

A close-up photograph of a family of three. A man with dark hair and a beard is on the left, leaning in to hug a young child. The child is lying down, smiling broadly with their mouth open, showing their teeth. A woman is on the right, also leaning in to hug the child. The scene is intimate and joyful, set against a soft, out-of-focus background.

Ikano Bank AB (publ) Environmental, Social & Governance (ESG) Policy

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1. Executive summary

Sustainability is about long-term thinking; doing business in a way which is ethical as well as profitable and which makes a positive difference for people and the planet. Together we are building a long-term focused bank with sustainability as a natural part of everything we do.

The purpose of this policy is to provide a governing platform to ensure that our sustainability approach is a part of the business decisions we take every day.

2. Scope

This policy applies to all parts of the business and shall be implemented taking local regulations into account where relevant.

3. Sustainability statement

Ikano Bank is 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 is 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, 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 builds trust among co-workers, customers, partners, and other stakeholders.

In Ikano Bank we strive to contribute to a financially healthy society and enable a healthy economy for the many people and businesses. As part of the community, we have a responsibility in the way we do business 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 which makes a positive difference for people and the planet.

4. Sustainability management

Our ambition is to be a sustainable and trusted bank with a mission to create possibilities for better and more sustainable living by enabling a healthy economy for the many people and businesses. We believe this position is achieved by including sustainability as a natural part of our commercial activities. Having the ability to support our customers and build trust from our stakeholders will be dependent on a continuous development of our sustainability capabilities in the Bank, in combination with setting clear performance targets and incentives to develop in line with customers’ and stakeholders’ demands.

4.1. Code of Conduct

We are committed to build a strong ESG foundation, and the Code of Conduct guides our everyday decision-making in the company. The Ikano Code of Conduct is based on the company’s strong values and promise to customers, to do business on fair terms. Applying company values and ethical culture in all aspects of daily business builds trust among customers, partners, suppliers and co-workers making Ikano Bank the preferred choice.

4.2. Objectives

To be recognised as a trusted and sustainable bank through continuous improvements we have 3 objectives to guide the work, and that is to:

- contribute to the stability of the financial services infrastructure with a well-governed resilient bank, promoting a Healthy & sustainable living for the many people.
- work to reduce the environmental impact caused by our own operations, as well as finance solutions for a Circular & climate positive economy.
- be a Fair & inclusive company, providing development, safe and equal treatment for all co-workers, and at the same time make positive contributions to the community around us.

Progress is measured through goals and KPI's set for each of the above listed objectives.

4.3. Exclusion list

We do not invest in companies or finance production in sectors or business areas that are assessed to present major sustainability risks, do not comply with our ethical standards or company values, and are verified as not

being in line with the Paris Agreement or non-compliant with the United Nations Global Compact Principles (UNGC) or the International Labour Organisations (ILO) Conventions. This includes violations on human rights, labour, environment and corruption issues.

This means that we do not invest in, finance production or provide factoring solutions in the following sectors and business areas:

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

5. Stakeholder engagement

Our position in society combined with our stakeholders' views forms the foundation for the Bank's sustainability commitments. We regularly perform materiality- and stakeholder analysis to identify the most important sustainability areas to focus on to make sure we prioritise what matters to our customers and stakeholders.

6. Governance

6.1. 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.

6.2. 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.

6.3. 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.

6.4 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.

6.5 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.

6.6 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.

6.7 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.

7. Reporting

We strive to be transparent in our efforts to support long-term sustainable development of our operations and customer offerings. The Chief Transformation Officer is responsible for reporting progress to the CEO as well as to the wider organisation within Ikano Bank, as well as publicly through the Sustainability Report published in conjunction with the Annual Report.

8. Commitments

Ikano Bank recognises the importance of participating in and supporting international commitments that enable businesses to operate in a more sustainable way. We follow the Paris Agreement, and adhere to the UN Guiding Principles on Business and Human rights, International Labour Organisation (ILO) Convention, United Nations Sustainable Development Goals (UN SDGs) and the UK Modern Slavery Act.

We are committed to and continue our work to continuously strengthen our initiatives and actions contributing to the 10 principles of United Nations Global Compact. We have incorporated the principles of Human Rights and Labour in our Code of Conduct, Ikano Group Partnership Policy and the Modern Slavery Act. Anti-corruption is well secured through our values, business ethics and how we conduct business.

Ikano Bank's ambition, focus areas and targets are stated in the Ikano Bank Sustainability Ambition 2025/2030.