative (SBTI).

In 2021, we became a member of the partnership for carbon accounting financials (PCAF) to guide the work we are doing to reduce emissions within our liquidity portfolio. In 2023, we analysed our liquidity portfolio to better understand the environmental impact for the calendar year 2022. More information can be found on pages 19 and 36.

### Responsible sourcing

In 2023, a main focus in how we work with sourcing has been to improve our due diligence and the analysis of new and upcoming regulatory requirements.

Being a member of the UN Global Compact, we performed a communication on progress (COP) assessment across the Bank, to identify current gaps and potentials. Based on the results, an action plan has been created which will be implemented during 2024.

We are also in the process of identifying an ESG rating/scoring system which will be used across the Bank, unifying the assessment of suppliers, partners and brokers. In the work to manage our supplier base we have further strengthened our organisation with additional trained experts to manage our most critical suppliers, and securing compliance to internal and external requirements. We are also in the process of revising our supplier questionnaire to ensure we work with suppliers that fit from an ESG perspective.

### Becoming a paperless and digital bank

We are working towards being 100% paperless in our communication with customers reducing our carbon footprint and improving efficiency. Our goal for 2023 was to have 60% of our customer correspondence digital which we reached. That is a reduction of approximately 1.5 million paper letters.

Besides reducing the use of paper, our increasing digitisation has several other benefits, such as:

- Improved customer experience with shorter handling time and better service.
- Less errors compared to manual handling
- Digital archiving
- No need for physical distribution and postage

In December 2023, we implemented a digital customer inbox on the Swedish market, which will be used for most of the customer correspondence. This greatly contributes to reach our goal. Our ambition is to only use FSC or PEFC certified paper in our operations.





## Sustainable IT

As part of our digital transformation, several older systems are being decommissioned and replaced. In 2023, another 5% of these systems were decommissioned. In total, 133 systems have been decommissioned since 2019. From a sustainability perspective, this means replacing old and sometimes redundant systems with more energy-efficient solutions, ensuring regulatory compliance and contributing to overall environmental responsibility.

Another focus area is circularity in IT equipment. Since 2012, we have a program in place for reuse, recycling and extended use of IT equipment, with the goal of achieving 100% recycled or returned which we reached during 2023. The purpose of the program is to return redundant IT equipment from our offices to our partners, for reuse or recycling of parts and materials. The process will be continuously measured and evaluated, in our annual reporting.

## Travelling

Sustainability is a top priority in our travel policy. For business trips travelling by rail is the first choice, and public transport before taxi or rental car (when safe and efficient). Our offices are located within convenient distance to train and/or bus stops, and car-pooling is encouraged. 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 33).

We continue to use online meetings as the preferred solution for long distance meetings, only travelling when necessary. We are regularly reviewing our meeting and travel policy to find more sustainable alternatives in meeting options, food selection, transportation, etc.

In 2023, we have improved data quality by updating our travel expense system. The changes will be implemented early 2024. We perform a commuting survey among our co-workers every second year to create awareness and inspire change to make a positive impact in our every day living. The next survey will be performed in 2024. Due to transforming to a global organisation, we recognise the increase of travelling that has occurred during 2023. Our ambition is to review and make changes to control and decrease our impact long-term.

## Our offices

Today, Ikano Bank has 8 office locations with approximately 1,000 co-workers in total, and we work continuously to reduce the environmental impact of our office operations. One example is the move of our office in Wiesbaden, Germany, to a building that is designed with longevity and sustainability in mind. In addition to running on 100 % certified renewable electricity, the building is equipped with efficient building component activation for heating and cooling (thermo-active ceiling). All systems are equipped with heat recovery and the building is digitally controlled for energy-saving purposes. The move has also taken our office much closer to public transportation.

Other office-related sustainability highlights in 2023 have been installing a new ventilation system in our office in Denmark, increased employee allowance for public transport in Norway, increasing our share of EV- and Plug-in-Hybrid vehicles to 61.1 % and reducing energy consumption by 7.1 %. See Key figures for sustainability on page 33 for more details.

An aligned waste process across the offices will come into place in 2024, meaning all waste will be weighted before it leaves the office. This way we will be able to track our waste on a weekly basis and can take action to reduce unnecessary waste (instead of being dependant on landlord data).

In all issues regarding sustainable offices having a good dialogue with our landlords is crucial to align and share ambitions within sustainability and to reach a better understanding on how we can work towards common goals. We also share best practice between our offices.

## Work continues in 2024

During 2024, we will continue to develop our climate transition plan, improve data quality and update policies, instructions and directives. We will also evaluate science-based targets, move our office in Sundbyberg, Sweden to a new location better suited to meet our sustainability requirements.

## 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.





# Equality and diversity

We continue to develop Ikano Bank as a fair, trusted and caring company where our people truly matter. As an employer, we strive to cultivate an inclusive environment where people can be themselves and experience respect and dignity at work.

## Our co-workers

In 2023, our headcount decreased slightly, from 1,060 co-workers in 2022 to 1,035, with 87% of co-workers in full-time positions. 95% of our co-workers are in permanent positions.

We achieved our highest ever employee net promoter score (eNPS) of 38 in November, exceeding our annual employee engagement target of 35. Throughout the year, we also exceeded the targets set in the focus areas of Engagement, Leadership and Communication.

## Gender Equality

We are pleased with our gender split across the Bank, with a distribution of 55% women and 45% men. Our people-manager positions are held by 54% men and 46% women. The gender split of the Bank's management team remains unchanged from 2022 with 58% men and 42% women holding C-suite roles.

## Equal pay gap analysis

Our position is that all co-workers with comparable experience, performance and qualifications should receive a fair and equal pay regardless of gender for the same or similar job. In the later part of 2023, work began to introduce a digital salary review process across the Bank. Having a "One Bank", systemic approach to salary reviews will result in greater pay transparency and, once the new process has been rolled out across the Bank, we will further increase our ability to report on gender pay equality.

AGE GROUP DISTRIBUTION	2023	2022	2021
<31	24%	25%	22%
31-56	68%	68%	70%
>56	8%	7%	8%

## Employee development, engagement and well-being

Attracting, developing and retaining highly skilled and motivated co-workers is key to achieving our sustainability ambitions. As well as creating a culture which empowers people to co-create, perform and adapt to new ways of working and new business environments.

In 2023, more co-workers transitioned into a functionally-led structure, creating more harmonised and aligned ways of working across the organisation, as one bank operating in several markets.

### Compliance and training

During the year, we continued to build on our suite of e-learning modules with the addition of a bank-wide Sustainability (Strategy & Direction) course that was assigned to all co-workers for completion. We have also developed and launched a new training module to support the UK Branch's adherence to Consumer Duty regulations, to ensure that all co-workers understand the regulatory and compliance requirements of their roles.

### Competence development

Our competency framework provides a foundation which enables all co-workers to know what is required of them to be successful in their roles. The relevant competencies are incorporated into the Bank's role profiles, to create clarity on performance and behavioural expectations.

In October 2023, we launched a pilot for a newly created competency self-assessment tool which enables co-workers to self-identify their development needs across three distinct areas of competence: functional, core bank and leadership. Understanding competence gaps allows us to effectively plan learning and development opportunities as well as making informed decisions in recruitment and selection.





# eNPS 38

All-time high in  
November 2023

## Our leadership program

Our new leadership program “LeadWELL” was introduced in May to support the Bank’s leaders as we continue our transformation journey. The program has been designed to ignite curiosity, inspire discussion and provide practical tools and skills in topics such as communication, creating high-performance teams and managing change. 31 managers completed the first program in November 2023 and a second group began their learning journey in the same week.

## Performance management

Continuing our ambition to increase efficiency and move towards a more harmonised landscape, we have developed and piloted a new tool for performance management. The goal of the new performance management tool is to provide every co-worker with clear objectives aligned to our business plan, opportunity to give and receive regular feedback and to get an annual performance appraisal to reflect on their contribution. Once fully implemented across the Bank in 2024, the tool will help to create a stronger performance culture and will be integral to the digital salary review process being launched in 2024.

## Digital induction

In Q3, the Bank launched a new digital introduction program for all new co-workers, with comprehensive information on our heritage, culture, values, and strategy. Having a standard digital induction ensures consistency in the information that is shared and increases efficiency in the onboarding journey.

In addition to the digital induction, we have also launched “Billy the Bot”, a chatbot that assists all co-workers with any queries they may have relating to their employment. The bot is accessible via Microsoft Teams and proactively contacts co-workers at regular intervals during the onboarding period, offering support and assistance.

# 25

Mental Health First Aiders  
across the Bank

## Employee engagement

Co-worker feedback has been a key factor in many initiatives and developments across the Bank and in 2023 we made the decision to increase the frequency of our employee engagement surveys. Every two weeks we asked our co-workers to answer up to eight questions in categories such as Change Readiness, Wellbeing, Communication and Leadership. We are delighted that our eNPS increased from 29 in January to a high of 38 in November, exceeding our target of 35 for the year.

## Mental Health First Aid

Our Mental Health First Aiders (MHFA) initiative is part of our commitment to support mental health in the workplace. Volunteer co-workers receive training to act as a confidential point of contact for colleagues who need support in mental health issues. During 2023, an additional 14 people have been certified and we now have a team of 25 MHFAs working across the Bank.

## Future office

At Ikano Bank, we recognise the need to offer flexible workspaces that support our co-workers to live by our culture and values and enable them to perform at their best. We have developed a framework document that describes what you can expect to find in an Ikano Bank office, from team bases to collaboration spaces and quiet zones, as well as areas to socialise with colleagues and relax. We believe that the framework will help to boost productivity and optimise our ability to collaborate and co-create together.

## Whistle blowing

We continue to promote and develop a culture of openness and transparency and ensure the protection of people who report breaches of Union law through our Whistle-blowing process and an [online platform](#) by which co-workers can anonymously report any concerns or issues.



# Supporting positive development in society

Our ambition to contribute to a sustainable society goes beyond our customers and co-workers. We invest time and money in good causes, where we believe we can make a real difference.

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At Ikano Bank, we support initiatives contributing to positive development in society, through donations, volunteer work, and cooperation with non-profit organisations. We focus on projects improving the everyday for the many through improved education, health, integration in society, and more. Our goal is to support our sustainability agenda and help drive positive change.

All co-workers have the opportunity to spend one day of paid leave a year supporting a local charity. These social days are aimed at increasing engagement and support for our sustainability work and important issues where we all can contribute.

Throughout 2023, we have supported various initiatives in our local communities where we operate, both via our Social day as well as making financial contributions. Here are a couple of examples of what we have done together to support:

## Running buddies and new furniture

In Finland we support children whose families do not have the financial means to take them to sports events by giving them the possibility to take part in a memorable running experience. In May, we supported the Minimarathon in Helsinki, where colleagues from the Finnish office participated as running buddies. And in Poland, through Social day, our co-workers helped children with special needs at a primary school in Warsaw. Together they refurbished two classrooms and contributed with new furniture and learning materials.

## Coping with grief

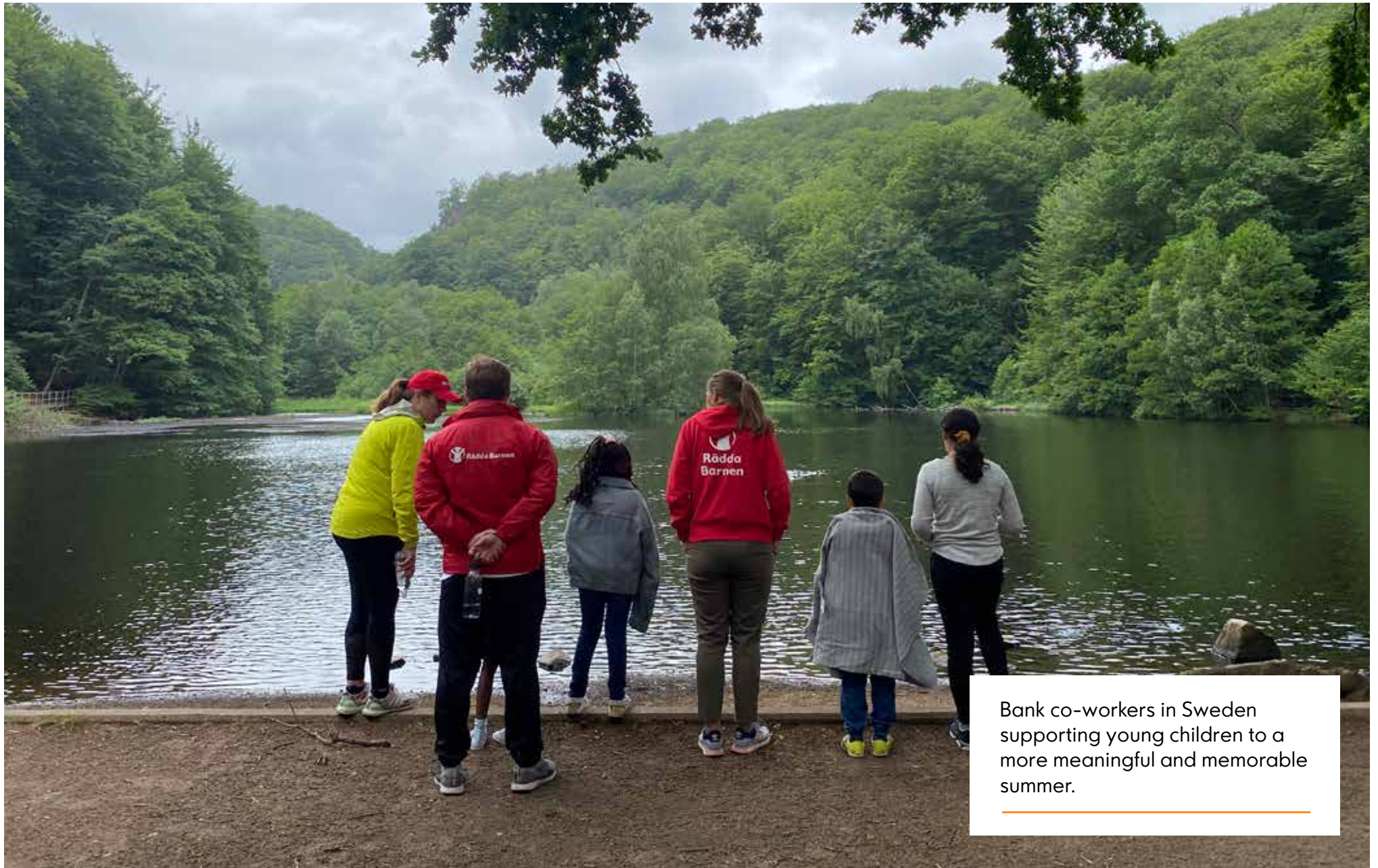
The Children's Bereavement Centre in Nottingham is a local charity that helps children and young people to cope with the grieving process, brought on by the death or terminal illness of someone close. Our co-workers have been involved in many ways throughout the year supporting them in their work, by assisting in fund-raising and donating their time to help with various activities.

## A fun summer

In Sweden we had co-workers supporting young underprivileged children to a more meaningful and memorable summer, through Save the Children's initiative 'Barn till hav och skog' (Children to the Sea and the Forest). Throughout the summer months, 4 days per week, various activities were arranged for children, age 6-15, with colleagues in the Bank as extra help, making it possible for more children to join in the fun.

## Ikano Health week

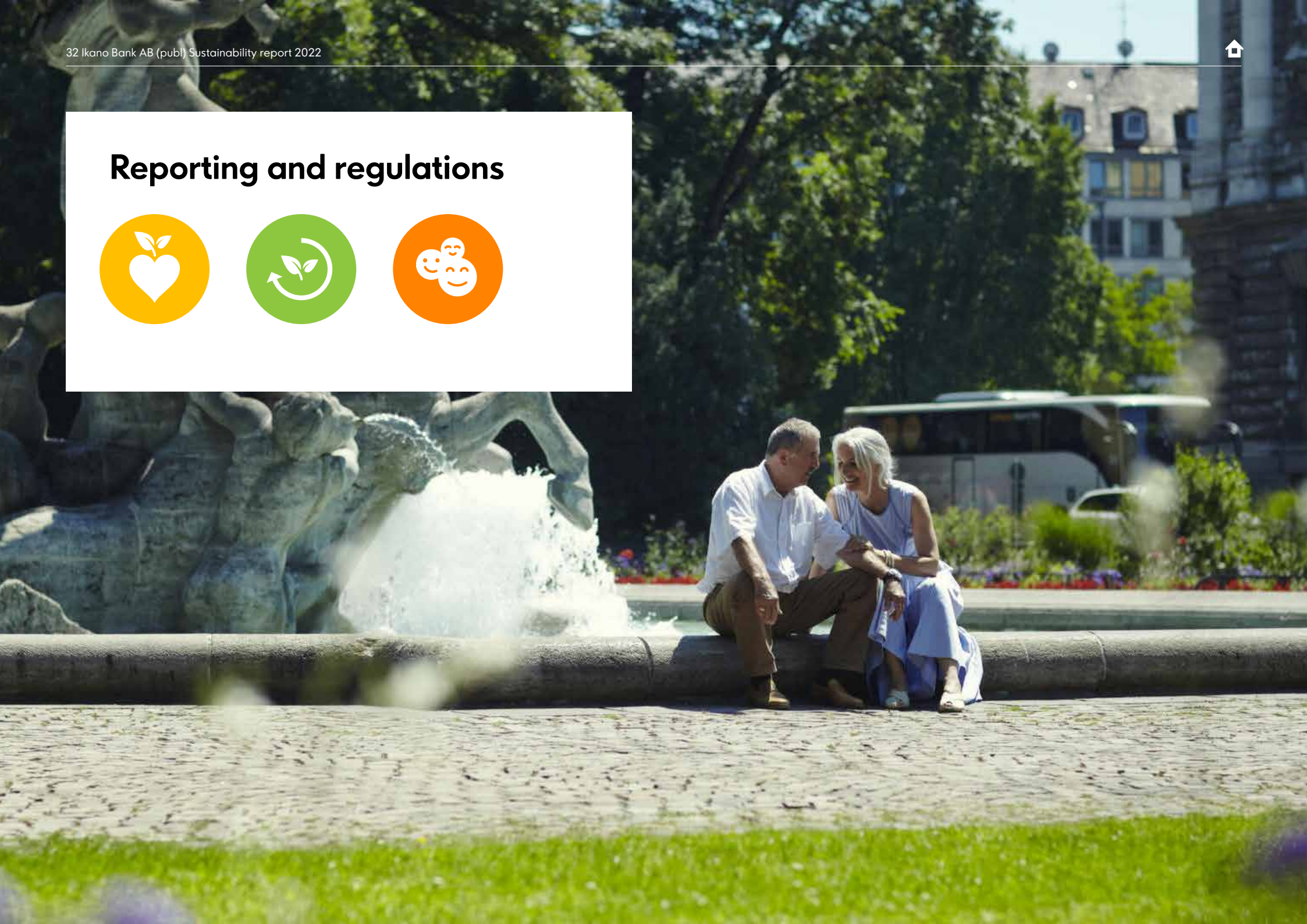
Another example of how we come together to support a good cause is the annual Ikano Health week, a group-wide initiative where we dedicate one full week to our health, by exercising and focusing on our mental health. In 2023, close to 2,000 colleagues across Ikano group spent 2,485 hours on mental health and 8,803 hours on physical health. Every year, a donation is made to a local initiative put forward by one of our businesses and this year the initiative resulted in a donation of EUR 185,000 to 5 Skoler, contributing to their important work building schools along the Syrian border. This makes a world of difference to children who would otherwise have no access to education.



Bank co-workers in Sweden supporting young children to a more meaningful and memorable summer.

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## Reporting and regulations







# Key figures

GENERAL INFORMATION	Unit	2023	2022	2021	2020	2019
Number of offices	qty	8	8	8	8	8
Total office space	m <sup>2</sup>	13,549	14,338	15,139	15,372	15,372
Offices certified (LEED / BREEAM)	qty	3	3	3	3	3
Offices with renewable electricity with certificate	qty	6	6	6	4	3
Offices with renewable heating with certificate	qty	2	2	1	-	-
Offices with renewable cooling with certificate	qty	2	2	2	-	-
Electricity	kWh	842,030	992,118	1,052,494	1,101,369	1,271,837
Heating	kWh	940,480	913,669	1,341,581	1,315,514	1,497,309
Cooling	kWh	15,758	29,901	33,734	29,762	40,023
Total energy consumption	kWh	<b>1,798,267</b>	<b>1,935,688</b>	<b>2,427,809</b>	<b>2,446,644</b>	<b>2,809,169</b>
Renewable energy share (electricity, heating & cooling)	%	38.6	41.6	33.5	32.3	27.0
Water	m <sup>3</sup>	3,742	4,396	2,985	3,848	11,590
EV and Hybrid plug-in company cars	%	61.1	37.5	11.9	3.4	-
Remaining company cars	%	38.9	62.5	88.1	96.6	100
100% of our IT equipment is recycled or returned for extended life	tCo2e	160.8	273.3	311.5	34.7	5.6
	tonnes	2.6	3.1	1.7	0.7	0.2
WASTE	Unit	2023	2022	2021	2020	2019
Recycling	tonnes	20.2	12.6	20.3	15.9	13.7
Incineration (for energy use)	tonnes	12.7	12.5	6.3	12.8	17.3
Landfill	tonnes	4.1	4.1	2.6	2.9	3.3
Hazardous waste	tonnes	0.4	0.3	3.3	2.8	1.8
Total waste		<b>37.4</b>	<b>29.6</b>	<b>32.4</b>	<b>34.3</b>	<b>36.1</b>
PAPER CONSUMPTION	Unit	2023	2022	2021	2020	2019
Internal	tonnes	5.6	6.6	6.7	12.3	17.1
External	tonnes	154.5	159.5	199.8	197.7	249.9
Total	tonnes	160.1	166.1	206.5	210.0	267.0
Share of certified paper (FSC / PEFC)	%	61.7	63.2	*	*	*

\*No available data

<b>BUSINESS TRAVEL</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Air	segments	2,256	1,431	191	513	2,497
	km	1,742,580	912,237	106,661	397,655	1,761,698
Hotel	nights	2,700	1,693	252	467	1,794
Rental car	days	50	4	1	4	16
<b>OUR GOALS</b>						
	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
100% paperless customer correspondence	%	60	25	*	*	*
25% share of our liquidity portfolio is defined as green	%	23.9	17.9	13.1	4.6	3.0
Increase our sales of lending verified as green by 10 times (compared with 2021)	%	1.3	0.8	0.6	*	*
Loans defined as green of total loan book	%	2.5	1.8	1.7	0.8	*
Reach climate neutrality in our offices	tCo2e	2,950	4,127	5,069	5,163	*

\*No available data





# People data

GENERAL EMPLOYEE INFORMATION	Unit	2023	2022	2021	2020	2019
Headcount	sum	1,035	1,061	1,069	1,008	1,067
FTE	sum	980	987	946	898	934
Employment (Full-time)	%	87	85	85	86	78
Employment (Part-time)	%	13	15	15	14	22
Employment (Permanent)	%	95	92	92	97	*
Employment (Temporary)	%	5	8	8	3	*
Average seniority	years	6.1	5.8	5.5	5.4	*
<b>DIVERSITY INFORMATION</b>						
	Unit	2023	2022	2021	2020	2019
Total Employee (female)	%	55	54	56	57	57
Total Employee (male)	%	45	46	44	43	43
People manager (female)	%	46	46	44	48	45
People manager (male)	%	54	54	56	52	55
Bank Management Team (female)	%	42	42	50	40	30
Bank Management Team (male)	%	58	58	50	60	70
Amount of different nationalities	count	22	22	23	18	**
<b>EMPLOYEE DEVELOPMENT AND ENGAGEMENT</b>						
	Unit	2023	2022	2021	2020	2019
Total training hours dedicated in LinkedIn Learning	hours	661	764	1,371	1,625	**
Learning videos completion in LinkedIn Learning	count	11,458	13,473	24,138	31,617	**
Employee Engagement Index (Ikano Bank)	index	8.5	8.4	8.14	8.09	**
Employee Engagement index (external benchmark)	index	7.7	7.8	7.6	7.5	**
eNPS (Ikano Bank)	index	38	30	14	17	**
eNPS (external benchmark) <sup>3</sup>	index	11	8	7.4	8.1	**

SOCIAL RESPONSIBILITY INFORMATION	Unit	2023	2022	2021	2020	2019
Total number of social days	days	194	183	56	*	217
Total spend on charity	kSEK	1,151	1,994	761	1,250	2,157
<b>BOARD OF DIRECTORS INFORMATION</b>						
	Unit	2023	2022	2021	2020	2019
Board constellation – ratio of external members	%	50	50	44	57	57
Board constellation – ratio of internal members <sup>3</sup>	%	50	50	56	43	43
Board of Directors (female)	%	30	30	22	29	29
Board of Directors (male)	%	70	70	78	71	71

\*no data collected due to Covid pandemic

\*\* values not measured that year

AGE GROUP DISTRIBUTION	Unit	2023	2022	2021
18–20	%	1.1	2.4	1.0
21–25	%	8.5	10.2	8.2
26–30	%	12.2	12.3	12.1
31–35	%	15.9	17.7	17.8
36–40	%	16.4	15.2	14.8
41–45	%	15.0	14.0	14.5
46–50	%	12.5	11.7	12.7
51–55	%	9.2	9.5	10.6
56–60	%	5.6	4.0	4.7
61+	%	3.6	3.0	3.6
Total	%	100	100	100



## Our carbon footprint

Ikano Bank reports emissions in line with the Greenhouse Gas Protocol (GHG) methodology since 2020 covering our entire business including all our branches. In 2021, we became a member of Partnership for Carbon Accounting Financials (PCAF), guiding our work to reduce emissions within the investment portfolio.

We are evaluating our current set goals and actions and have taken initiatives while developing a climate transition plan (CTP) strengthening our goals and actions reducing our emissions both short- and long-term. During 2024, we will evaluate what it will take to set a net-zero target with the help of the Science Based Target Initiative (SBTI).

During 2023, we have mainly focused on analysing our investment portfolio and improving the data quality to help us identify actions that can be taken to reduce emissions. More information can be found on page 19. 2023 continues to show an overall positive trend in lowering our emissions within our own operations. The main contributing factors are purchase of goods and services and converting our car fleet and energy consumption to more renewable certified sources.

### Scope 1

Greenhouse gas emissions directly from operations that are owned or controlled by us

### Scope 2

Indirect greenhouse emissions from the generation of purchased electricity, steam, heating, or cooling within our operational control

### Scope 3

All indirect emissions (not included in scope 2) that occur in our value chain, including both upstream and downstream emissions

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.

### Greenhouse gas inventory: Scope 1, 2 & 3








Sum of GHG emissions (tonnes CO <sub>2</sub> eq)	Development 2022 vs 2023	2023	2022	2021	2020 (baseline)
<b>SCOPE 1</b>					
On-site generation, fuel combustion and refrigerents	-31%	154	223	159	297
<b>SCOPE 2</b>					
Purchased electricity & heating	-97%	1	32	49	207
Location-based	-	57	101	112	191
Market-based	-	1	32	49	207
<b>SCOPE 3</b>					
1. Purchased goods and services	-54%	1,109	2,437	2,730	2,172
2. Capital goods	-54%	22	48	39	26
3. Fuel- and energy related activities	-24%	44	58	41	102
4. Upstream transportation and distribution	-	1	-	-	-
5. Waste generated in own operations	-	1	1	4	1
6. Business travel	88%	638	339	13	74
7. Employee commuting	-4%	671	696	1,493	1,707
8. Upstreams leased assets	3%	213	206	278	340
9. Downstream transportation and distribution	13%	97	86	264	238
10. Processing of sold products	-	-	-	-	-
11. Use of sold products	-	-	-	-	-
12. End-of life treatment of sold products	-	-	-	-	-
13. Downstream leased assets	-	-	-	-	-
14. Franchises	-	-	-	-	-
15. Investments	-18%	24,599	30,061	23,047	21,539
<b>Total scope 1, 2 &amp; 3 excluding investments</b>	<b>-29%</b>	<b>2,950</b>	<b>4,127</b>	<b>5,069</b>	<b>5,163</b>
<b>Grand total</b>	<b>-19%</b>	<b>27,550</b>	<b>34,188</b>	<b>28,166</b>	<b>26,702</b>

(For scope 2 emissions, the market-based value is used for)



# Our contribution to the UN Sustainability Development Goals

The United Nations Sustainability Development Goals (SDGs) provide a framework for collective action to tackle global issues, such as poverty, gender equality and climate change. We recognise that we have an important role to play in contributing to achieving the SDGs. The SDGs have been used as one key input when developing Ikano Bank's sustainability strategy. We have chosen to focus on 7 goals, where we believe we can make the biggest contribution through our own operations and our business. In this table, we summarise how Ikano Bank, through its strategy, contributes to 7 SDGs.

Sustainable Development Goals	How Ikano Bank contributes	Read more on page
 3 GOOD HEALTH AND WELL-BEING	Launched a new digital loan in Finland Awards contributing to good health and well-being Affordability focus ESG policy in place	8–9, 16, 20
 4 QUALITY EDUCATION	Engagement through our social initiatives Internal education and training	16–17, 29–30
 5 GENDER EQUALITY	Equality and diversity focus Engagement through our social initiatives	27–30
 7 AFFORDABLE AND CLEAN ENERGY	Increase of our share of green sales and green liquidity portfolio Renewable energy in our offices	22–25
 8 DECENT WORK AND ECONOMIC GROWTH	Working with human rights, fair working conditions, diversity and gender equality Engagement through our social initiatives	11–12, 27–30
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Increasing our sustainability requirements towards our suppliers and partners Increase our share of green sales promoting sustainable technologies	9, 11–12, 23–25
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	100% digital solutions applying cloud-based solutions where possible Removal of physical material Promotion of sustainable solutions	22–25

# Our engagement with the UN Global Compact



We are a signatory to the United Nations Global Compact, a set of ten principles in the areas of human rights, labour, environment and anti-corruption. The table below shows where in this report you can find our progress on each principle

During 2023, we performed an assessment using the COP (Communication of Progress) questionnaire identifying improvement potentials including strengthening our processes, policies, instructions and directives across the bank.

UNGC Principles	How Ikano Bank contributes	Read more on page	UNGC Principles	How Ikano Bank contributes	Read more on page		
<b>HUMAN RIGHTS</b>			<b>ENVIRONMENT</b>				
<b>Principle 1</b>	Businesses should support and respect the protection of internationally proclaimed human rights.	Respecting human rights, fair working conditions, diversity and gender equality. Equality & diversity in our foundation.	11–12, 24, 27–29	<b>Principle 7</b>	Businesses should support a precautionary approach to environmental challenges.	Responsible investments Financing more sustainable solutions. Reducing our own environmental impact.	19–20, 22–25
<b>Principle 2</b>	Make sure that they are not complicit in human rights abuses.	Respecting human rights	11–12, 24, 27–29	<b>Principle 8</b>	Undertake initiatives to promote greater environmental responsibility.	Responsible investments Financing more sustainable solutions. Reducing our own environmental impact.	19–20, 22–25
<b>LABOUR</b>			<b>ANTI-CORRUPTION</b>				
<b>Principle 3</b>	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Respecting human rights.	11–12, 24, 27–29	<b>Principle 9</b>	Encourage the development and diffusion of environmentally friendly technologies.	Responsible investments. Financing more sustainable solutions. Reducing our own environmental impact.	19–20, 22–25
<b>Principle 4</b>	The elimination of all forms of forced and compulsory labour.	Respecting human rights and children's rights.	12–13, 24, 27–29	<b>Principle 10</b>	Businesses should work against corruption in all its forms, including extortion and bribery	Counteracting money laundering, fraud and corruption.	17–18
<b>Principle 5</b>	The effective abolition of child labour.	Respecting human rights and children's rights.	11–12, 25				
<b>Principle 6</b>	The elimination of discrimination in respect of employment and occupation.	Equality and diversity in our foundation	11–12, 25				

# EU Corporate Sustainability Reporting Directive

The CSRD is an EU legislation that requires companies to report on the impact their operations have on the environment and society.

In 2023, the preparatory work for the introduction of CSRD was started and has so far included an analysis of the Bank's strategic goals, a review and update of how we work as well as assessing environmental, social and governance (ESG) related risks and measures to manage them effectively.

CSRD specifically requires companies to carry out a double materiality assessment (DMA) on ESG impacts, risks and opportunities in the value chain. During the second half of 2023, Ikano Bank has carried out a preliminary DMA and identified a number of key factors such as; environment, own workforce, consumers and end-users, suppliers and value chain, and governance.

Working with the CSRD, the sustainability strategy and goals set for the Bank are being revised. One of the main objectives with the new regulation is to assure companies can verify how they will reach their targets. The 2025 goals for the Bank were set with the ambition of making a move in the right direction and were purposely very ambitious. We know some of them will not be reached by 2025 and to set a bridge between the last sustainability report, this year's report and coming reports we have chosen not to disclose the 2025 goals specifically in the report but clearly state what we have accomplished in each area this year.

The finalisation of the DMA including scope, target setting, and timelines will be finalised in early 2024. The next step will be to integrate the results into existing processes and establish procedures enabling us to report quantitative and qualitative information by the end of 2024. In parallel with the CSRD preparations, we continue to focus on the ESG agenda and work towards reaching our goals.





# EU taxonomy regulation

Ikano Bank is, in accordance with Article 8 of the EU taxonomy regulation and the underlying disclosures act, required to disclose alignment with the EU taxonomy.

## Regulation and reporting

The EU taxonomy-related disclosure requirements were applicable for the first time in 2021. For the accounting years 2021 and 2022 transitional rules applied for credit institutions and reporting was limited to the extent to which customers' and counterparties' activities were classified to be eligible or non-eligible with the EU taxonomy. From the first of January 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. For the financial year 2023, the report is therefore extended compared to 2022 and includes taxonomy KPIs and green asset ratios (GAR).

The Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) have replaced the Non-Financial Reporting Directive (NFRD), supporting the implementation of the EU taxonomy regulation moving forward. The Ikano Bank's sustainability commitment is reflected in the statutory sustainability reporting through our credit vetting and selection of business partners. We aim to integrate ESG data into business-related processes and our IT systems, including introduction of ESG scores in a bank-wide strategic context. The adoption of CSRD and ESRS will further facilitate implementation of the EU taxonomy regulation into business infrastructure and processes.

## Data and methodology

Taxonomy reporting in the Bank is aligned with the accounting regulation. The reporting is based on publicly available information as of 2022 from both financial and non-financial counterparties which is limited, particularly regarding taxonomy-eligible and taxonomy-aligned activities related to EU environmental objectives. Green bonds are included into the green asset ratio, and the covered assets in both numerator and denominator for the issuers who provided the information regarding taxonomy-eligibility and/or taxonomy-alignment in the corresponding publicly available green reporting.

Information on exposures towards sectors covered by the taxonomy is provided based on the principal activity of the counterparty and is limited to the level of details disclosed.

Disclosure of data in green assets ratio KPIs flow templates is done based on the analysis of new counterparties in the reporting period. The gross carrying amount of newly incurred exposures is considered as such only for new exposures that have been incurred during the year prior to the disclosure reference date, without deducting the amounts of loan repayments or disposals of debt securities/equity instruments that have occurred during the year prior to the disclosure reference date. Investments in nuclear and fossil-gas related activities are classified as such when assets fundend (including investments) are designed in order to support such activities, and Ikano Bank has no such exposures to customers.

Ikano Bank offers loans for individuals and does not have any exposures to household mortgages, car- or renovation loans and no such exposures have been assessed for eligibility and alignment criteria correspondingly.

Ikano Bank's total green asset ratio is based on both turnover and CAPEX, amounting to 1.4% of total covered assets 2023. The taxonomy aligned activities amounted to SEK 0.4 billion in 2023.





## Nuclear and fossil gas related activities in accordance with (EU) 2022/1214

### Total assets

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

**Summary of KPIs to be disclosed by credit institutions under Article 8 of the Taxonomy regulation**

		Total environmentally sustainable assets SEK	KPI***	KPI****	% coverage (over total assets)**	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	430 406 250	1,4%	1,4%	1,0%	26,6%	29,9%

		Total environmentally sustainable activities SEK	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	0	0,0%	0,0%	0,0%	0,0%	0,0%
	Trading book	0	0,0%	0,0%			
	Financial guarantees	0	0,0%	0,0%			
	Assets under management	0	0,0%	0,0%			
	Fees and commissions income*						

\*Fees and commissions income from services other than lending and AuM institutions shall disclose forward-looking information for these KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

\*\*% of assets covered by the KPI over banks' total assets

\*\*\*Based on the turnover KPI of the counterparty

\*\*\*\*Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used











## GAR sector information – Turnover

		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
Breakdown by sector - NACE 4 digits level (code and label)		SEK	Of which environmentally sustainable (CCM)	SEK	Of which environmentally sustainable (CCM)	SEK	Of which environmentally sustainable (CCA)	SEK	Of which environmentally sustainable (CCA)	SEK	Of which environmentally sustainable (WTR)	SEK	Of which environmentally sustainable (WTR)	SEK	Of which environmentally sustainable (CE)	SEK	Of which environmentally sustainable (CE)
1	L6820 – Renting and operating of own or leased real estate	100 237 500	100 237 500	-	-	-	-	-	-	-	-	-	-	-	-	-	-

		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
Breakdown by sector - NACE 4 digits level (code and label)		SEK	Of which environmentally sustainable (PPC)	SEK	Of which environmentally sustainable (PPC)	SEK	Of which environmentally sustainable (BIO)	SEK	Of which environmentally sustainable (BIO)	SEK	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	SEK	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	L6820 – Renting and operating of own or leased real estate	-	-	-	-	-	-	-	-	100 237 500	100 237 500	-	-



## GAR sector information – CapEx

		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
Breakdown by sector - NACE 4 digits level (code and label)		SEK	Of which environmentally sustainable (CCM)	SEK	Of which environmentally sustainable (CCM)	SEK	Of which environmentally sustainable (CCA)	SEK	Of which environmentally sustainable (CCA)	SEK	Of which environmentally sustainable (WTR)	SEK	Of which environmentally sustainable (WTR)	SEK	Of which environmentally sustainable (CE)	SEK	Of which environmentally sustainable (CE)
1	L6820 – Renting and operating of own or leased real estate	100 237 500	100 237 500	-	-	-	-	-	-	-	-	-	-	-	-	-	-

		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
Breakdown by sector - NACE 4 digits level (code and label)		SEK	Of which environmentally sustainable (PPC)	SEK	Of which environmentally sustainable (PPC)	SEK	Of which environmentally sustainable (BIO)	SEK	Of which environmentally sustainable (BIO)	SEK	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	SEK	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	L6820 – Renting and operating of own or leased real estate	-	-	-	-	-	-	-	-	100 237 500	100 237 500	-	-







## GAR KPI stock, Turnover (continued)

		31-dec-23													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
		Of which Use of Proceeds		Of which enabling		Of which Use of Proceeds		Of which enabling		Of which Use of Proceeds		Of which transitional		Of which enabling	
%(compared to total covered assets in the denominator)															
GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HT eligible for GAR calculation	0%	0%	0%	0%	0%	0%	0%	0%	3%	2%	2%	0%	0%	
2	<b>Financial undertakings</b>	0%	0%	0%	0%	0%	0%	0%	0%	52%	39%	39%	0%	0%	
3	Credit institutions	0%	0%	0%	0%	0%	0%	0%	0%	61%	47%	47%	0%	0%	
4	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
5	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	61%	47%	47%	0%	0%	
6	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
7	Other financial corporations	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
8	of which investment firms	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
9	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
10	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
11	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
12	of which management companies	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
13	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
14	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
15	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
16	of which insurance undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
17	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
18	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
19	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
20	<b>Non-financial undertakings</b>	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%	100%	0%	0%	
21	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
22	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%	100%	0%	0%	
23	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
24	<b>Households</b>									0%	0%	0%	0%	0%	
25	of which loans collateralised by residential immovable property									0%	0%	0%	0%	0%	
26	of which building renovation loans									0%	0%	0%	0%	0%	
27	of which motor vehicle loans									0%	0%	0%	0%	0%	
28	<b>Local governments financing</b>	0%	0%	0%	0%	0%	0%	0%	0%	100%	39%	39%	0%	0%	
29	Housing financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
30	Other local government financing	0%	0%	0%	0%	0%	0%	0%	0%	100%	39%	39%	0%	0%	
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
32	<b>Total GAR assets</b>	0%	0%	0%	0%	0%	0%	0%	0%	2%	1%	1%	0%	0%	

























## 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 2023, 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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Reg no. 516406-0922

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Under the supervision  
of the Swedish Finansinspektionen

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