

Sustainability report 2017



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This is Ikano Bank

Where we come from

Ikano was originally a part of the home furnishing company IKEA, founded by Ingvar Kamprad in Älmhult, Småland, in the southern part of Sweden, in 1943. During the 1980's, IKEA was divided into three independent groups of companies – the INGKA Group*, the Inter IKEA Group and the Ikano Group.

In Småland, the people have a reputation for working hard and for being thrifty and innovative. They are known for their straightforward, no-nonsense approach to problem-solving in general and to business challenges in particular.

So when Ingvar started his furniture business he applied the lessons he learned in Småland to the home furnishing industry: using every opportunity to reduce costs, scraping and saving in every possible way, except on ideas and quality. Doing things differently than others in the traditional furniture industry was not only his desire but also a necessity.

In 1988, Ikano became an independent group of companies, owned by the Kamprad family. We have built our own identity, but our constant desire for renewal, our willingness to try unconventional solutions and our cost-conscious mindset remain the same.

Today, Ikano is active within financial services, insurance, real estate and retail. The INGKA Group is a very important business partner for Ikano.

*the biggest IKEA franchisee

Organizational profile

Ikano Bank AB (publ) (“Ikano Bank” or the “Bank”) conducts banking business with registered domicile in Älmhult, Sweden, and head office in Malmö, Sweden. Ikano Bank is owned by Ikano S.A. with its registered office in Luxembourg.

Our services in financing solutions are for consumers and businesses, offered directly and indirectly via partners. We also provide savings solutions for consumers. Ikano Bank, which was granted a banking license for its operations in 1995 carries out banking operations in Sweden, Norway, Denmark, Finland, the United Kingdom, Germany, Austria and Poland. The Swedish operation is the largest, representing 71.7 % of the business volume.

Ikano Bank is part of the Ikano Group, which has been an independent group since 1988. The Ikano Group was previously part of IKEA. In addition to finance, the Ikano Group also has real estate, insurance and retail operations.

In Ikano we are driven by a collective vision and values. We work together to deliver on our promise to customers, partners and each other –everything we do should be done on fair terms. Our vision is to create possibilities for better living.

Our offering

We want to be the bank for the many people, with offerings that simplify people's everyday lives. Having relevant products and creating value for our customers is our objective. We offer financial services to:

Consumers

We offer private customers simple and smart banking services for savings and

loans, such as loans for private consumption, car loans, mortgages, credit cards and savings accounts.

Sales finance

We offer sales supporting finance solutions, including loyalty programs, loyalty cards and instalment payment solutions, to retail trade partners. Our services enable our partners to increase loyalty and generate additional sales, as well as offer their end-customers increased financial flexibility.

Corporate

We offer leasing and factoring services to companies through direct sales as well as via partners. Our services give customers greater financial flexibility. Our solutions enable customers to free up capital and finance their growth. In turn, our partners increase their sales.

Ikano Bank includes the head office in Malmö where its Nordic customer contact centre is also located, and an office in Sundbyberg, where the Bank's sales organisation for Swedish leasing and factoring business (B2B) is located. The Bank operates abroad through six foreign Branch Offices which are located in:

- Glostrup, Denmark (Ikano Bank DK);
- Oslo, Norway (Ikano Bank, Norway Branch);
- Vantaa, Finland (Ikano Bank AB (publ), Suomen sivuliike);
- Nottingham, the United Kingdom (Ikano Bank AB (publ), UK branch).
- Wiesbaden, Germany (Ikano Bank AB (publ), Zweigniederlassung Deutschland);
- Warsaw, Poland (Ikano Bank AB (publ) (Spółka Akcyjna) Oddział w Polsce); and

In addition, the Bank conducts limited financial activities in Austria and a limited number of other European countries through cross-border pass porting arrangements.

Ikano Bank carries out business using seven operating segments that coincide with

the geo-graphic markets. The geographic segments are Sweden, Denmark, Norway, Finland, UK, Germany/Austria and Poland. Each segment is internally reported on a monthly basis to the Bank's management group and Board of Directors.

Business lines	SE	DK	NO	FI	UK	DE	PL
IKEA	●	●	●	●	●	●	●
Retail partners	●	●	●	●	●	●	
Direct to consumer D2C	●	●	●		●	●	
Business to business B2B	●	●	●	●			

Sustainable Strategy and executive summary

We want to be a responsible business, a fair employer and good local neighbor so by taking responsibility for social consideration, finances and the environment, we are always working for a sustainable future. In 2017 our aim has been to establish a strategy which will take the bank to the next level, getting our co-workers engaged in our different local social/charity initiatives and establishing long term relations to NGO's in every market we operate in. Moreover, we made an on-site audit in India to visit the village of Sonailakha, Rajasthan, India, where we have partnered up with the charity Hand in Hand.



Financial sustainability - relationships built on trust

Clear communication, clear internal regulation and a healthy risk culture are imperative for maintaining good management and control of the bank's operations. It ensures that we deliver our pledge to customers and that we do things on fair terms.

Our most important tool for delivering fair terms for customers is responsible lending, therefore we always conduct an individual credit check on every new borrower. It is especially important for consumers that



The environment and natural resources - being economical and considerate

The key initiatives of our environmental work are integrated in the Green Offices concept, which covers energy issues, recycling,

Ikano Banks sustainability work is carried out in three dimensions; financial, social and environmental. To provide the best possible result each dimension carefully encompasses and focuses on different priorities to create added value. They are all equally as important as each other so it is critical to our success that we continue to identify and co-ordinate new strategies within these ever- changing times to keep up with what it is we can do to help create positive change and make key decisions on sustainability.

loans are based on an overall picture of the individual's repayment capacity and capability.

The concept of financial sustainability also covers our own financial position, how we view risk and how the company's long-term access to capital is secured. Ikano Bank has a strong capital base and good liquidity, our owners think long-term and our earnings are re-invested into our business. Our growth is self-financed. Long-term thinking and financial stability means we will be able to deliver sensible financial services to a broad consumer base- and to do so on fair terms.

selecting suppliers, environmental equipment and electronics that are designed to improve measurability and environmental performance. The Green Office concept was implemented at all new branches effective

January 2015 and is being progressively rolled out at existing sites.

Ikano Bank's Swedish operations were re-located to a new office in Malmö's new climate-smart Hyllie district in the year, which integrates all aspects of the Green Offices concept from day one and has multiple environmental certifications. Its energy consumption is significantly below applicable norms and all building materials



Social commitment - initiatives that make a difference

We're pleased and proud to have people who show such great commitment to social issues. Together, we want to contribute to long-term change and better conditions in vulnerable people's lives, locally and globally. Each year, we take a decision on which social initiatives to support, based on data produced by a collective forum. These proposals are often generated by our people, who we also encourage to engage actively in projects and initiatives that they really care about.

We prioritize initiatives that involve self-help, have links to our business, and that are



Partnership with Hand in Hand - village project in Sonailakha, Rajasthan, India

We have partnered up with the charity Hand in Hand who is an awe-inspiring charity conducting village projects based on a detailed, tried-and-tested methodology with focused initiatives to combat poverty through entrepreneurship. Hand in Hand

were carefully selected to satisfy stringent environmental and health standards.

Travel is another important part of Ikano Bank's environmental work, so we encourage all business travel and commuting to be on public transport. We have also invested heavily in video equipment so that many meetings now can take place over video instead of meeting face to face.

consistent with the Group's charity policy, which is mainly about helping vulnerable women and children. Partnerships in this segment should be for the long term and we should be able to document their effects.

We have stated in our [Ikano Group Charity Policy](#), that all co-workers are now entitled to spend one day of paid leave a year supporting a local charity. We call them Social days and with this day, we aim to increase the co-worker engagement for Ikano's sustainability work, giving them the opportunity to contribute towards a good cause. Our long-term objective is to see all co-workers seizing the opportunity to engage in a social sustainability activity.

supports a whole village for two years jointly with a donor. Sustainability reports from completed projects demonstrate that this starts a strong virtuous circle that continues and generates long-term results. When the population of a village emerges from poverty, things only get better. A new way of life is created, with hope, dignity, new options and new opportunities.

Ikano Bank's Chandrasekarapuram village project which concluded in summer 2015 was such a success that we decided to continue with the program and help keep supporting Hand in Hand's operations by committing to a new project working with a new village aiming for similar results.

In November 2018 two of our colleagues from Hyllie visited India and travelled to

Sonailakka village to learn more about how it is we are helping and contributing to the community. They returned home feeling extremely positive about the whole experience and were humbled to see how the village had progressed and helped people with their lives.

Sustainability a vital part of our daily operations

We contribute towards a sustainable future by taking responsibility for our business. As a good company we make a difference by improving our business, the many people's everyday life and the planet. We achieve that by making our own sustainability a natural part of our everyday business.

Today, sustainability efforts are often done 'on the side' and we see many opportunities to improve and broaden our commitment. Our only Green Offices project, using renewable energy in operations and other ways to reduce our carbon footprint are just a few of the initiatives on our list.

The world needs to become more sustainable and Ikano bank has a role to play and is a contributing force of change towards making it happen. Being careful with resources, managing costs for the future, controlling energy use and looking after your people and care for your community is common sense and good for business. Ikano should grow in a way that creates opportunities and improves lives. And as our business grows, we want to care more for people and planet around the world.

We need to continue work differently to be able to fulfil future customer and people needs while reducing resource use and maintaining our low prices and relevance for the many people. We need to be bold, innovative and committed to taking action.

We can and want to do more when it comes to sustainability. We make sure it also helps, develops and represents our business and who we are while at the same time reflects our caring for people and the planet.

Our culture and values shape the way we do business and create a powerful desire to do the right thing. As part of the community, wherever we operate, we recognize that we have a responsibility beyond the direct impact of our business. We are a contributor and we strive to be a good partner in society.



Go for
climate
positive

We strive at making sustainability a natural part of our daily operations. To live up to our standard as a fair and caring company, we will explore our footprint and take the necessary measures to reduce negative impact, increase our positive impact on the environment, and compensate when needed. Our aim is 'to do as right as possible' – to maximise the return on the efforts and resources put in.



Co-worker
is the
ambassador

We believe in inspiring, training, and involving people – engaging them. We have the right tools, but in order to make it happen we need to be innovative and encourage disruptive thinking. Interacting with businesses and people on a local level is a direct way to build long-term relationships, rewarding for both Ikano as a business, and everyone involved. Therefore we give all co-workers the opportunity to take one day of paid leave in order to participate in a volunteer activity in line with our charity policy. This is known across Ikano as a [Social Day](#).



Bringing it
forward

We want our customers and partners to join us in facing tomorrow's challenges. If we make sure to act in line with Ikano values, people will learn, live, develop and pass them on to others. To achieve this we need to create smarter, more-for-less offerings. It should be simple to choose fair and relevant products and services. By working even closer with our customers and partners and by acting in line with our values, people will learn about sustainability, put it into practice and pass this knowledge on to others.

The 2030 Agenda for Sustainable Development

The United Nations request to *‘end poverty and create a life of dignity and opportunity for all, within the boundaries of the planet’*¹, it’s an invitation to governments, business and civil society to endorse the [Sustainable Development Goals](#) (SDG) and a call for worldwide action. Over the next fifteen years, the SDG will mobilize efforts and financial resources from all countries, as well as from the public and private sectors.

The 2030 Agenda for Sustainable Development has set up 17 Sustainable Development Goals and 168 targets which *‘are determined to take the bold and transformative steps which are urgently needed to shift the world on to a sustainable and resilient path’*². This ambitious agenda will demand the participation of all actors in society and that all three elements of the sustainable development are balanced achieved: economic growth, social inclusion and environmental protection.

Ikano Bank has a role to play and is a contributing force of change towards making it happen. We have analysed and integrated the goals and targets that are most relevant for our business and where we can contribute the most. Some of the actions were already part of the organization’s nature and spirit, like the diversity among our employees or our work against corruption. Some others are new, like the adoption of clean energy and responsible consumption. But in both cases we will accept the new challenges they pose while

creating possibilities for a better living and a positive impact on the planet.



¹ Learn more about the SDG at <http://sdgcompass.org/sdgs/>

² Resolution adopted by the General Assembly on 25 September 2015. Transforming our world: the 2030 Agenda for Sustainable Development.

Our vision is to create possibilities for better living

The Ikano Spirit is important for our success. Our core values: common sense and simplicity, working together and daring to be different bring us together and help us deliver good results.³

“Our mission is to simplify the many people’s lives so they can focus on living it”

The true Ikano spirit is built upon our enthusiasm and encouragement to work together. It develops through our readiness to take responsibility and be accountable, through the simplicity in our way of working and through a practical business approach. It develops by constantly finding new and better ways to run our business and add customer value, and from asking the simple question ‘why?’

Our business idea

Together we create solutions, based on fair terms and simplicity, that bring value to our customers. We do this by developing and managing companies within financial services, insurance, real estate and retail.

Our values

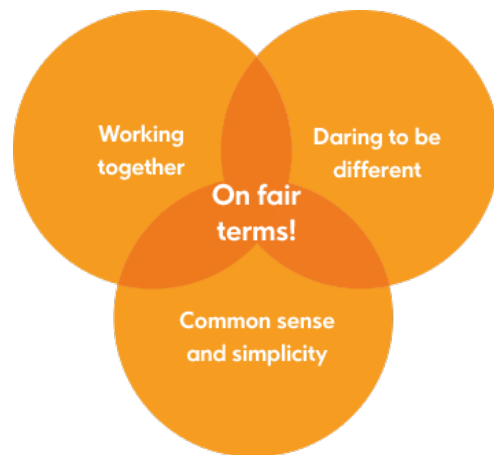
We want our customers, partners and co-workers to choose us for what we stand for, what we deliver and how we deliver it.

Three basic values guide all Ikano businesses: common sense and simplicity, working together and daring to be different.

These values support our promise: on fair terms.

In order to achieve our vision, all of us need to pull in the same direction. This requires involvement and a strong will from everybody. Not only must we see opportunities and demands that others do not see, but we must also constantly improve our solutions and make them easier to understand and easier to use.

We believe that no method is more effective than a good example. Living our values is how we make a difference.



Common sense and simplicity

Common sense and simplicity are part of our heritage and our culture. Understanding the needs of our customers and finding ways to improve the quality of their everyday lives is more important to us than following the latest trends.

We have a practical, down-to-earth business approach and a cost conscious mind-set. We believe that the simpler the rules, the more natural it is to work with them. The

³ Our owners' view

simpler the explanation, the easier it is to understand and to carry out.

Structures, policies and guidelines are sometimes necessary but need to be communicated in a clear, honest and straightforward way.

Working together

We all have different qualities. We surround ourselves with people of different strengths in order to create competent and dynamic teams.

Ikano is characterised by people who work together and respect each other's efforts. We create an environment where everybody is important and valuable knowledge, experience and good ideas are shared.

We listen to and gain knowledge from our customers, partners and co-workers. We are on the road to improvement together.

Daring to be different

We constantly strive to find new and better ways to run our business and to add customer value. To do this we must dare to be different and ask the simple question "why?"

Challenging the established way is not just about tackling the big issues; it is also about finding new ways to solve the small daily problems.

When we think differently we do this to stay one step ahead, to improve the business or to reduce costs, to help our partners become more competitive and profitable and to improve the everyday lives of our customers.

On fair terms

At Ikano we ask ourselves: "Is this on fair terms?" We constantly review our own way of working with customers, partners and co-workers. The reason for this is that we are in business for the long run and we seek long-lasting relationships.

Being on fair terms is essential for building strong relationships, creating value and growing a business. We live the promise – on fair terms – because we know that the quality and reputation of a company is determined by the promise made and the promise kept.

On fair terms means striking the right balance between parties concerning risks, work and profits. It also means being open and clear in our way of doing business.

In our business relations, on fair terms stands for being a good partner. It is about being available, reliable, delivering what is promised and doing it on time.

Ikano is a fair company, a fair employer and a good local neighbour.

We act for a sustainable future, taking responsibility for the economic, social and environmental aspects related to our business.

We make an extra effort to support selected social initiatives, where our help can make a difference.

Our Code of Conduct

Acting responsibly and fairly has helped us gain the trust of our customers, partners and of society. We have high expectations when it comes to performing our business in an honest, open and ethical way. To support us in keeping up the good work, we have established the Code of Conduct. The Code

helps us continue to build a strong brand, provide great customer experiences and guide each and every one of us in our daily decision-making.

The Ikano Code of Conduct, help us to keep a long-term perspective on our business and we recognise our responsibilities. Not only towards our co-workers but also to customers, partners, suppliers and society as a whole.

Our customer promise and Code together promise the surrounding world that we will do business on fair terms. That's why we are committed to maintaining openness,

legal compliance as well as high ethical and moral standards in the way we do business. The Code is the foundation on which our business integrity rests and it defines our standards for doing business on fair terms.

All our employees have received and sign the Code of Conduct, which has been translated into all languages where we operate. We also hope that it will encourage open and constructive discussions on all levels in the organisation regarding ethical or sensitive issues that are often pushed aside because we feel too uncomfortable talking about them.

Awards



Governance

Board of directors

The Board of Directors responsibility includes the company's organisation and administration in accordance with the Swedish Companies Act and appoints the Managing Director and, where applicable, the members of the Risk and Capital, Compliance and Audit, IT and Remuneration Committees. The Board continuously reviews the work of the Managing Director. The Board also decides on salary and other benefits for the Managing Director, for employees who report directly to the Managing Director and for employees who have the overall responsibility for any of the Company's control functions. The Board's activities and the division of responsibility between the Board and the Managing Director/management are regulated by the Board's formal work plan, which is adopted by the Board every year after the Annual General Meeting. The work plan now applicable was adopted at the Statutory Board Meeting in April 2016. According to the work plan, the Board makes decisions regarding the Company's overall strategies, acquisitions and investments. The rules include terms of reference issued by the Board of Directors to the Managing Director. These policy documents are reviewed and approved annually. The Articles of Association state that the Board is to consist of no less than three and no more than ten members without deputies.

To meet our Board of directors, please visit:

<https://goo.gl/94Z5yA>

Policy to select and assess Board members and key functions holders

Ikano Bank has a policy for selecting and assessing Board members and key function holders. The policy contains criteria and general requirements for the appointment of individual Board members and key function holders, both as overall principles to ensure diversity and competence regarding the composition of the Board as a whole.

The Board must have an appropriate composition. The Board members should have a range of backgrounds, expertise, experience, education, and knowledge so that they can complement each other. The members should together constitute a diverse range of gender, age and geographic origin. The Board must always include a number of members who are not employed in the Bank or the group. A diverse Board counteracts inappropriate herd behaviour and contributes to sound risk management in the Bank.

Individual Board members and the Managing Director are evaluated, before they are appointed, from several different aspects. For example, the Bank investigates whether the members or the Managing Director have been indicted or convicted of a crime, or have incurred any other sanctions for breaching rules (e.g. within the framework of other directorships) or been found guilty of any other inappropriate behaviour. The Board members and the Managing Director's experience, both theoretical education and practical experience, is also to be checked and evaluated before the members or the Managing Director are appointed. Finally, other factors are evaluated such as potential

conflicts of interest, the possibility of allocating sufficient time for the assignment, the Board's overall composition, etc. The policy includes a form ('Information to be provided by a potential board member or a key function holder') which must be completed prior to every recruitment.

Risk and Capital Committee

This Committee consists of two Board members - Olle Claeson (Chairperson) and Mats Håkansson.

The Committee's task is to support the Board in the risk work, mainly by ensuring that there are procedures to identify and define the risks in the business and that risk taking is measured and controlled. The risks referred to are credit, market, liquidity, interest rate and financing risks as well as operating risks. Fulfilment of the various capital adequacy requirements also belongs to this area of responsibility. In 2016, the Risk and Capital Committee held two ordinary and one extraordinary minuted meeting. The Risk and Capital Committee has both an advisory as well as a preparatory function regarding any matters being subject to a decision before being handled and decided upon by the Board.

Remuneration committee

This Committee consists of two Board members - Heather Jackson (Chairperson) and Jean Champagne.

The Remuneration Committee prepares remuneration matters that are to be decided on by the Board and the Annual General Meeting. The Board makes decisions in accordance with the Swedish Financial Supervisory Authority guidelines regarding remuneration of the Managing Director,

other senior executives and employees responsible for control functions. An important requirement in financial companies is that remuneration is structured so that it incentivises and supports effective risk management in the business.

The Remuneration Committee annually makes an independent assessment of the firm's remuneration policy and remuneration structure. The Risk Control function normally participates in this assessment. The Bank also conducts an annual risk analysis of the remuneration models and the policy. In the risk analysis, the Bank identifies employees who can exercise a significant influence over the Bank's risk level (identified personnel). In addition, the Internal Audit function reviews the Bank's remuneration structure for compliance with the remuneration policy. The risk analysis and the results of the review are reported to the Board no later than the Board meeting at which the annual report is approved. The Board is responsible for and ensures that the remuneration policy – which has been issued, based on the risk analysis – are adhered to and followed up. In 2016, the Remuneration Committee held six meetings, of which one was held by circulation.

Management team

To meet our Management team, please visit: <https://goo.gl/atLCAi>

Sustainability Forum

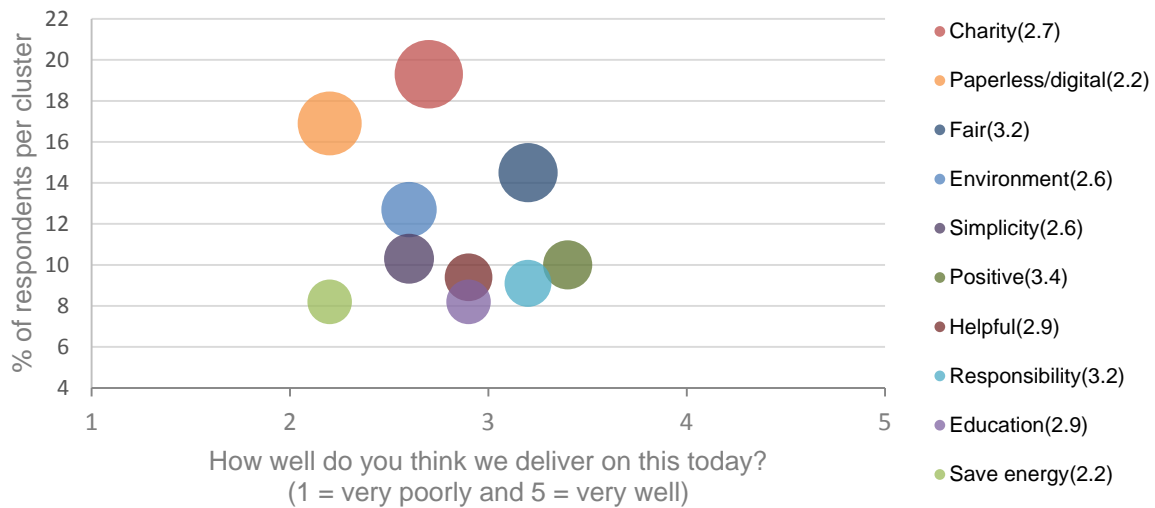
Fredrik Krüeger – Sweden; Alexandra Röjnert – Sweden; Mauricia Grzanic – Sweden; Alfred Thevarajah – Norway; Helena Halstrøm – Denmark; Niina Johansson – Finland; Rob Evans – UK; Nils Offenhäuser – Germany; Tomasz Walicki – Poland.

Stakeholder engagement

With the aim of identify what was relevant for Ikano Bank in terms of sustainability, we conducted an in-depth stakeholder dialogue among all Ikano Bank employees. During

the end of 2014 and through a web survey each Ikano worker were request how the bank could be a positive force for people, society and the planet.

What should we do to be a positive force for people, society and the planet?



The results presented a variety of answers that were all considered relevant and have been an important input to design the three pillars of our sustainability strategy: Go for climate positive, Co-worker is the ambassador and Bringing it forward.

Our sustainability strategy 2017-2019 was developed aiming to integrate sustainability in our DNA based on our Fair Terms idea, Our Values and our Business Foundations. While we need to continue work differently to be able to fulfil future customer and people needs while reducing resource use and maintaining our low prices and relevance for the many people. We also

want to be bold, innovative and committed to taking action.

The sustainability forum is our main actor in this process. Constituted by employees from all markets and departments; their ongoing work aim to succeed in the implementation of our sustainability strategy. Their work has been fundamental to identify the topics that are relevant for the bank and the report.

We can and want to do more when it comes to sustainability. While we make sure it also helps, develops and represents our business and who we are while at the same time reflects our caring for people, society and the planet.

Reporting practice

3D sustainability

Ikano Bank conducts its sustainability work in three dimensions; financial, environmental and social. Each dimension includes a range of priorities and initiatives to create value for our stakeholders: our customers, people, owner and partners.

Economical sustainable

We are a long term sustainable company. To be sparse with resources is a part of our DNA as well as looking for win-win solutions.

The concept of economical sustainable also covers our own financial position, how we view risk and how the company's long-term access to capital is secured. Ikano Bank has a strong capital base and good liquidity, our owner thinks long term, and our earnings are re-invested in our business. Our growth is self-financed.

Long-term thinking and financial stability also mean we will strengthen our local bonds. Sourcing and hiring from the local markets can benefit the local communities while secure our business. And do so on fair terms.

The environment and natural resources—being economical and considerate

The key initiatives of our environmental work are integrated in the Green Offices concept, which covers energy issues, recycling,

selecting suppliers, environmental equipment and electronics that are designed to improve measurability and environmental performance. The Green Offices concept was implemented at all new branches effective January 2015, and is being progressively rolled out at existing sites.

Social commitment—initiatives that make a difference

Ikano will never be a 'one-man-show'. It is characterised by people working together who respect each other's efforts. Our people idea is to encourage and enable our co-workers to develop themselves and contribute to the success of Ikano.

We're pleased and proud to have people who show such great commitment to social issues. Together, we want to contribute to long-term change and better conditions in vulnerable people's lives, locally and globally.

Each year, we take a decision on which social initiatives to support, based on data produced by a collective forum. These proposals are often generated by our people, who we also encourage to engage actively in projects and initiatives that they really care about. We prioritise initiatives that involve self-help, have links to our business, and which is mainly about helping vulnerable women and children.

**Dimension****Material Topic**

Economic

- Market presence
- Procurement practices



Environment

- Energy



Social

- Employment
- Labour management relations
- Occupational health and safety
- Training and education
- Diversity and equal opportunity
- Non-discrimination
- Anti-corruption
- Local community
- Suppliers social assessment
- Customer privacy

Our people

Grow our people through our culture and values

Ikano is a workplace where people grow, both professionally and as individuals. Attracting, developing and retaining the right people is a vital part of driving the organisation forward and enabling sustainable growth.

We are proud of the unique Ikano culture and values. Living by those values is our way to build a trustful and including co-worker climate. This climate is a condition for driving a change-oriented culture that initiates and anticipates internal and external changes. It is also the basis to developing truly diversified and skilled teams that complement customer needs and expectations.

The Ikano business will never be a 'one-man-show'. It is characterised by people working together who respect each other's efforts. Everybody is important.⁴

“We are a group of open-minded, enthusiastic people who are encouraged to work together, develop ourselves and contribute to the success of Ikano.”

⁴ Our leadership

At Ikano, we understand that everyone have different qualities. 'We surround ourselves with people of different strengths in order to create competent and dynamic teams. Ikano is characterised by people who work together and respect each other's efforts. We create an environment where everybody is important and valuable knowledge, experience and good ideas are shared. Mistakes help us to learn and improve and we share our learning's with each other. We listen to and gain knowledge from our customers, partners and co-workers. We are on the road to improvement together'⁵

The true Ikano spirit is built upon our enthusiasm and encouragement to work together. It develops through our readiness to take responsibility and be accountable, through the simplicity in our way of working and through a practical business approach. It develops by constantly finding new and better ways to run our business and add customer value, and from asking the simple question "why?".

The Ikano business will never be a 'one-man-show'. It is characterised by people working together who respect each other's efforts. Everybody is important. Therefore Ikano seek for professionally-skilled people who will contribute to our business. We seek people who have a strong desire to grow and to see Ikano grow – people who share the same core values and understand our customers' expectations.

⁵ Working together – Our essence

Our diversity is a strong asset



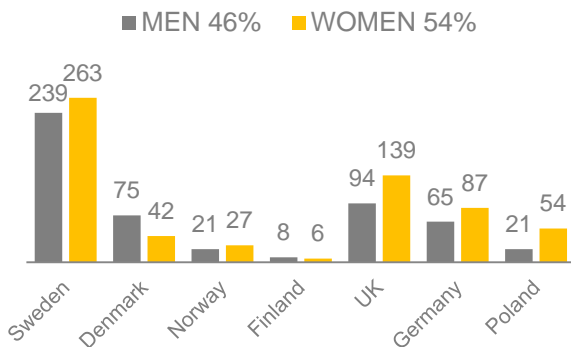
One of our success factors has been to work together and take a different view on problems to find solutions. No co-worker should be discriminated against because of age, gender, religion, sexual orientation, marital or parental status, political opinion or ethnicity. All co-workers with the same experience, performance and qualifications shall receive equal pay for equal work.

Freedom of association is a basic human right. This means that you are free to join – or not join – any institutional and recognised co-worker association of your choice, without fear of reprisal, interference, intimidation or harassment.

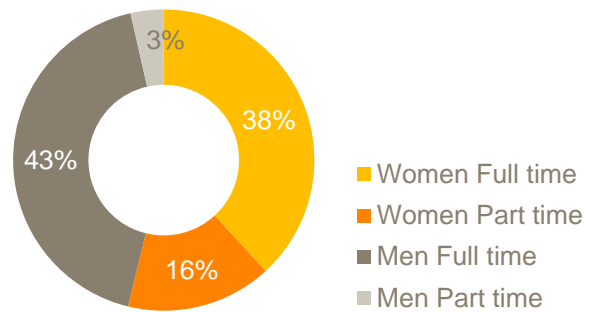
The following data have been compiled, based on annual average employees and using headcount.

For more information about diversity at Ikano, please visit: <https://goo.gl/Q499Me>

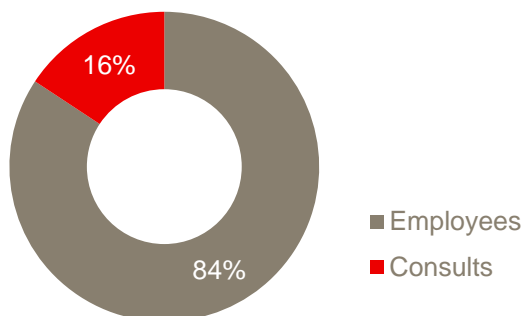
Diversity among our employees



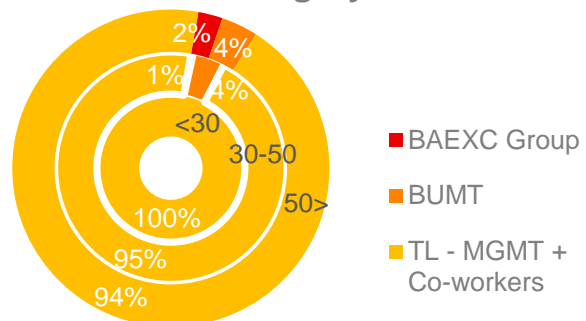
Total number of employees, by contract and gender



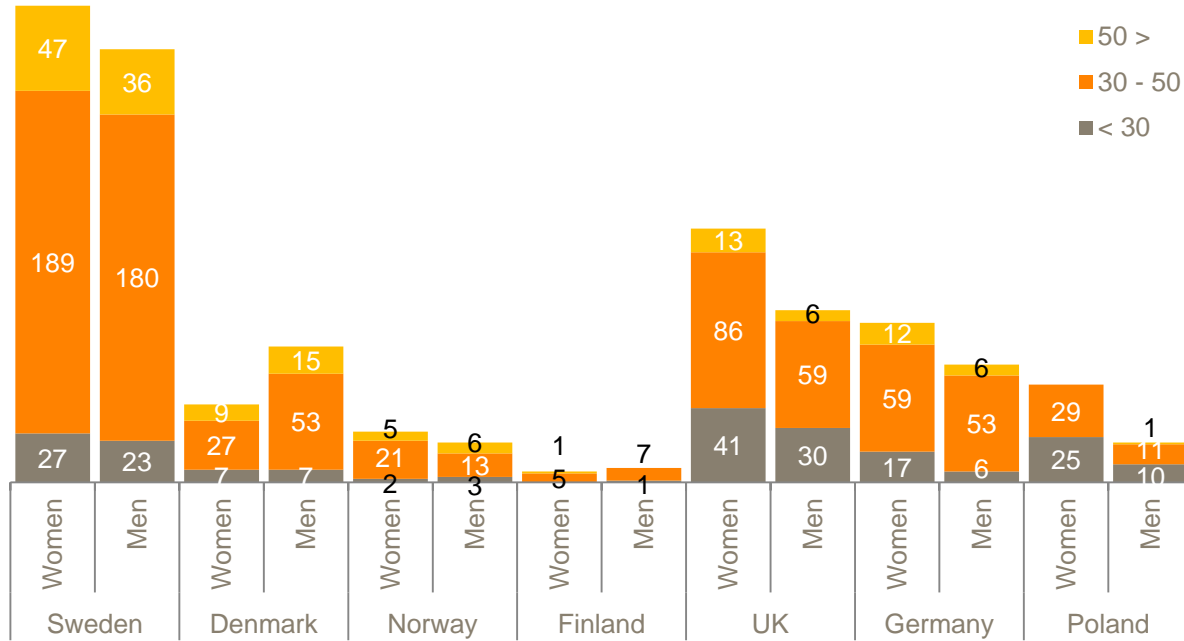
Percentage of Consults



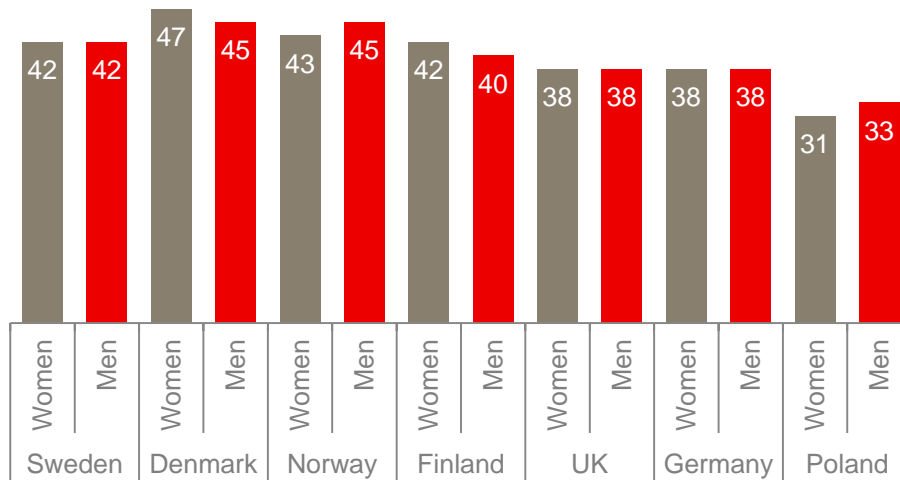
Age range per employee category



Employees by age range, gender and location



Age average



Health and safety

Occupational health and safety at Ikano Bank is an important and strategic issue. It is one of the factors that make our co-workers choose to work for us and also choose to remain. Our commitment is to create a physically and psychosocially safe and healthy workplace for all our co-workers, where the risks of occupational injury and work-related ill-health are prevented through pro-active and timely measures. Occupational health and safety at Ikano Bank is characterised by the opportunity for development, influence and variation, as well as a positive work environment. And occupational health and safety permeate all decisions that are taken and all activities that are carried out.

In our workplace the following conditions apply:

- occupational health and safety is carried out in cooperation with the employer, co-workers and the safety representative
- all co-workers receive the induction and training they need to be able to work safely
- regularly, as well as in the event of changes, we investigate and assess risks relating to our physical, organisational and social health and safety environment in order to take the steps needed to create a workplace that is both safe and secure
- all incidents and accidents that occur are reported and investigated, so that we can take the necessary action
- occupational health and safety factors are always considered when any type of procurement is made
- we comply with all the occupational health and safety laws, and we achieve our occupational health and safety targets
- we follow up our systematic occupational health and safety work on an annual basis.

European Works Council

The European Works Council (EWC) consists of employee representatives from all countries where Ikano Bank operates. The representatives have the right to information and contact with central management (through the HR Director and other company representatives) in matters involving at least two countries and having a significant impact on the employees.

The representatives and their deputies are appointed for a three-year period (calendar year) and meet at least twice a year, normally in May and November. Topics on the agenda could for example be the economic and financial situation of the bank, overall employment plans and trends, re-organisations, and training and development.

One of the purposes of the council is to voice their opinions on the matters being discussed in the council. Such opinions are determined by a vote. If the bank's representatives and the employee representatives have different opinions, there is an escalation process giving the employee representatives the right to forward their opinion to central management (BAMT), and ultimately to the board (via the HR Director or through Managing Director's report to the board).

Safety is our priority

Ikano Bank has a duty as an employer to investigate and monitor activities in our operations to prevent bad health and accidents, in order to achieve a satisfactory work environment.

Ikano requires that safety of the workplace is always a priority concern. This applies to all aspects of working conditions including labelling and handling of chemicals, noise levels, temperature, ventilation, lighting and quality of and access to sanitary facilities. Health and safety committees are present in all Nordic countries and Germany. Each of them is responsible to comply with the minimum requirements of the national law.

Every co-worker at Ikano Bank will take personal responsibility for their health and safety environment in their daily work, actively contributing to eliminating risks in the workplace, reporting health and safety risks to the safety representative or their immediate manager, reporting incidents, as well as highlighting proposals for and views on occupational health and safety improvements to the safety representative or their immediate manager. This involves every co-worker reporting to their immediate manager if he/she feels that their workload is unhealthy.

Employee performance and career development



We want to create a learning culture that builds the competence and talent needed today and in the future. A systematic approach to developing co-workers is an important part of this. Securing sustainable succession is another. We will continue to engage our people through our Voice survey (conducted every 2 years) as this is one of our strongest tools for promoting openness, honesty and improving our working environment. The 2015 Voice survey result presented a response rate lower than previous survey with 82% this year compared to 89% in 2013. The overall Voice index result however, has improved from the last survey. Voice index improved from 686 to 695 (which are similar to 69.5% in satisfactory rate).

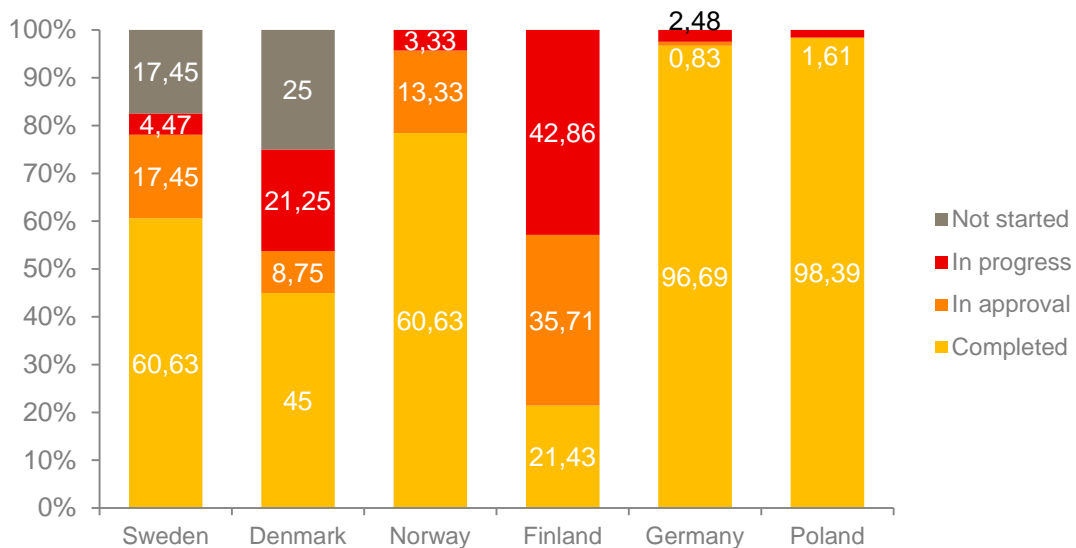
The Bank works continuously with competence development. In 2016, a development program for managers, the Management Development Program, and a program for employees, the Personnel Development Program, was carried out. In addition, newly appointed and newly hired managers participated in Ikano's Culture and Leadership Program. We have also started up a common introduction program for all the business area Finance for other employees and managers called Ikano way.

Engagement Dialogue

All co-workers voices are important – their motivation, their personal development and their contribution to the business are equally important. Since 2016⁶ we are implementing the Engagement Dialogue process which is meant to strengthen the co-workers engagement & commitment and combine each person's needs and wishes with the needs of Ikano Bank.

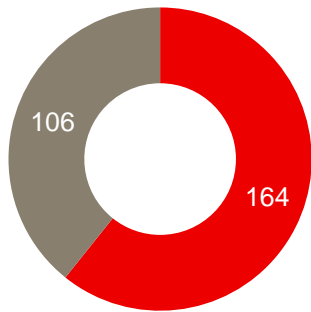
Our co-workers needs and wishes for further development are important. Therefore, at least once a year they have the opportunity, to talk about their performance, their future objectives and development needs.

The aim of the Engagement Dialogue is to evaluate what has been achieved in the previous year and establish and agree on next year's objectives. This process and tool is the starting point for the contribution and development all our co-workers and is important for Ikano Bank's continued success.

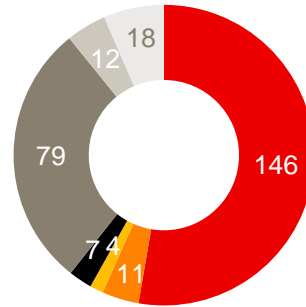


⁶ Data from UK will be included in next report due to system implementation.

New employee hires (Total 277)

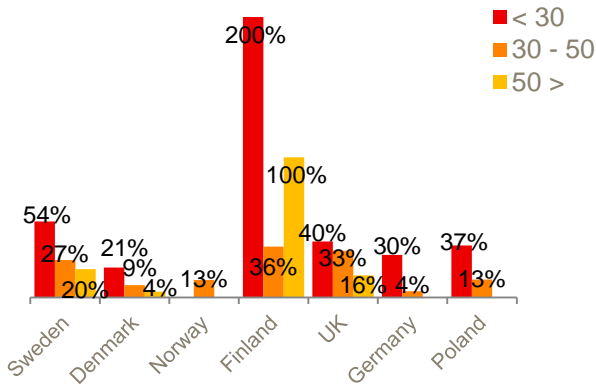


■ Women 61%
■ Men 39%

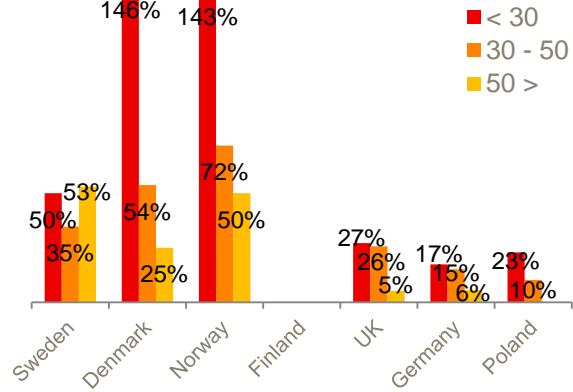


■ Sweden 54%
■ Denmark 4%
■ Norway 2%
■ Finland 100%
■ UK 29%
■ Germany 4%
■ Poland 7%

Rate of new employee hires

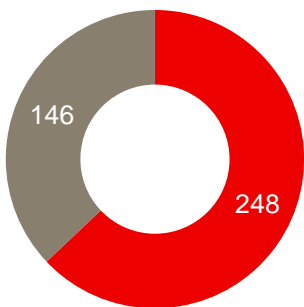


Rate of employee turnover

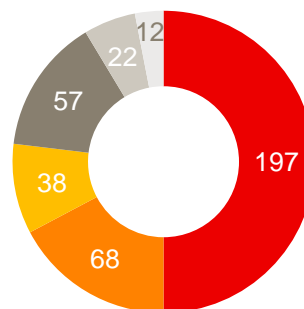


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Employee turnover (Total 394)



■ Women 63%
■ Men 37%



■ Sweden 50%
■ Denmark 17%
■ Norway 10%
■ Finland 0%
■ UK 14%
■ Germany 6%
■ Poland 3%

⁷ No available data for Finland regarding "Rate of employee turnover".

New hires & turnover

At Ikano, we want to enable our co-workers to work in an environment where people and team spirit are core values. We give the opportunity to work freely with responsibility while encouraging the individual development.

We have ambitious plans to grow our business in the coming years. To support this growth and continue to deliver unforgettable customer service, we have decided to concentrate our 4 Nordic operation teams in one location - at the new Ikano office in Malmö, Sweden. Creating a common Nordic hub for our operations has enable us to build a more flexible and efficient organisation to support profitable growth. It has made it easier to support the standardisation of processes across the Nordics and continue the focus on improving long-term customer experience.

Most of these organizational changes are reflected in the amount of people that have been redeployed from Denmark, Norway and Finland to Sweden. Some 230 co-workers were affected, of which 59 decided to move to Malmö and 11 found jobs in other parts of Ikano Bank.

Our figures regarding hires and turnover were consolidated based on average employees from 2016.

Notice periods regarding operational changes

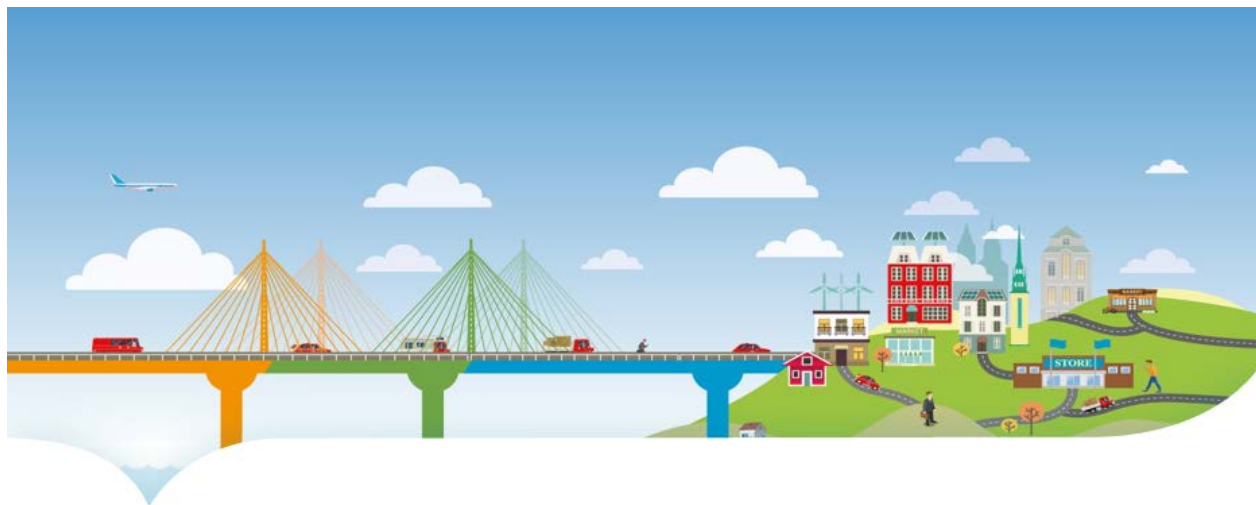
Our intention is to ensure every employee's fair treatment in organisational restructure, which may affect job roles. Where proposed changes in employee requirements indicate potential redundancies, Ikano will consult with and inform the employees affected and also inform and consult with employee representatives/unions.

Ikano is committed to ensuring fair treatment in the selection for redeployment or redundancy, along with its overriding need to ensure the maintenance of operational efficiency.

Suitable alternative employment should be judged in the light of the employee's ability to perform the duties. In these circumstances, conditions of employment shall be re-negotiated, based on the new role, responsibility and working place. If redeployment is not an option, redundancy regulations and provisions, appropriate to the country of the employment, will be applied.

All co-workers at Ikano are entitled to a minimum of 3 to 4 weeks⁸ of notice period prior the implementation of significant changes.

⁸ Number of weeks may vary according to each location of operations.



Bridge to the Digital Future

We will partner up with Capgemini to strengthen the IT-capacity and to support the growth strategy.

We operate in a challenging business but are well prepared with stable growth and good market position. Efforts on developing and improving our digital presence efficiency and offer continue. As a part of this, and to support the growth strategy, the Bank has decided to initiate a profound partnership⁹ with the IT partner Capgemini. The cooperation will strengthen the bank's IT capacity with cost efficient services and will support the digital development of the bank's offer.

After a competitive tender process, we have decided to enter a profound partnership with Capgemini. Ikano Bank has a strategy for growth and Capgemini will strengthen the bank's IT capacity with cost efficient IT service and support to the digital transformation of Ikano Bank's offerings. As a part of the partnership a majority of functions in Ikano Bank's IT-department will transition to Capgemini.

"Capgemini will help us grow. They have the right mix of skills with domain technical knowledge both locally and globally. They suggested a cost effective and innovative solution to strengthen our IT capacity and speed up our digital transformation. They also have a good cultural fit for our team members," says Stefan Nyrinder CEO at Ikano Bank.

"We are very pleased and delighted that Ikano has chosen us as their partner on their digital business- and IT transformation journey", says Anil Agarwal, Deputy CEO at Capgemini Sverige AB "We will work together to create a future architecture that will help transform Ikano into a best of breed Digital bank of the future." says Agarwal.

Read more at: <https://ikanobank.se/om-banken/press/ikanobank-valjer-capgemini>

⁹ Conditional of approval from the Swedish Financial Supervisory Authority

Community

Ikano is a fair company, a fair employer and a good local neighbour.

At Ikano, our vision is to create possibilities for better living, meaning we must have a positive impact on the lives of the many people, their societies and the planet we live on. This includes financially supporting good causes, especially in the places we operate and can make a difference.



Similar to the SDG we understand the importance of empower and promote the social, economic and political inclusion of the many people.

Through our Charity Policy we back projects focus on supporting children and women and their opportunities for learning and developing – this includes education, health issues, accessibility to clean water and solar energy. Most of our charitable partnerships are thus handled through our businesses, but we also have a few group wide initiatives.

Empowerment

We are engaged in several projects where support the empowerment of people who are far from the job market today (Mentorship programs through MINE), where we see a possibility to contribute to the development of individuals who aren't given equal opportunities (Help for self-help, Ethiopia) or where we through minor contributions, like micro-credits, can empower individuals to grow and find a way to a better future (Hand in hand, India).

Ikano Bank's charity activities

Ikano Bank always strives to act as a socially responsible organisation, a preferred employer and a good local neighbour. We are engaged in a numerous of charity organisations and activities in all the countries we are present in. As part of our sustainability strategy our goal is to have at least one sustainability action in each market. Below you'll find some examples from a few countries.



MINE is a non-profit member organisation aiming to increase diversity in the workplace. MINE stands for Mentorship, Inspiration, Networking, and Education. Ikano Bank is partner to MINE and has an extensive cooperation with the organisation, for example has several employees at the bank participated in the mentorship programme aiming to introduce people with foreign background to the Swedish labour market. For more information, visit www.mine.se



Save the Children is a children's rights organisation that works to ensure that all children have their rights respected and is based on the Convention on the Rights of the Child. It is a politically and religiously independent organisation. Ikano sponsors the initiative 'On equal terms' which is collaboration between Save the Children and local stakeholders and residents with the aim of supporting social sustainability in socio-economically disadvantaged areas. Several co-workers are engaged in Save the Children and have also spent their Social Day with the organisation. For more information, visit www.raddabarnen.se



Samtalsaktivisterna, the Conversation activists' goal is to help combat xenophobia and segregation through conversations. They visit schools in southern Sweden to talk to children and teenagers about the importance of tolerance and humanity. The organisation is politically and religiously independent. Ikano Bank is a partner to the Conversation activists and during 2016 we were the main sponsor of the school tours. For more information, visit www.samtalsaktivisterna.se

Social Day

We have a caring culture; we care about co-workers, customers, partners and others in the places where we operate. Our social sustainability initiative focuses on help to self-help and roots Ikano as a force for good in the local community. Therefore all Ikano employees are entitled to one day of paid leave per year supporting a local charity.

We believe that volunteering benefits our local community, our co-workers and Ikano bank and the intention is to encourage a broad engagement among employees.

Our long-term objective is to see all co-workers seizing the opportunity to engage in a social sustainability activity.

To know more about our work in the community, visit our websites:



Sweden: <https://goo.gl/deEQti>



Denmark: <https://goo.gl/vYfqcBUK>



UK: <https://goo.gl/LXZs3s>



Germany: <https://goo.gl/Ctjoha>



MedmänniskaNu – building bridges with new friends

In the municipality of Vellinge, just south of Malmö, volunteers have joined forces with the Red Cross to welcome new citizens, which in this case are refugee children and families. MedmänniskaNu is a social mentorship with the aim to support and guide new citizens and be a natural link to Swedish society. Jenny Nilsson and Andreas Liese from Ikano Bank are two of the many volunteers active in MedmänniskaNu.

“I think that we all felt that we could help out and do something for the refugees last fall when it was so obvious that the refugee situation in Europe escalated rapidly. As I live in Vellinge, and the initiative MedmänniskaNu felt like a great thing for me to get engaged in”, Jenny says.

Both people who want to become mentors and immigrants can sign up for the mentor programme. Interviews are conducted with everyone who signs up so that there can be a good match when it comes to interests, personality and life situation. The goal is to create a natural relation already from the start.



Being there for another person

After the interviews there are information meetings where the new mentors can meet other mentors and get a lot of tips and support before meeting their new mentee for the first time. The programme is very much about just being there for another person. It could be meeting up for a “fika” (swedish for coffee break) and talk, cook dinner together, go for a walk or help out with everyday things that we as swedes take for granted.

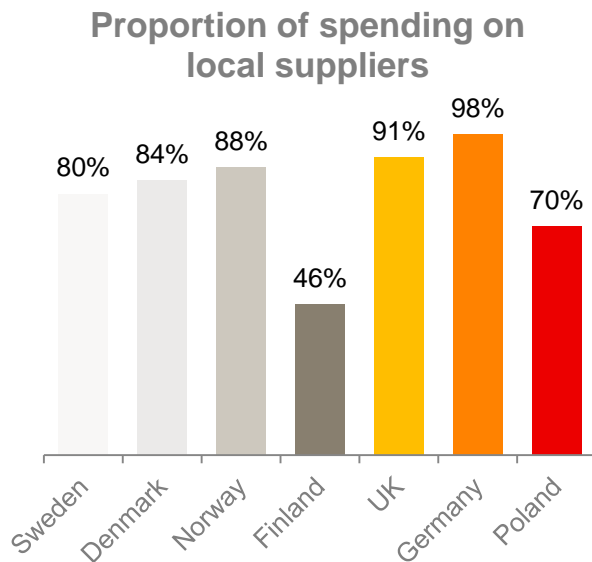
Andreas explains: “The idea is that we as mentors should be a friend that is on their side. They often meet people from different administrative authorities, but find it a lot more difficult to meet and get to know us swedes. We can introduce them to a more relaxed environment where they can feel comfortable and just be themselves. At the same time my family and I are introduced to a new world and culture. This is a really powerful way of building bridges and overcome any fear that we might have for the unknown.”

Jenny and Andreas conclude: “Being a Medmänniska is about inviting another person to your everyday life activities. You don’t have to find a lot of extra time to be engaged, as it is so easy to just include your new friend in the activities you already do and share the same interest for.”

Want to know more about MedmänniskaNU, visit www.medmanniskanu.se

Proportion of spending on local suppliers

We have a caring culture; we care about co-workers, customers, partners and others in the places where we operate. If we are successful, we will be able to build efficiencies of scale that benefit our customers, our business and the communities where we operate. Ikano Bank



At Ikano, leadership is built upon trust and confidence rather than focusing on the power of positions in hierarchies. Ikano leaders show the way, continuously develop others and lead by example. As a fair

pays taxes in accordance with local regulations in all markets where we operate and thereby making a substantial contribution to society.

To achieve a sustainable growth we need to strength our local bonds and our local spending can also be a force for good in the community. Therefore we prioritise working with local suppliers.

employer and a good local neighbour we intend to benefit the local communities where we have business.

A year ago, we decided to create a common Nordic hub for our operations that will enable us to build a more flexible and efficient organization to support profitable growth. The old set up with local contact centers in four different locations in the Nordics was not optimal to support our future growth plans. We believed that flexibility and efficiency could be significantly increased by concentrating our Nordic Operations to one location.

With our headquarters in Malmö, south of Sweden and adjacent with Copenhagen the diversity among our co-workers is one of our assets. Our geographical location makes a natural part of our business to hire the majority of our senior management from Sweden and Denmark.

Cheese Matters - Helping to stop teenagers paying the price of debt

Cheese Matters is an award-winning financial education programme that teaches children about how to manage money and take responsibility for financial decisions. Set around a bankruptcy case that goes to court, the session is a 2 hour workshop aimed at Year 9 students (13/14 year olds), which combine role-play, film and interactive activities. Delivered by volunteer co-workers in partnership by Nottingham businesses Ikano Bank, Capital One and Eversheds Sutherland and facilitated by Business in the Community.



“Cheese Matters is a beautifully designed course which ironically is not cheesy and which meets a very important need. If I had received such training when I was a teenager my personal financial situation would without a doubt be very different from how it is now!”

Cheese Matters volunteer

According to research carried out by CRYSTAL and Erasmus+¹⁰ just 5% of UK adults believe that young people are currently leaving school with the financial skills and knowledge they need to manage their finances. In 2016, the Financial Services Compensation Scheme (FSCS) published research revealing that millions of young children have no experience with money and three in five are not taught about money.

The world is an exciting place but can be daunting without the skills to face it – and pay for it. The programme has been

awarded PFEQ Quality Mark accreditation as ‘Recommended Teaching Resource’; and has won the best CSR programme 2014 at the Card and Payment Awards.

During 2015/16, 29 Ikano Bank co-workers helped deliver 28 Cheese Matters workshops in 11 schools across Nottingham, reaching 1,311 children. This year Cheese Matters turns 5 years! And during the summer there will be 13 sessions across 7 dates in 5 different schools.

¹⁰ [The state of Financial Education and Financial Literacy in the UK](#)



Planet

We are in business for the long run. That means we will incorporate sustainability – every aspect of it – in everything we do; from maintaining a sustainable business as well as to inspire people to live a more sustainable life at home. It includes social and environmental issues, such as climate change, natural resource conservation, waste management and working conditions in our supply chain. Sustainability also involves us working together in a sustainable way, keeping our business viable for future challenges.

Energy consumption



The United Nations Sustainable Development Goals (UNSDG) aims to increase substantially the share of renewable energy in the global consumption by 2030. We understand our responsibility regarding this issue and our goal is to use mainly energy from renewable sources at all our locations.

To mitigate our impact on the planet we have increase the percentage of renewable energy that we consume in all our facilities. Although we have adopted 100% renewable energy at some of our markets, we will keep working to reach the same goal in all locations. Up to date 87% of the energy consumed at Ikano comes from renewable sources. Our goal is to have a 10% increment in the total share every year.

Green offices



Next step of our Green Office self-assessment concept, which covers energy issues, recycling, selecting suppliers, environmental equipment and electronics that are designed to improve measurability and environmental performance, is being rolled out to all markets. We will continue investing in improvements to reach the highest possible 'green offices' at all our premises.

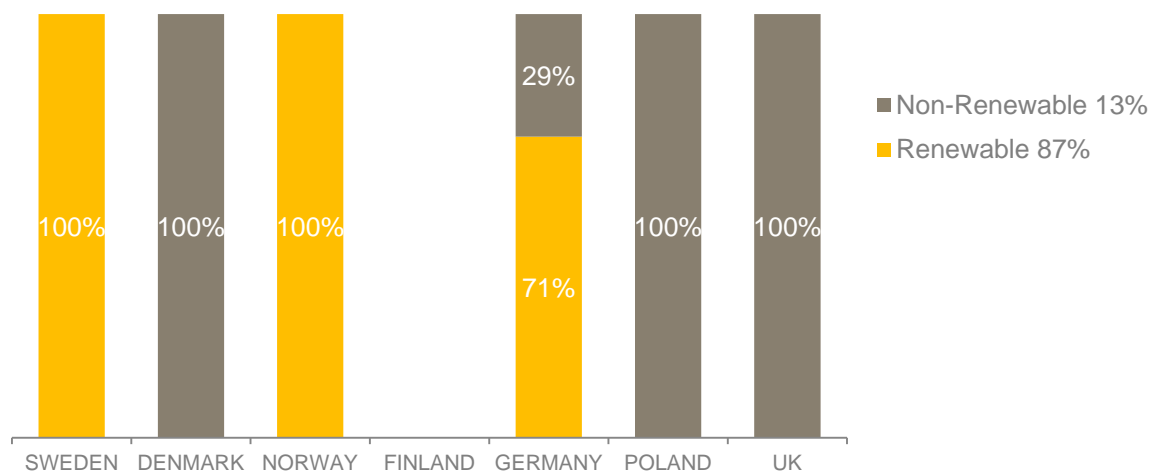
By 2030 the UNDSGD seeks 'to substantially reduce waste generation through prevention, reduction, recycling and reuse' as their goal number 12. As well as 'achieve the sustainable management and efficient use of natural resources'.

In this regard, our contribution and will for the UNSDG the aim is to see improvement plans at all sites where at least a 10% improvement ratio. For this, we have invested in equipment for smart lightning sensors and the adoption of LED bulbs in the majority of our offices, as well as recycling containers. As an example, this year we have replaced all fluorescent lamps with eco-friendly LED lights in our Wiesbaden office. In order to become more efficient in the way we use resources we will continue deploying these actions to all of our facilities.

Ikano Bank's Swedish operations were re-located to a new office in Malmö's new climate-smart Hyllie district in the year, which integrates all aspects of the Green Offices concept from day one, and has

multiple environmental certifications. Its energy consumption is way below applicable norms, and all building materials were carefully selected to satisfy stringent environmental and health standards.

Energy consumption within Ikano Bank



Helping IKEA serve the many people: Solar Energy Project

Sharing the same target group in the many people, Ikano Bank has worked closely together with IKEA for a number of years to drive sales in stores across all markets where Ikano is present. During the last years we have deepened this cooperation making IKEA our main partner and aiming to strengthen our joint offer where our products help IKEA meet customers' needs and provide affordability.

This year we begin our journey towards the sun supporting IKEA and GEO Solar who develop a solution for a more sustainable home for our customers in Poland. Reasonable and conscious use of energy is not a temporary trend, but it becomes our daily routine. This is our first initiative with good cooperation between local and global partners and offering the best loan on the market for the installation of photovoltaic panels.

By working closely together with IKEA, we create possibilities to be relevant for customers by meeting and going beyond their expectations.

To know more, you can visit: <https://goo.gl/3dXuJu>

Governance

Acting responsibly and fairly has helped us gain the trust of our customers, partners and of society. We have high expectations when it comes to performing our business in an honest, open and ethical way.



Our way of doing business

Our customer promise and our Code of conduct together promise the surrounding world that we will do business on fair terms. That's why we are committed to maintaining openness, legal compliance as well as high ethical and moral standards in the way we do business.

The working conditions in our supply chain are key issues and therefore we do not tolerate any form of forced, compulsory or child labour.

We follow the Code and the law

Ikano shall abide by the laws and regulations of every country in which it operates. In situations where the law does not give guidance, Ikano applies its own standards based on its corporate values and culture. In cases of conflict between mandatory law and the principles of our Code of conduct, the law shall prevail (i.e. if the law is stricter than the Code, the law must be applied).

Freedom of association is a basic human right. This means that you are free to join – or not join – any institutional and recognised co-worker association of your choice,

without fear of reprisal, interference, intimidation or harassment.

Incidents of discrimination and corrective actions taken

One of our success factors has been to work together and take a different view on problems to find solutions. Our diversity is a strong asset and we treat each other with respect.

Anyone working for Ikano is entitled to his or her basic human rights and should not be forced to suffer physically or mentally from his or her work in any way. We have no room for harassment or bullying. Different people find different things unacceptable, and as a diverse group of people, we need to be aware of that fact and respect it.

No co-worker should be discriminated against because of age, gender, religion, sexual orientation, marital or parental status, political opinion or ethnicity. All co-workers with the same experience, performance and qualifications shall receive equal pay for equal work.

Ikano's Code of Conduct and our promise to act on fair terms underpin our values and are at the heart of our business culture. Each Ikano co-worker shares a responsibility to uphold our values and defend our promise. Everyone is encouraged to report any suspected violation promptly. And everyone is able to do this without fear of reprisals. Ikano will

not tolerate discrimination or retaliation against any co-worker who has raised a concern in good faith.

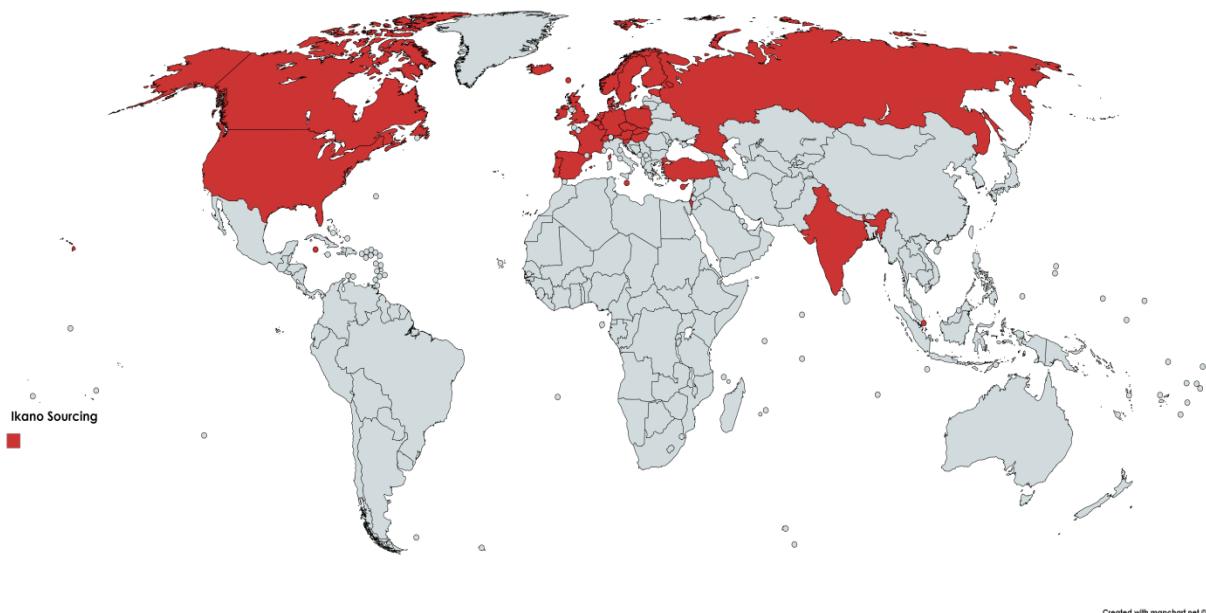
During 2017 there have been no incidents of discrimination reported. Our goal to create an atmosphere of genuine openness, understanding, and acceptance will continue our promise to act on fair terms.

Responsible procurement

Responsible procurement is an important lever for delivering sustainable development. Our Sourcing department has developed tools and processes to ensure that we procure and source responsibly. We have also developed a Partner policy for suppliers and partners that set the minimum requirements that business partners shall meet in doing business with Ikano bank. The

policy covers a broad range of areas important to Ikano bank, such as general compliance with applicable laws, respect of labour and human rights, observance of health and safety in the workplace, compliance with environmental laws and focus on improving environmental protection and last but not least the expectation of retaining high business morale in all partnerships. All sourcing activities with an import over 250.000 euros have been through our strict scrutiny to ensure all standards have been complied.

The partners need to declare their support to the policy which implies they actively try to conform to the various parts of the policy. The policy has no explicit sanctions although lack of compliance can give rise to a serious consideration whether it is appropriate to continue the partnership in question.



Ikano sourcing comes from 33 different countries around the world.

Integrity and confidentiality - Information and IT security

In order to ensure the integrity and confidentiality of customer and coworker data, Ikano Bank has policies and guidelines in place for Information Security as well as Personal Data Protection. The internal policies and guidelines are in line with the best practice framework ISO 27001.

The bank is subject to regulatory requirements in this area under the Swedish Banking and Financing Business Act as well as regulations and guidelines from the Swedish Financial Supervisory Authority, SFSA. National acts on personal data protection will soon be replaced by the upcoming General Data Protection Regulation, GDPR, and work is ongoing in the Bank to update and amend systems and processes accordingly.

It is the responsibility of all co-workers to ensure that the policies and guidelines for are adhered to and mandatory training in

Information security and personal data protection is provided to all co-workers.

The work with Information and IT security is continuously addressed with preventive and detective measures and we apply a process where regular operational risk assessments are conducted. Regular risk reporting to the management of the bank includes incidents related to integrity and Information Security such as Customer Complaints as well as related Key Risk Indicators.

The landscape for Information security is constantly changing hence Ikano Bank needs to continuously monitor and assess the threats in this area. Cooperation with external forums is a necessity and Ikano

Bank collaborates with several external parties to closely monitor new threats and weaknesses and take appropriate measures.

Anti-Corruption



Whistleblower

At Ikano Bank we aim to promote and develop a culture of openness and a process is implemented to ensure that co-workers can report any concerns or issues within the Bank. For situations, where the co-worker does not feel comfortable with reporting a concern through normal channels, Ikano Bank has a whistleblower system in place, where it is possible for co-workers to report any concern anonymously. The instructions regarding how to use the whistleblower system are available for all co-workers on Ikano Bank.

Counteracting Financial Crime

Money laundering and financing of terrorism
Ikano Bank is, as part of the financial system, exposed to the risk of being misused for money laundering and/or terrorism financing and the risk of not complying with the requirements in the AML-area (AML – Anti Money Laundering).

The Board of Directors of Ikano Bank has issued an AML-policy that defines the overall framework for the AML-measures in Ikano Bank. The Managing Director (MD) of Ikano Bank has issued further guidelines that describe the measures in more detail. A central Money Laundering Officer is appointed by the MD and is part of Ikano Bank's compliance-function. In addition to this, there are local Money Laundering Reporting Officers in each of the countries where Ikano Bank operates, to ensure that Ikano Bank complies with the local requirements in the area.

Ikano Bank uses a risk based approach and a risk assessment is done on a regular basis

to identify the risks that Ikano Bank is exposed to in this area. With basis in the risk assessment, Ikano Bank has implemented measures to mitigate the identified risks. These measures consist of, among others, processes for Customer Due Diligence, transaction monitoring, education of co-workers and internal controls.

Fraud

In the broadest of terms, fraud is a legal and social concept that generally refers to an intentional act committed using deception to secure an unfair or unlawful gain. It poses a risk of significant financial loss, reputational damage and adverse impacts to not only Ikano Bank but also our customers.

Ikano Bank works to develop and maintain its capability to prevent, detect and respond to fraud, not just across known threats but also has the ability to recognise emerging threats in new markets and wherever possible seeks to minimise exposure to risk.

Bribery and anti-corruption

It is the policy of Ikano Bank to use only ethical business practices while conducting business activities and to comply with all applicable laws, rules, and regulations governing anti-bribery and corruption law in all the countries where we operate. Ikano Bank has a zero tolerance approach to acts of bribery and corruption, by employees or anyone acting on our behalf.

Ikano Bank has policies and procedures to detect and avoid bribery and corruption, including training of staff.

Customer

Key to Ikano Bank's business idea is the creation of solutions based on fair terms and simplicity that bring value to our Customers. Customers are at the heart of our business

model. Without customers, there would be no Ikano Bank.

Ikano Bank has the interests of Customers in mind in everything that we do, from the design of products and services to how we interact with our Customers, and that we meet their fair and reasonable expectations.

Market conduct

Ikano Bank is obligated to follow all relevant laws, ordinances and internal regulations as well as generally accepted practices or standards regarding its licensed operations in order to have a sound governance and control culture within the bank. The core of these efforts is to prevent non-compliance with External or Internal Regulations, which could increase operational risks, risks of legal sanction, supervisory risks, economic losses and damage to reputation.

Ikano Bank will at all times aim to follow proper standards of market conduct.

Conflicts of Interest

Conflicts of interest may have a negative impact on customers and is an area of importance to secure the confidence in the financial market and the companies acting on it. Ikano Bank will seek to avoid all conflicts of interest, wherever they arise. If avoidance of a conflict of interest is not possible, Ikano Bank will take measures to manage and mitigate the effect of this conflict of interest.

Communication and training about AML policies and procedures¹¹

We work against corruption. Being a bank we have strict regulations around risk &

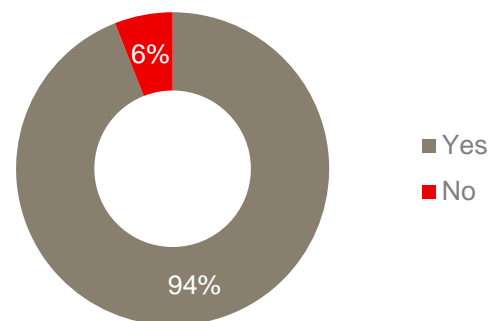
compliance and Learning & Development supports the business with training in these areas.

Our aim is to do this in an efficient manner and use best practices for developing and implementing these trainings. As an example the Anti-Money Laundering (AML) training has been developed by Ikano Bank, with some adjustments, but overall – it's the same training.

All our employees have received and sign the Code of Conduct, which has been translated into all languages where we operate. We are committed to maintaining openness, legal compliance as well as high ethical and moral standards in the way we do business. The Code is the foundation on which our business integrity rests and it defines our standards for doing business on fair terms.

The purpose of the AML training is to give to all our employees an introduction and understanding of money laundering and terrorism financing, and our role in the detection and prevention of Ikano Bank being misused for these purposes.

AML Training



¹¹ Data from UK has not been included.

Reporting practice

Reporting period:
1st January 2017 – 31st December 2017

Reporting cycle:
Annual

Contact point for questions regarding the report:

Fredrik Krüeger
HR & Communications Director
Fredrik.Krueger@ikano.se

Claims of reporting in accordance with the GRI Standards

- This report has used the GRI Standards guidelines to inform our reporting, although has not been prepared in accordance with.

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C 102-8 Information on employees and other workers		Type of contract cannot be provided due to limitations on our HR system
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