

An aerial photograph of a silver car driving on a multi-lane bridge that spans across a large body of water. The bridge has metal railings on both sides. The surrounding landscape is hilly and forested, with a large dam structure visible on the right side of the image. The sky is filled with soft, golden light from a setting or rising sun, creating a warm and serene atmosphere. The text 'SUSTAINABILITY REPORT 2022' is overlaid in the center of the image.

SUSTAINABILITY REPORT
2022

VOLVOFINANS BANK

SUSTAINABILITY REPORT

Volvofinans bank strives to establish sustainability as a natural part of its business activities and seeks to enable sustainable, accessible mobility in society. The bank seeks to reduce its climate impact and aims to reduce CO2 emissions from financed cars by 40% by 2025, thus bearing its responsibility in the transition to a fossil-free Sweden. The bank has a social responsibility toward society, customers and employees. The bank's credit granting process must be sound, responsible and with a low level of risk. This is reflected in the bank's very low credit losses. As a bank, the high standards Volvofinans demands requires its operations to be conducted responsibly and transparently in order to maintain confidence and meet expectations. The bank works pro actively with cybersecurity, compliance and countering crime in the form of money laundering, bribery and corruption. The bank must develop products with a focus on sustainability, where the latter is incorporated in all new products, as a requirement of the bank's approval process.

The bank has a unique business model for the industry, whereby vehicle dealers – following creditworthiness assessment – sell and finance vehicles to the customer and then transfer the contract to Volvofinans Bank with collateral in the item. The dealers bear the credit risk, while Volvofinans Bank borrows on the market, thus providing the dealers with access to the financial markets. The bank finances the dealers' loans and leases. The bank's business model also includes card operations aimed at both private and corporate customers in addition to vehicle financing. In business area Fleet, the bank acts as an advisor to the customer regarding vehicle choices and the design of vehicle policies. For further information on Volvofinans Bank's business model and segments, refer to the Directors' Report and Note 4.

POLICY

The bank's sustainability policy seeks to create a common approach within the organisation in respect of sustainability issues, and to guide sustainability efforts. For the bank, sustainability constitutes a responsibility toward its customers, partners, employees, society and the environment. Our basic strategy involves combining business benefit with being a healthy operator in a healthy market. The policy is divided into four areas: economy, ecology, social sustainability and responsible corporate governance. It is supplemented with the company's other policies covering anti-money laundering, credit, bribery and anti-corruption, and personnel.

ORGANISATION

The Head of sustainability is represented in the bank's management team. The bank established a sustainability forum during the year. The forum seeks to enable representatives from the business areas to meet and exchange knowledge about trends in sustainability and tomorrow's marketplace. The aim of the forum is to agree on the bank's short and long-term goals and follow them up, and also to create a common understanding of how the bank as an organisation should work with sustainability moving forward. The sustainability forum includes employees from the first and second lines of defence, leading representatives from Marketing, the Treasury, HR, Strategy and Risk management, all of whom work with the bank's daily operations, control and compliance. Also, all of the bank's employees underwent sustainability training during the year.

GUIDELINES

Growing concern about climate change among the nations of the world led to the creation of the Paris Agreement, which came into force in 2016. The Paris Agreement is a worldwide climate agreement aimed at limiting global temperature rises and supporting those affected by climate change. The main objective of the agreement is to keep the global temperature increase well below 2 degrees Celsius, but while striving to limit it to 1.5 degrees compared to pre-industrial levels. This will be achieved primarily by reducing greenhouse gas emissions. Volvofinans Bank aims to lead by example and has resolved to take a number of measures in order to achieve this objective. The bank aims to be instrumental in the transition to sustainable, accessible mobility in society in accordance with the Paris Agreement and Sweden's climate goals. In 2015, UN member states adopted Agenda 2030, which includes 17 goals aimed at abolishing extreme poverty, reducing inequality and injustice and solving the climate emergency. In its efforts to create a positive impact on the world, the bank has selected five sustainability goals (UN SDGs) that are particularly relevant to the bank. The bank's business strategies must be designed to contribute to the priority sustainability targets.

During the year, the bank voluntarily chose to abide by the Financial Stability Board's framework Task Force on Climate-related Financial Disclosures (TCFD) in order to determine the risks considered most apt from a climate-related risk perspective. The TCFD report is published on the bank's website.

The bank intends to sign the UN Principles for Responsible Banking (PRB) initiative in 2023. The initiative aims to establish the framework for a sustainable banking system that drives the global economy toward sustainability. At the time of signing, the framework comprises six principles, all of which Volvofinans Bank undertakes to incorporate into its business areas at the strategic, portfolio and transaction levels. By signing the PRB, Volvofinans Bank undertakes to collaborate transparently with other banks towards common sustainability goals.

The first draft of a materiality analysis was produced at the end of the year. The work consisted of external analyses and interviews with various key individuals at the bank. In summary, the work raised a number of sustainability issues under four focus areas where it is felt the bank will have the greatest impact, namely ecological, social and economic sustainability and responsible corporate governance. Next year, the bank will continue concretising the materiality analysis and ensure each focus area is linked to activities, goals and metrics.

Economic sustainability

- Limiting emissions
- Informing and influencing sustainable choices
- The responsible use of resources
- Digital sustainability

Social sustainability

- Sustainable customer offerings
- Facilitating financial sustainability for customers
- Equality and perspective diversity
- Safe and secure working environments and conditions
- Employee inclusion and skills development
- Local community engagement / social investment

Financial sustainability

- Financial Stability

Responsible corporate governance

- Good operating practices
- Goals and reporting
- Customer privacy and security
- Supplier and purchasing standards

THE SUSTAINABLE DEVELOPMENT GOALS



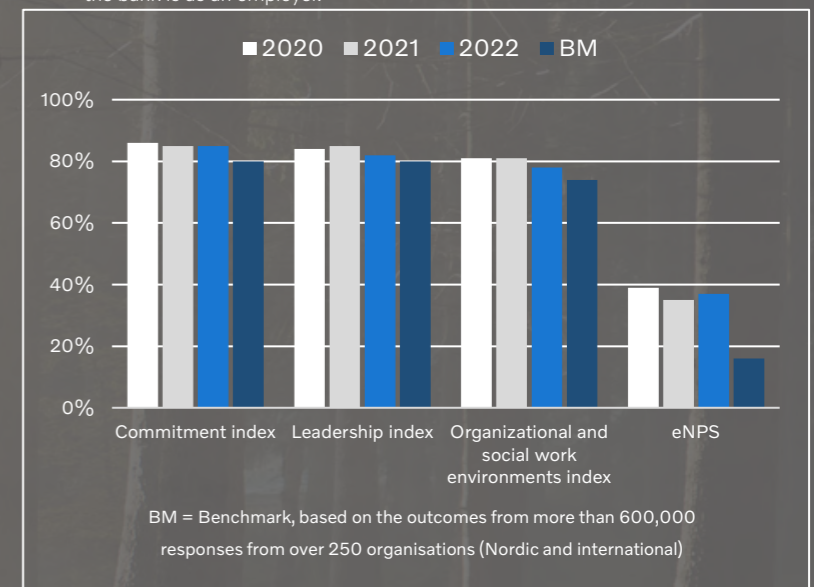
Good health and well-being are basic conditions for the ability of people to reach their full potential and contribute to society. To help achieve these goals, Volvofinans Bank constantly strives to promote occupational health and safety. The bank ensures satisfactory

work environments that do not expose employees to ill health. The aim of health and safety work is to create physically, mentally and socially sound workplaces where employees are happy in their work and are able to influence it and develop. It is important that the bank's employees have a good balance between their private life and their working life. Its personnel are the bank's most important resource, and a good working environment is essential for good performance and personal development – crucial factors for the bank's continued success.

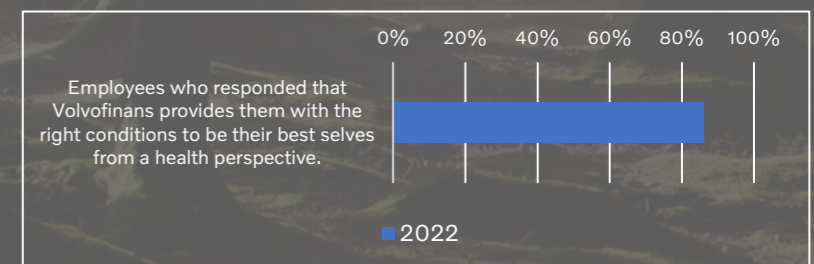
Health is one of the bank's focus areas. Volvofinans Bank implemented a number of measures in 2022 as part of its sustainability strategy to facilitate healthy activities for the bank's employees. The major health initiative during the year, known as MOVE, began in the spring and ran until the end of the year. The initiative was a collaboration with Team Magdalena Forsberg and Anna Lindbergson who, in line with the bank's valuation platform GREAT, focused on breaking sedentary behaviour and inspiring everyone at the bank to take part. The initiative sought to provide the bank's employees with a wide range of health-promoting tools to help them feel better and thus enjoy the best possible conditions for achieving both individual and joint goals, and become their best selves. No matter how an employee's life looked, the initiative would inspire a sustainable, healthy focus. Because there is no single solution to suit everyone, the health initiative included diet, rest, exercise, motion and mental training. All employees have been able to devote one hour of working time per week to invest in their personal health. Employees were also able to register for individual

regimes and coaching by Team Magdalena and Anna. In addition to MOVE, the bank offers wellness grants, massages and occupational health care every year. The bank's employees were also given the opportunity to enter the Vasaloppet cross-country ski race, which celebrated its centenary in 2022. Employees also compete every year in the Vasaloppet relay race, and three teams from the bank took part in 2022.

Because the employee experience is just as important for the bank as the customer experience, an annual survey is conducted to assess how employees see such things as the work climate, commitment, leadership and how attractive the bank is as an employer.



In this year's employee survey, 86% responded that they have benefited from the right conditions at Volvofinans to be their best selves from a health perspective, which was a new survey item for the year. The target was 80%.



During the year, Volvofinans Bank signed a cooperation agreement with Ljung & Sjöberg AB, a private education and health care company specialising in drug abuse problems in the workplace. Alcohol, drug and gambling problems constitute one of the major public health challenges of our time. Therefore the bank seeks to raise awareness about abuse, contribute to an open dialogue about abuse problems in the workplace and make sure all of its employees are aware of the opportunities for help. All of the bank's employees have undergone mandatory training in this area and the bank has updated its alcohol, drug and gambling policy in the Personnel Manual.

At the beginning of the year, the bank donated more than SEK 100,000 to UNHCR in support of refugees from the war in Ukraine, and the bank's employees were also given the opportunity to make donations, which the bank then matched. Twice during the year, the bank's employees could send relief packages to people in the Ukraine affected by the war, and a total of 21 boxes containing food, clothing, household products, hygiene products, medicine and electronics were sent. At the end of the year, the bank donated an additional SEK 50,000 to UNHCR to help Ukrainian refugees as well as people remaining in the country.



While gender equality is one of Volvofinans Bank's goals, it is equally an essential condition for a sustainable, inclusive and attractive workplace. To help achieve this goal, the bank must work pro actively to make sure all employees are given the same opportunities and rights to develop their full potential, regardless of gender. As an employer, the bank's social responsibility means that e.g. all employees must enjoy good conditions of employment, a safe work environment and be treated equally regardless of gender, gender identity, ethnicity, religion, functional variation, sexual orientation or age. Work on equal conditions and a good, safe work environments is carried out systematically throughout the operation. Volvofinans Bank feels that people with diverse backgrounds, experiences, perspectives and qualities enrich our business culture and are thus an essential factor in creating a successful organisation. Our business should reflect the diversity of society as diversity creates a more stimulating workplace and helps the bank better understand its customers. Work on gender equality and diversity must be included as a natural, integrated part of the bank's total operation.

Working conditions in both the physical and psychosocial work environments must be suitable for all employees. In line with personal policy, the bank helps all employees combine work and parenthood. The bank is continuing its work on promoting a gender balance in various positions and working groups through training, skills development and other proactive measures. In the case of new employees, the bank must make extra efforts to increase equality and diversity. The bank must make sure there are established guidelines for the improvement of the recruitment process, and that the process is equitable and has total transparency regarding vacant positions; final candidates should be of different sexes and representatives from

different sexes should participate in or lead the recruitment process. It is important that the same principles be applied for setting rates of pay for women and men; unreasonable pay differentials may not occur. Annual pay surveys are carried out to identify possible differences, and these are addressed at the annual salary review.

Volvofinans Bank has zero tolerance for any form of victimisation, discrimination and harassment. In this year's employee survey, 93% (94) responded that they were not subject to victimisation (harassment, discrimination or sexual harassment) at work during the year, while 82% (92) affirmed that they can freely express their opinion in the team. The bank will actively follow up those groups where the responses were different.

This year, the bank also began measuring the issue 'Does Volvofinans provide the same opportunities for all employees regardless of gender'. The results will form the basis for future work.

Work on equal, inclusive workplaces is a focus area for the bank. The bank introduced free feminine care at both offices during the year, HR personnel met different groups, both managers and employees, to discuss equality, inclusion and prejudice, and all of the bank's employees have attended a presentation by Caroline Farberger on gender equality and inclusion. The bank has established a forum specifically for work on gender issues at the company to follow up targets.



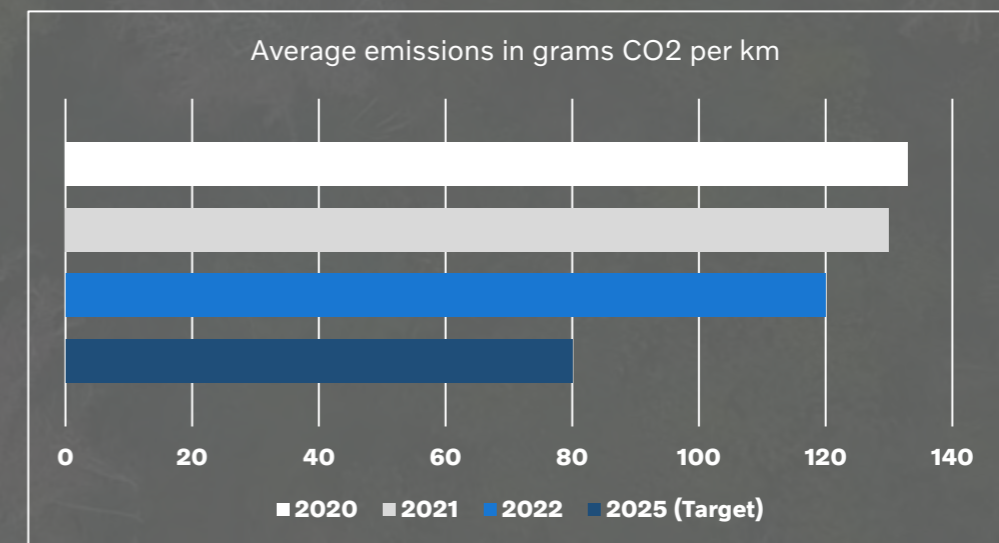
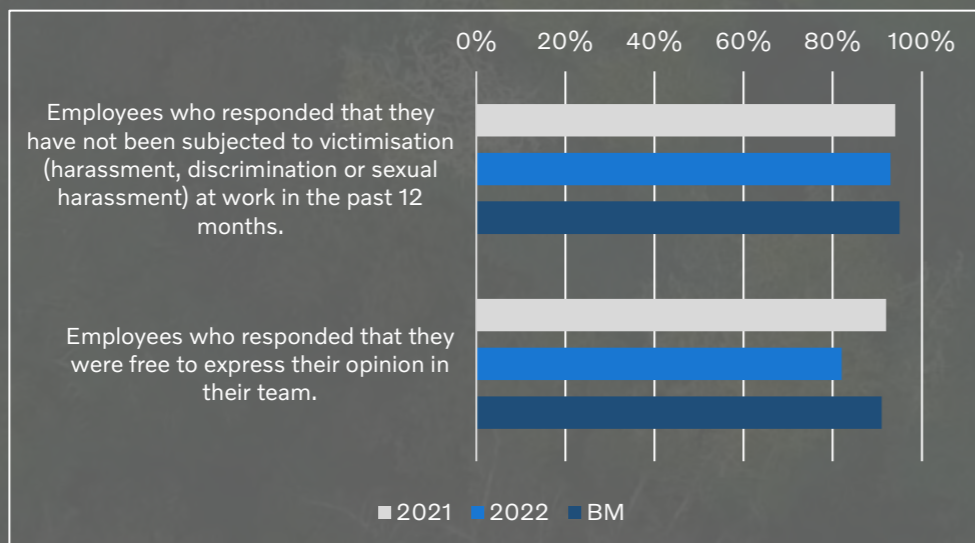
The bank constantly researches, develops and enables mobility offerings that can help in various ways to achieve more sustainable cities and communities. The bank sees a number of opportunities in a market transitioning to one that is increasingly climate smart. The bank can contribute to greener mobility by enabling the financing of fossil free vehicles. The bank is shouldering its responsibility in the transition by offering green finance products and helping customers choose smart, sustainable and economically favourable solutions.

Volvofinans Bank piloted a project during the year aimed at offering EV customers green car loans. The green car loan includes green borrowing, i.e. the money is earmarked for green assets. The green loan package includes subscriptions for green car washes and bonus charging rewards. All customers who charge their vehicles with the CarPay card now earn double points on charging, and customers can also redeem these points for charging, making life easier for EV customers.

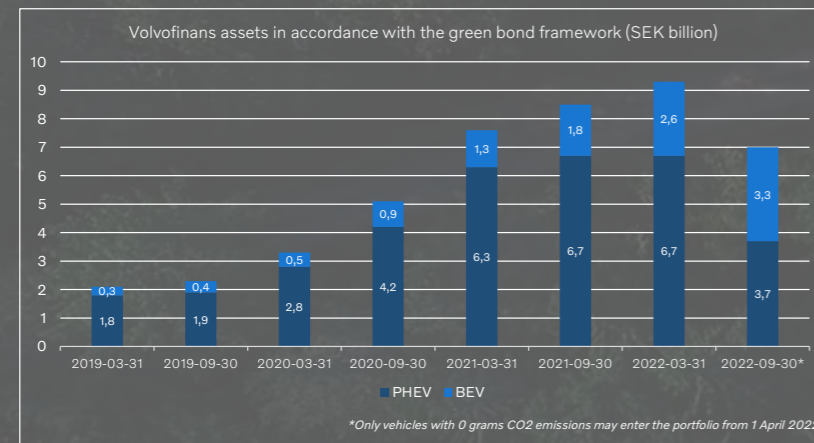


Climate change is one of the greatest challenges of our time. As far as technically feasible and financially reasonable, the bank must take long-term environmental responsibility aimed at reducing its ecological footprint. Our goal is to be a bank with a net zero carbon footprint. It is a goal that demands dynamic action. The goal includes reducing the bank's greenhouse gas emissions by 40% by 2025, which is also in line with the Paris agreement's objectives. This will be achieved by replacing

fossil-fuelled vehicles in the bank's portfolio and increasing its Green Asset Ratio (GAR). The bank's Fleet business aims to achieve a share of rechargeable vehicle orders that exceeds 70%. As of 2022, the proportion of rechargeable vehicle orders was 84% compared with 68% in the previous year. Technological solutions drive change in the automotive industry and are an important factor for reducing dependence on fossil fuels. Regulation in the automotive industry such as changed Bonus Malus thresholds in recent years is aimed at reducing environmental impact, thus further driving transition. Even though the government abolished the climate bonus in November, EVs are still rapidly gaining in popularity, not only fully electric vehicles with no internal combustion engine, but also plug-in hybrids, which have an internal combustion engine but which are also able to run on battery power alone. Such vehicles are charged from a grid which in Sweden transmits electricity from sources that generate relatively few CO2 emissions. Thus Sweden's emissions are reduced every time a vehicle is replaced by a rechargeable alternative. The bank is working closely with Volvo Cars, Polestar, Renault and AB Volvo to drive sales and financing of electric cars and electric and hybrid buses. Moving forward, the bank expects to see an increase in the financing of hybrids and especially purely electric cars. Volvo Cars enjoys a leading position on the Swedish market with regard to hybrid vehicles. Volvo Cars has launched the XC40, C40, and during the year the EX90, as EVs. The bank also finances Polestar EVs on the Swedish market. The bank's CarPay Fleet business area is developing new solutions with a sustainability focus and helps customers make smart, long-term choices for their businesses. The bank launched business area CarPay Move during the year, where there is an opportunity to assist smaller companies with their fleets. Also, the bank has collaborations regarding eco-friendly fuels such as gas and HVO biodiesel.



The bank updated the green bond framework in 2022 while maintaining its rating of Medium Green. The bank introduced more stringent conditions for assets accepted in the portfolio, and as of 1 April 2022, only vehicles with 0 grams of CO2 emissions will be admitted. In 2022, the bank issued four green bonds with a total value of SEK 1.5 billion, thereby increasing the volume of green bonds to SEK 4.1 billion by year-end. Both issue events attracted great interest from investors and demand far exceeded issue volume. In June 2022, the bank published an investor report concerning the green bonds so far issued; according to the report, the loan portfolio contributes to an annual CO2 reduction of 5,742 tonnes. This type of bond is something in increasing demand on capital markets, especially among investors with green credentials. Despite the bank's constraining framework, its green portfolio continues to grow rapidly, and the bank has good opportunities for issuing further green bonds in the future.



Volvofinans Bank calculates both direct and indirect CO2 emissions and reports them under Scopes 1, 2 and 3. The bank has a small footprint in relation to scope 3, which is the cumulative impact of the bank's customers. For its part, the bank is busy reducing its own climate impact, but it has the greatest influence by supporting customers in their climate transition. To achieve net zero, collaboration with suppliers and customers in the eco-system is essential. The automotive industry is a sector undergoing change, and even though it affects our climate, there is a belief in a future where we will be able to switch to a fossil-free vehicle fleet. Volvofinans Bank seeks to be a driving force behind this transition by helping its partners, customers and employees make better, smarter choices with regard to mobility and life on the move. The bank sees the increase and dissemination of knowledge and awareness in sustainable mobility as its responsibility. Thanks to the bank's extensive experience in the field and its knowledge of the world at large and its trends, the bank educates and guides customers toward smart, sustainable choices for the future.

Since Volvofinans Bank is digital and lacks bank offices and production, its own environmental impact is relatively small. The bank intends to continue reducing its current impact as part of its sustainability goals. Developing digital solutions such as CarPay is one part of this, e-billing and e-signing another. The bank updated its internal company vehicle policy during the year. The aim is for company vehicles to have zero emissions, or emissions so low that they fall within the bank's overall sustainability targets. Company vehicles will consist primarily of EVs or hybrids chosen from our partners' product ranges. The bank advocates travel-free meetings as far as possible and, when travelling on business, climate-smart options should be chosen whenever possible. The bank updated its purchasing policy during the year to enable it to determine, during procurements, whether and to what extent future suppliers are sustainable. There are requirements for working conditions, the environment, safety and quality.

The bank's total carbon dioxide emissions for 2022 are calculated on the latest available data for direct Scope 1 emissions and indirect Scope 2 emissions. The bank also measures indirect Scope 3 emissions, and as its main source of greenhouse gas emissions are in Scope 3, it is relevant to report them.

The bank measured 2022 emissions from vehicles disposed of by its employees in Scope 1; the figures are calculated from internal data compiled continuously on the basis of the distance travelled by the vehicles and their CO2 emissions. In Scope 2, the bank measured energy consumption from its offices in Gothenburg and Stockholm. In Scope 3, the bank estimated the amount of CO2 emissions generated by vehicles administered by the bank; the figures are based on an approximation of the average distance driven by a passenger car in 2022 and internal data on grams of CO2 per km for cars covered by the bank's lending.

(tonnes CO2)	2022
Scope 1	154
Scope 2	1
Scope 3	278,840

RISKS

Each section below describes the most significant risks that the bank has identified, linked to sustainability in the operations. The risks are of a strategic and operational nature; as a bank, we provide capital adequacy for all risks, including strategic and operational. The bank assesses sustainability in the credit granting process, and thus also monitors credit risk as a risk related to sustainability. The bank's website contains the bank's TCFD report, which describes how Volvofinans Bank is working strategically with climate-related risks and opportunities.

Personnel and social conditions

Motivated, committed employees are essential for the bank's success. Occupational health and safety and corporate culture affect the employment conditions of our staff. The bank has identified two risks that stand out distinctly in this area:

- Risk of becoming dependent on key employees
- Risk of recruitment errors

To retain the right skills, the bank makes sure it continues to provide good physical and psychosocial work environments. A good work environment, the opportunity for personal development and zero tolerance of any type of victimisation, discrimination and harassment are crucial for good employee conditions and high employee commitment.

The environment

The risk in the environmental area arises mainly from the fact that the bank's business is in financing vehicles, which largely run on less eco-friendly fuels, such as petrol and diesel. It's easy to see that a rapid transition to climate neutrality would promote a reduction in greenhouse gas emissions, but increase transition-related risks. In connection with this, the bank sees a risk for a downgraded rating and borrowing ability if lending is insufficiently sustainable. The bank also sees a risk of reduced lending volumes and the risk of major changes in residual values due to the transition to electrified vehicles.

Human rights

Business must be conducted with high standards of ethics and integrity. The bank must apply its Code of Conduct and promote human rights. Volvofinans Bank does not accept any form of child labour, forced labour or other type of involuntary labour. At a minimum, employment conditions must meet the minimum requirements laid down by national legislation. Employees have the right to organise themselves in trade unions, to join associations and

to negotiate with Volvofinans as an employer. The bank only buys goods and services that are in line with the bank's code of conduct and only does business with suppliers and customers with whom it has trusting relationships. The bank has not identified any significant risks in this area. The bank operates solely in Sweden, where it complies with laws and its own internal policies.

Anti-corruption

Volvofinans Bank seeks to actively contribute to sustainable society by being a credible, responsible employer, business partner and stakeholder. Applying the bank's ethical guidelines and good business practice is equally as important as complying with current legislation. The bank does not permit any form of price collaboration, cartel formation or abuse of market dominance, and it supports free and fair competition in tenders, offers, contracts and purchases in all aspects of its operations. The bank has a well-functioning whistleblower procedure and conducts ongoing training in issues relating to security, ethics and money laundering. No whistleblower incidents were reported in 2022.

Significant risks related to anti-corruption:

- Risk of the bank failing to comply with the banking rules and regulations governing the bank's operations
- Risk of the bank failing to fully comply with money laundering regulations
- Risk of internal irregularities

The bank's compliance officer carries out regular monitoring to minimise the risk of non-compliance with the bank's rules and regulations. The bank also has to assess and minimise the risk of its operations being exploited for money laundering or terrorist financing. By always checking the purpose of the transaction, the identity and the true principal of corporate customers, we prevent the risk of the bank being exploited for terrorist financing and money laundering. Because the bank operates in Sweden and only offers products in this market, it considers the risk of money laundering and terrorist financing to be low.

VOLVOFINANS BANK

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