



## Norwegian Transparency Act 2023

### Background

Ikano Bank AB (publ) (Ikano Bank) is a signatory to the UN Global Compact and its underlying principles on human rights, labour rights, environment, and anti-corruption. These principles are being increasingly incorporated into a rapidly growing body of law and policy at the national level, such as the Norwegian Transparency Act (The Act). The Act contains the duty to carry out due diligence to identify and assess actual and potential adverse impacts on human rights and decent working conditions in companies and their supply chains. Companies registered in Norway including foreign companies that must pay taxes in Norway, that meet at least two of the three criteria:

- At least 50 full-time employees (or equivalent annual man-hour)
- An annual turnover of at least NOK 70 million
- A balance sheet sum of at least NOK 35 million

### About Ikano Bank

Ikano Bank, started by the founder of IKEA, is supervised by the Swedish Financial Supervisory Authority (Finansinspektionen) and mainly deliver services online. The head office is located in Malmö, Sweden and the company is registered in Älmhult, Sweden where the business was once founded.

Ikano Bank has operated its business under a banking license from the Swedish Financial Supervisory Authority since 1995 and is present in Sweden, Denmark, Norway, Finland, the UK, Germany, Austria and Poland. The foreign operations are branches of the Swedish entity, where operations in Austria is conducted by the German branch.

Ikano Bank is a part of Ikano Group, who owns 51% of Ikano Bank. The remaining 49% is owned by Ingka Group, the largest IKEA retailer who operates IKEA sales channels under franchise agreements with Inter IKEA Systems B.V. In March 2024 Ingka reached an agreement to acquire the remaining 51% shares in Ikano Bank AB (publ) from Ikano S.A., to become the full owner of Ikano Bank AB (publ). This transaction remains subject to approval by relevant regulatory authorities, and the parties expect transaction completion shall occur between September-December 2024.

Ikano Bank creates possibilities for better living by offering simple, fair and affordable services, enabling a healthy economy for the many people and businesses. In the Bank 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.

### Policies and commitments

Ikano Bank is committed to the highest standards of ethical conduct, and we expect the same commitment from our customers, brokers, suppliers and partners. To us, sustainability is at the core of our business, not an add-on. Our retail heritage lays the foundation for our purposeful, customer centric and values driven culture. The long-term mission 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 forms the basis for how we grow our people and business, ensuring efficient ways of working, clear governance, leadership skills, competency, and continuous development.

Our efforts to handle actual and potential adverse impacts on fundamental human rights are guided by the following initiatives:

- UN Guiding Principles on Business and Human Rights
- The UN Universal Declaration of Human Rights



- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work

Guided by above initiatives human rights are incorporated into our policies, instructions and directives. The most critical being:

- The Ikano Partnership Policy (used towards our suppliers, partners and brokers)
- The Ikano Code of Conduct Policy

### **Value chain and due diligence process**

At Ikano Bank, we address human rights as a sustainability issue in all parts of our organisation and in our due diligence process, the Partnership Policy. We have identified our most critical human rights areas as being, through the use of suppliers and partners, so called third parties, in both sourcing and in our B2B and B2C business.

Ikano Bank works with third parties for a number of services within our functions and our sourcing processes play a crucial part in the way in which we select and work with suppliers and partners.

Suppliers and partners providing critical or important services are subject to both our pre-onboarding and our third-party management processes.

We expect our suppliers and partners to carry out their business in a way that aligns with our core values and to comply with applicable laws and regulations.

Ikano Bank's supplier and partner monitoring and oversight routines includes regular reviews of third-party performance, contractual compliance, screening using reliable data sources and risk assessments – including Information and IT Security.

During 2023 we performed an assessment of the UN Global Compact 10 principles (human rights, labour rights, environment, and anti-corruption) using the recent updated Communication of Progress (COP) questionnaire as an opportunity to further strengthen our work and processes in our value chain including our own operations. Two improvement areas were identified where we are taking action; establishing or to further enhance and determine our foundation for a responsible value chain, and a human rights policy.

### **Human rights assessment and monitoring breaches**

We support the Universal Declaration of Human Rights and address human rights in our due diligence processes. During 2022 we started the work with assessing the impacts of human rights across the bank and adapting risk frameworks to account for the risk to people in addition to the risk to business which will be clarified further by the establishment of a Human rights policy for the Bank.

During the risk identification process, we did not identify any high risks within our own operations. However, in our sourcing activities, we identified several risks, including working conditions, wages and benefits, discrimination and harassment, and occupational health and safety. None of these were considered high risks that required immediate action.

In our partner businesses, we identified risks such as working hours, wages and benefits, discrimination and harassment, occupational health and safety, raw materials and supply chain issues, labor and union rights, and children's rights. Similarly, none of these were classified as high risks needing immediate action.

We have identified our broker business as high risk due to the lack of transparency in the broker sourcing process and supplier selection. To address this, we are engaging with selected brokers to better understand and manage their sourcing processes and supplier selection criteria.



Supplier and partner screening is included in our due diligence routines. If negative or adverse information would be identified, then Ikano Bank would carry out an assessment and this may result in termination of the partnership. During the reporting period, Ikano Bank has not identified any cases of concern that would require such an action.

In 2023 Ikano Bank established ESG criterias for the onboarding process and credit vetting which will be implemented during 2024.

#### Training for co-workers and board members

All co-workers are enrolled to our mandatory training framework during the onboarding process. The mandatory trainings are repeated on an annual basis and cover what all co-workers need to know about relevant laws, regulations and the Bank's steering documents. The purpose of the trainings is to educate each co-worker on what they have to know about the Bank's operations to mitigate risks and be compliant.

The mandatory training framework includes:

- Training that is legally required (e.g., AML, Data Protection)
- Training that is required from a compliance perspective (e.g., Code of Conduct, Consumer Duty, Anti-Bribery, Whistleblowing)
- Training that is essential and legally required to fulfil specific job role (e.g., Complaint Manager, Agreement Owner, Outsourcing Contracts)

The training for board members is arranged once per year. As part of the annual self-assessment of the collective suitability, efficiency and functioning of the Board topics to enhance the knowledge and competence of the Board are identified and included in the annual training. Updates and training on regulatory changes are always included. Furthermore, mandatory training topics can be added to the training agenda.

#### To make a complaint or report on suspected misconduct

Ikano Bank's whistleblowing process ensures that all stakeholders, including customers, suppliers, partners, brokers and co-workers have the right to speak up and always feel safe doing so if they have concerns about suspected misconducts such as breaches of human rights or irregularities such as fraudulent, inappropriate, dishonest, illegal or negligent activity or behaviour in our value chain, operations, products or services. This includes any action that constitute a violation of laws or regulations or of our internal policies, instructions and directives.

In most cases, co-worker concerns are encouraged to be raised with the line manager. However, if the co-worker feels uncomfortable about discussing the matter with the line manager or the co-worker is not satisfied with the way the concern was responded to, the co-worker can report the concern to any of the following:

- A more senior manager
- An HR representative
- The Whistleblowing Ambassador
- The Branch Head of Risk, Compliance and Money Laundering Reporting Officer
- The Head of Internal Audit
- Ikano Bank's independent reporting channel – <https://ikano.ethicspoint.com> (this provides anonymous reporting, and allows co-workers to report a concern in their own language, 24 hours / 365 days a year either through a telephone hotline or a Web-portal)

For external stakeholders, consultants (both hired and self-employed), shareholders (being active in the business), persons working under the supervision and direction of suppliers or contractors, temporary staff, volunteers, job applicants, and former co-workers or other persons in a work-based relationship, there is a link to Ikano's independent reporting channel on Ikano Bank Norway's website, here: [www.ikanobank.no/om-ikanobank/verdier](http://www.ikanobank.no/om-ikanobank/verdier) (see link 'Jeg ønsker å varsle')



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Ikano Bank AB (publ)

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