

Sustainability report

# 2024



The  
Mobility  
Bank

**Ziklo**

In the event of interpretation or differences between this report and the Swedish version, the latter will prevail.

Sustainability report

The bank has been developing financial services and enabling transport for all customers for more than 60 years. Ziklo Bank intends to accelerate the transition toward tomorrow’s mobility while focusing on sustainability. By creating smart solutions in close collaboration with partners, the bank can develop mobility that makes best use of resources. It’s all about speeding up the switch to cleaner cars, finding alternative types of transport and making sure vehicles are used longer and by more people. Ziklo Bank’s overarching goal is the reduction of average CO2 emissions from vehicles in the bank’s portfolio by 30% by 2025, and by 70% by 2030, with 2020 as base year. In 2024, the bank was already below its 2025 interim target. 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, which is reflected in the bank’s very low credit losses. All of our employees should enjoy good employment terms, a safe work environment and be treated equally. As a bank, the high standards demanded of us require operations to be conducted responsibly and transparently. The bank works proactively 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.

Business model

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 Ziklo Bank with collateral in the item. The dealers bear the credit risk, while Ziklo 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 Ziklo Bank’s business model and segments, refer to the Directors’ Report and Note 4.

“By creating smart solutions in close collaboration with partners, the bank can develop mobility that makes best use of resources.”

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.

- Ecological sustainability – as far as technically feasible and financially reasonable, Ziklo must take long-term environmental responsibility aimed at reducing its ecological footprint.
- Social sustainability – Ziklo must strive to be a healthy operator in a healthy market and be perceived as a modern, attractive employer that takes both internal and external responsibility.
- Financial sustainability – safeguarding a sustainable business enterprise requires financial strength.
- Responsible corporate governance – the operation must be run responsibly in order to safeguard long-term profitability and maintain trust.

Organisation

The Board and the CEO have overall responsibility for sustainability work. The sustainability manager is responsible for coordinating, supporting and regularly monitoring the bank’s sustainability work and reporting outcomes to company management. The sustainability manager is represented in the bank’s management team. The bank has a sustainability forum where representatives from different business areas 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 the different business areas, the Treasury, HR, Strategy and Risk management, all of whom work with the bank’s daily operations, control and compliance. The CEO and CFO are also members. All of the bank’s employees undergo sustainability training every 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. Ziklo Bank intends to accelerate the transition to sustainable, accessible mobility in society and has set targets for the reduction of CO2 emissions from vehicles in the financed fleet in line with the Paris Agreement’s goals 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. Ziklo Bank has chosen to prioritise four of the global sustainability goals (UN SDGs) that are especially relevant and important for the bank’s operations. The goals are Good health and well-being (3), Gender equality (5), Sustainable cities and communities (11) and Climate action (13). The bank’s business strategies must be designed to contribute to the priority sustainability targets.

The bank has voluntarily chosen 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 first draft of a materiality analysis was made at the end of 2022 to identify the areas where the bank has a material sustainability impact. The work consisted of external analyses and interviews with various key individuals at the bank. In 2024, the bank carried out its first double materiality analysis (DMA) in line with CSRD to chart the bank’s impact from a material and financial perspective; see page 48 for further information on the implementation and outcomes of the double materiality analysis.

EU taxonomy regulation

The EU has created a uniform classification system, known as the EU taxonomy, for environmentally sustainable financial activities. The taxonomy regulation seeks to help investors identify environmentally sustainable investments. The regulation will come into force in stages. Ziklo Bank is currently not subject to the disclosure requirements under the EU’s taxonomy regulation but has voluntarily chosen to report the extent to which the bank’s operation is linked to environmentally sustainable financial activities. Reporting and the quality of data will be developed over time.

Assets	The proportion of total assets, %
Exposures to financial activities covered by the taxonomy	32
Exposures to financial activities not covered by the taxonomy	8
Exposures to states, central banks and supranational issuing bodies	6
Derivatives	0
Exposures to companies not covered by NFRD <sup>*)</sup>	52
Trading portfolio	-
Interbank loan on demand	-

<sup>\*)</sup> NFRD = the EU directive on non-financial reporting that includes requirements for sustainability reporting for certain major companies with more than 500 employees.

EXPOSURES TO FINANCIAL ACTIVITIES COVERED BY THE TAXONOMY

The majority of the bank’s assets consist of vehicle financing for private individuals and businesses. Lending related to the bank’s vehicle financing for passenger cars, camper vans, light vans, trucks and buses is covered by the criteria defined in the taxonomy regulation. This item includes exposure to NFRD companies and households in terms of vehicle financing; the information is based on internal data..

EXPOSURES TO FINANCIAL ACTIVITIES NOT COVERED BY THE TAXONOMY

This category includes the remaining items for lending in addition to the above vehicle financing and other financial assets not covered by the criteria defined in the taxonomy regulation. This item includes the exposure to NFRD companies and households; the information is based on internal data.

EXPOSURES TO COMPANIES NOT COVERED BY NFRD

Exposures to non-NFRD companies must be reported; most of the bank’s corporate customers are defined as non-NFRD companies. Under this category, the bank reports exposure to companies not covered by the NFRD; the information is based on internal data.

THE BANK’S SUSTAINABILITY WORK AND TAXONOMY-ALIGNED ACTIVITIES

The bank will continue to work for environmentally sustainable operations that are in line with the taxonomy regulation. Ziklo Bank’s overarching goal is the reduction of average CO2 emissions from vehicles in the bank’s portfolio by 70% by 2030, with 2020 as base year. Every fossil-fuelled vehicle that is replaced with a rechargeable one reduces the CO2 emissions of the bank’s financed fleet. To ensure the bank’s operations are environmentally sustainable in accordance with the taxonomy, the bank prioritises actions that accelerate the transition to sustainable mobility in society.



At the end of the year, Ziklo Bank donated money to UNHCR. A UN organisation that helps people fleeing from war and conflict, the organisation is often the first to arrive on scene in acute crises, and stays for as long as necessary. Everyone at Ziklo Bank thinks this is incredibly important!







“Our report spotlights the latest trends and challenges in the future of mobility. With a focus on EVs, charging infrastructure and future-proofed mobility, the report presents data that provides a clear picture of where we stand today, and what it will take to meet tomorrow’s challenges.

Among other things, research shows that people who do not own EVs consider them expensive and struggle with range anxiety, while people who have actually switched to EVs do not perceive range to be a problem and often see a lower total cost of ownership (TCO) due to lower operating and maintenance costs. Tongue-in-cheek, one might say that range anxiety and the perceived high EV prices could be ‘cured’ by actually owning an EV.”



The UN’s global sustainability 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, Ziklo 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. Its personnel are the bank’s most important resource, and a good working environment is essential for good performance and personal development, which in turn are crucial factors for the bank’s continued success.

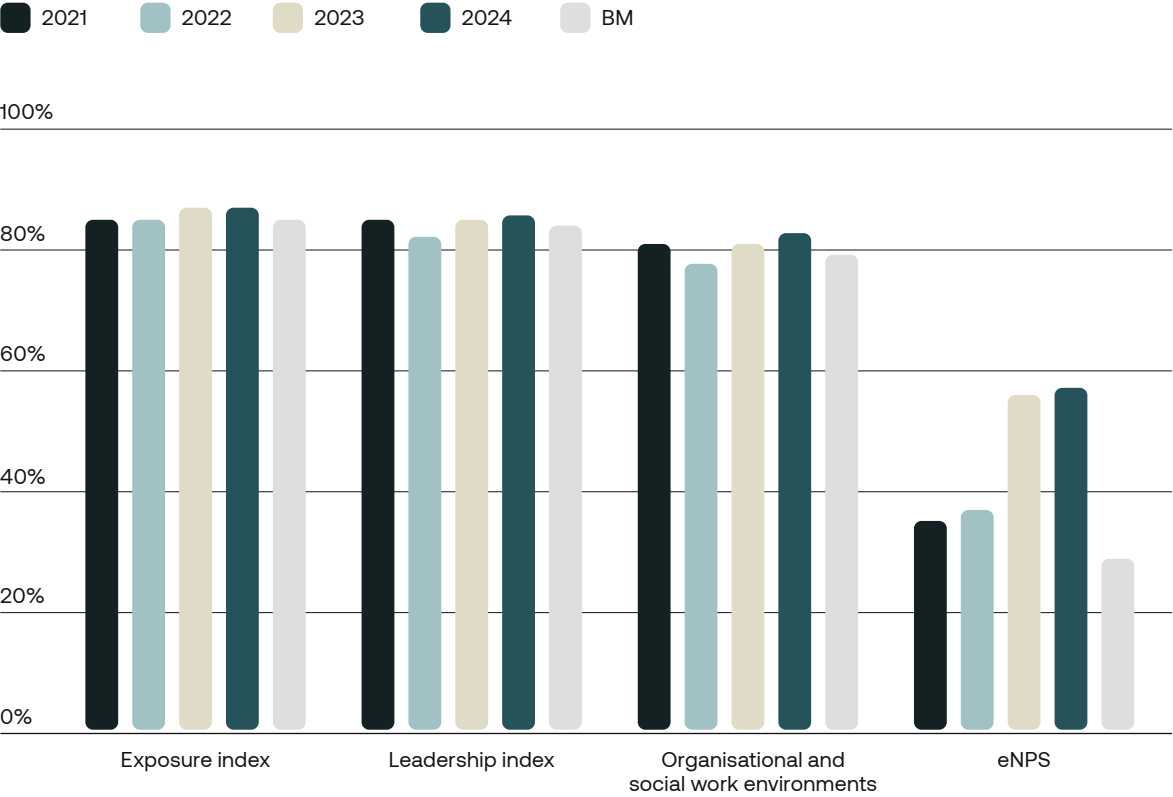
It is important that the bank’s employees have a good balance between their private life and their working life. All employees are offered the opportunity for flexitime, remote working and reduced working hours, i.e. time off with pay.

Health is one of the bank’s focus areas. Over the years, the bank has taken various measures to enable healthy activities that focus on breaking sedentary behaviour among its employees, and to provide them with a broad spectrum of health-promoting tools to improve wellness, no matter how their lives appear. Because there is no single solution to suit everyone, the health initiative included diet, rest, exercise, movement and mental training. There are numerous videos and tips about WFH ergonomics on the bank’s intranet. Every year, employees compete

in the Vasaloppet relay ski race, and four teams from the bank took part in 2023. The bank offers wellness grants, massages, occupational health care and computer monitor spectacles to all employees every year. Also, all employees have the opportunity to lease personnel bicycles, partly to encourage them to take daily exercise and enjoy better health, and partly to help reduce the bank’s total CO2 emissions and its environmental impact. Breakfast lectures for employees are also held at the bank’s offices, the most recent of which focused on health, personal finances and pension advice.

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.

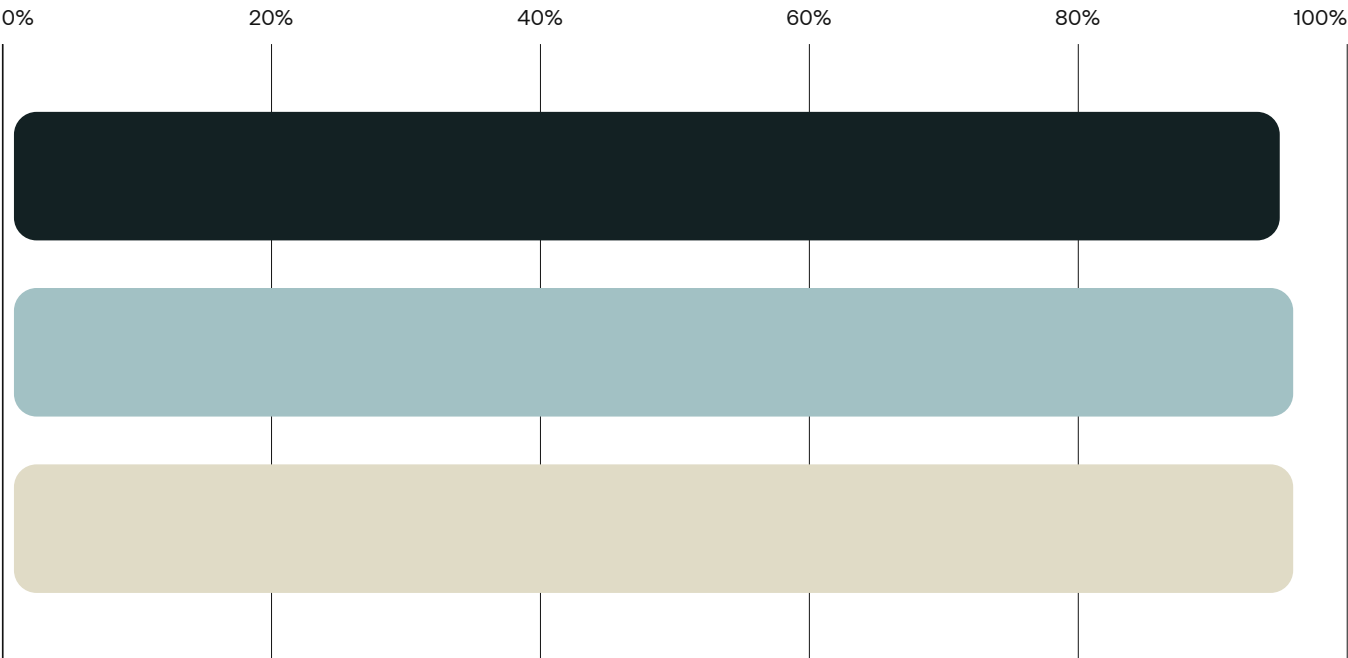
Ziklo Bank has a cooperation agreement with Ljung & Sjöberg AB, a private education and health care company specialising in drug abuse problems in the workplace. Alcohol, drug and gambling problems constitute one of the major public health challenges of our time. Therefore the bank seeks to raise awareness 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. Through its diligent, long-term work, the bank has met the requirements for certification as a Proactive Workplace for the second year in a row (2023 and 2024).



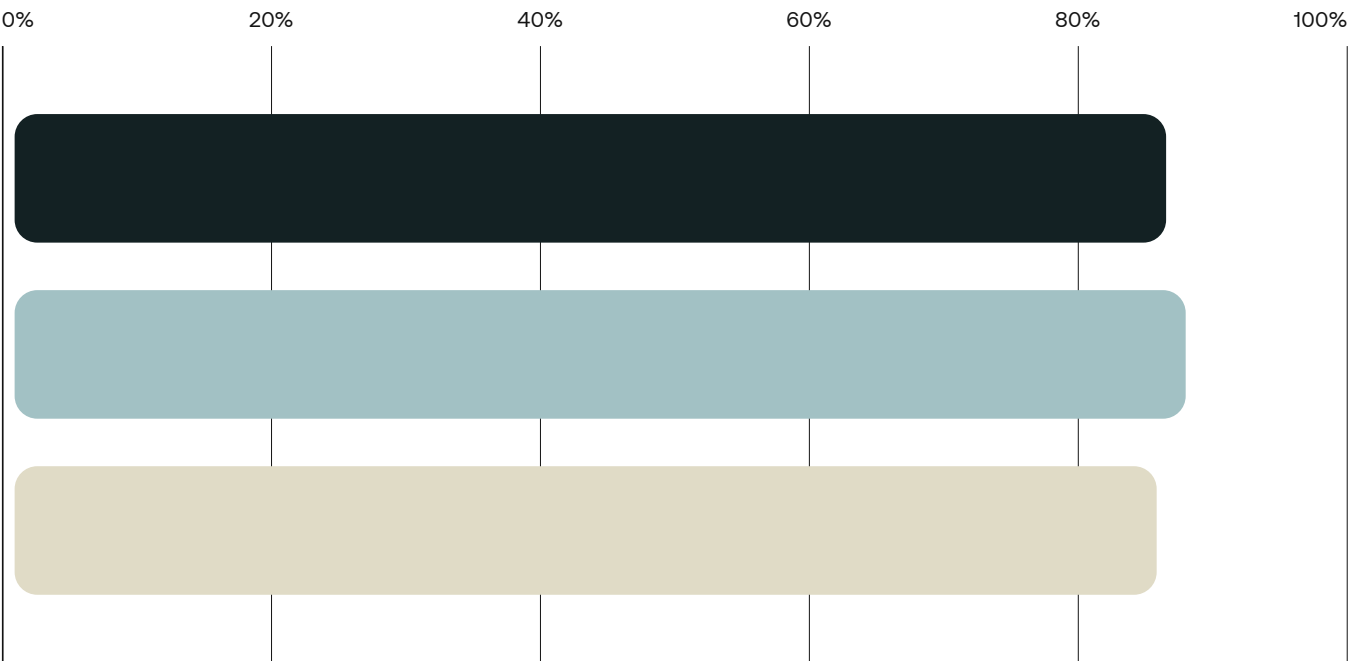
BM = Benchmark, which is based on the outcomes from just over 600,000 responses from more than 250 organisations (Nordic and international)

eNPS = Attractive employer (employee net promoter score), based on the employee survey

Employees who responded that they have not been subjected to victimisation (harassment, discrimination or sexual harassment) at work in the past 12 months.



Employees who responded that they were free to express their opinion in their team.



2023 2024 BM, high performing top 25

“Our business should reflect the diversity of society as diversity creates a more stimulating workplace and helps the bank better understand its customers.”



While gender equality is one of Ziklo Bank’s goals, it is also essential for a sustainable, inclusive and attractive workplace. To help achieve this goal, the bank must work diligently 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 employment conditions, 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 environment is carried out systematically throughout the operation.

Ziklo Bank feels that people with diverse backgrounds, experiences 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 inclusion must form a natural, integrated part of the bank’s overall 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 works to promote gender balance in its various positions and teams through education, 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 improvement, and that the process is equitable with 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. Internal recruitment is followed up to make sure there is no gender

bias. 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.

Ziklo Bank has zero tolerance for any form of victimisation, discrimination and harassment. In this year’s employee survey, 96% (95) responded that they were not subject to victimisation (harassment, discrimination or sexual harassment) at work during the year, while 87% (86) affirmed that they can freely express their opinion in the team.

Work on equal, inclusive workplaces is a focus area for the bank. Among other things, the bank has free feminine care at both offices, it has drawn up guidelines for an inclusive meeting culture, and every year personnel from HR meet various groups, managers and employees alike, to discuss equality, inclusion and prejudice. For the past year, the bank’s employees have been able to listen to Monika Björn’s lecture “Staying strong through the menopause” and Elaine Eksvård’s lecture on the Domination Technique in working life. Our focus on gender equality and inclusion will continue in our annual performance reviews where these aspects are specific topics for discussion. There were changes to the composition of the bank’s Board and management team during the year; both the Board and management team have the same gender balance as the previous year. The sustainability forum follows up the bank’s ambitious gender equality goals. Of the responses to the question “Does the bank provide the same opportunities for all employees regardless of gender” in this year’s employee survey, 87% (86) were positive, which was better than the benchmark 78% (84) in the 25 best companies, and even better than the 84% (75) benchmark in the financial industry.



The bank intends to accelerate the transition to sustainable mobility in society and in doing so assume its responsibility in the transition to a fossil-free Sweden. Sustainable mobility is a broad term and includes much more than just resource-efficient, climate-smart transportation and reduced emissions. By sustainable, the bank also means mobility that is accessible, convenient and adapted to suit the needs of people and their expectations, and a smart, safe customer experience. The ambition is to focus development activities to services that can encourage and help customers make sustainable choices. By enabling the financing of fossil-free alternatives, the bank can speed up the switch to cleaner vehicles. The bank also opens the door to more types of vehicle and transport alternatives, while reviewing the possibility of making vehicles available to more people over longer life cycles. The electrification of vehicles means the bank can

see a clear link between the energy and mobility industries, and it will continue to support customers as the source of motive power in the form of vehicle charging relocates increasingly to drivers' homes and workplaces. Ziklo Bank will continue to prioritise initiatives that accelerate the transition to efficient, fossil-free mobility in society.

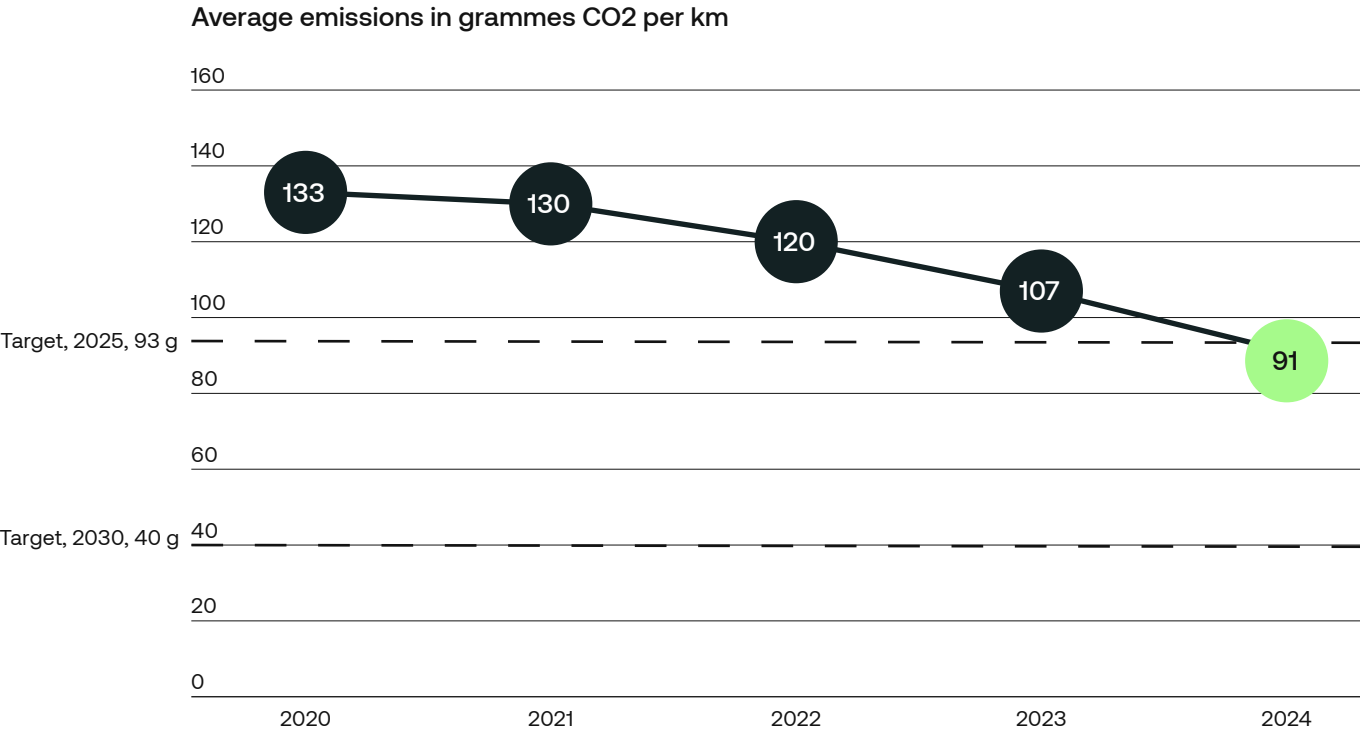
All customers who pay for vehicle charging using the CarPay card now earn double points, and they can also redeem these points and use them for vehicle charging. The bank conducted a campaign during the year together with the Rulla car-sharing service where all new CarPay customers at Rulla received SEK 500 to use for travel in 2024. During the year, customers who used their CarPay cards to pay for their public transport or train tickets received a double bonus, redeemable when paying for public transport and train tickets.



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 and reduce its ecological footprint. Because the bank's business is the financing of vehicles which are largely driven by fossil fuels, it intends to help accelerate the switch to cleaner alternatives. Earlier regulatory instruments in the vehicle industry such as Bonus Malus were aimed at driving the transition to rechargeable vehicles. According to Mobility Sweden, 2024 was a poor year for vehicle sales with increased emissions, but things are looking a little brighter in 2025, when electrification is expected to pick up speed again. The poor year may be due to the prevailing recession that has hit Swedish households and companies hard, as well as the abolition of the climate bonus in 2022 and the drop in the emission reduction mandate for diesel and petrol as of 1 January 2024. Despite 2024 being the year when the EV market stopped growing, the industry still has faith in the future and its ability to transition to a fossil-free vehicle fleet over time. Technological solutions drive change and are an important factor for reducing dependence on fossil fuels. Rechargeable EVs are rapidly gaining in popularity – both fully electric vehicles with no internal combustion engine and plug-in hybrids, which have an internal combustion engine but which are 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 fossil-fuelled vehicle is replaced by

a rechargeable alternative. The bank is working closely with Volvo Cars, Polestar and AB Volvo to boost sales and financing of EVs and electric and hybrid buses. The bank will continue to increase the financing of hybrids and especially BEVs. Volvo Cars enjoys a leading position on the Swedish market with regard to both hybrid vehicles and BEVs. Polestar only has fully electric vehicles on the Swedish market. The bank's Fleet business finances all marques, and thus most EVs and hybrids. Also, the bank has collaborations regarding eco-friendly fuels such as gas and HVO biodiesel.

Our goal is to be a bank with a net-zero carbon footprint. To this end, the bank has an overarching goal of reducing average CO2 emissions from vehicles in the financed fleet by 30% by 2025, which is also in line with the Paris Agreement's goals, and by 70% by 2030, both with 2020 as the base year, which is in line with Sweden's climate goals. In 2024, the bank was already below its 2025 interim target. We will reach this goal by replacing the fossil-fuel vehicles in the bank's portfolio with rechargeable BEV or plug-in hybrid vehicles. Each of the bank's business areas have drawn up sustainability goals to support the overarching goal. Ziklo Bank continues to increase its proportion of EVs and hybrid vehicles in general and BEVs in particular. In 2024, 88% (73) of all new passenger cars in stock were rechargeable, compared to a total Swedish market of 58% (60), where 49% (39) were BEVs and 40% (35) plug-in hybrids. As of 31 December 2024, the proportion of rechargeable passenger cars in the overall stock was 48% compared to 36% the previous year.

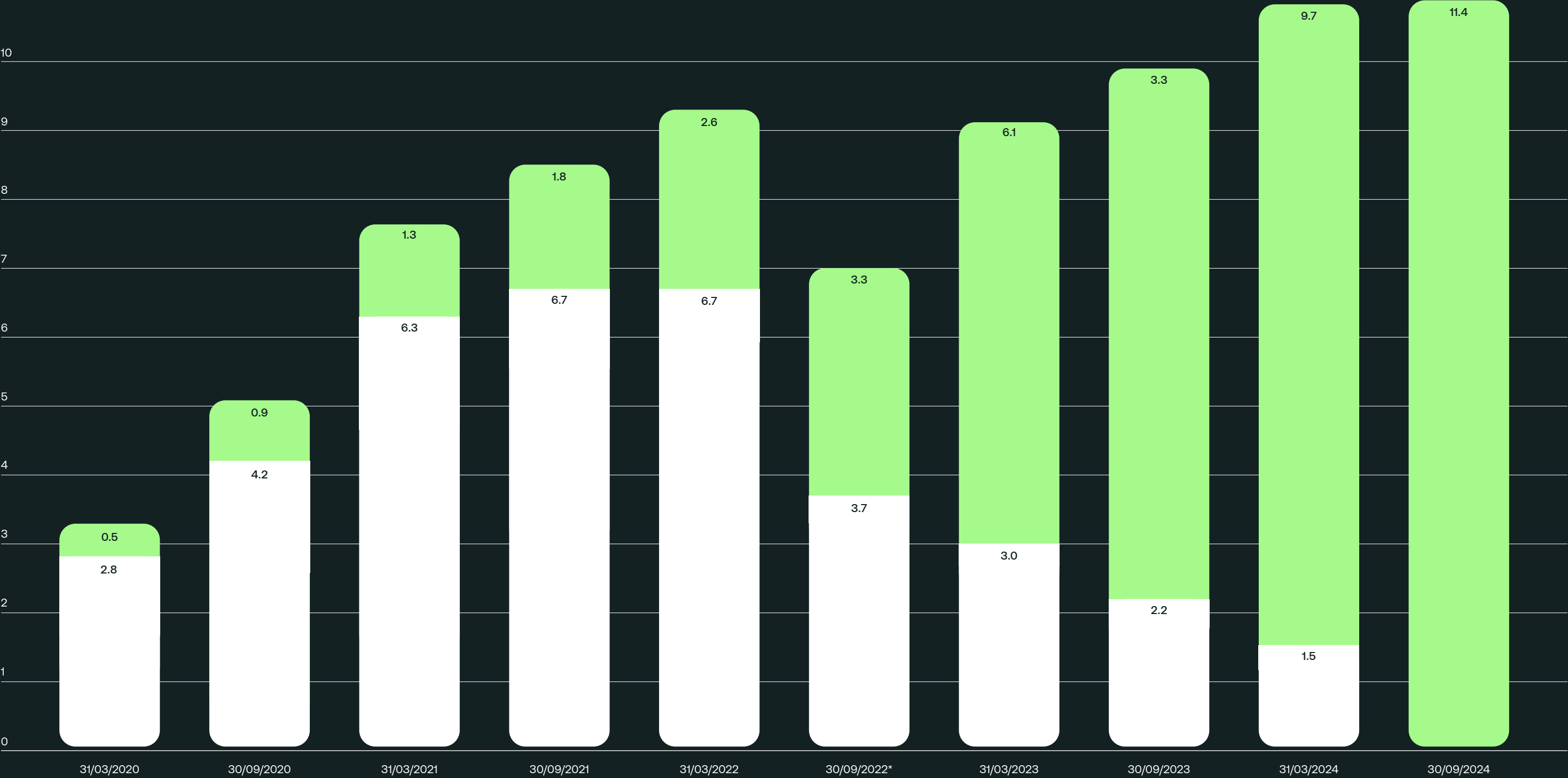




# Ziklo Bank assets in accordance with the green bond framework (SEK billion)

■ PHEV ■ BEV

\*Only vehicles with 0 grammes CO2 emissions may enter the portfolio from 1 April 2022.



The bank’s green financing constitutes an important step in the bank’s vision and the transition to a fossil-free vehicle fleet. During the year, Ziklo Bank maintained its proportion of green bonds in the overall outstanding bonds volume at 43% (43) or SEK 7.75 billion (5.6) as of 31 December 2024. The bank’s green lending portfolio has now phased out all hybrid car contracts, and as of April 2024, the portfolio consists exclusively of financed BEVs. The bank issued five green bonds in 2024 for a value of SEK 3.25 billion, and great interest was shown by investors on all issue dates, and the total offer greatly exceeded the desired issue volume.

In the beginning of July 2024, the bank published an investor report on the green bonds outstanding as of 31 March. According to the report, the green loan portfolio, which is financed by green bonds, contributes to an annual CO2 reduction of 10,481 tonnes. This type of bond is in increasing demand on capital markets, especially among investors with green credentials. Because Ziklo Bank expects the green loan portfolio to go on growing in the years ahead, it will continue to enjoy good opportunities to issue further green bonds in the future.

In 2023, the bank signed its first bank financing linked to sustainability. The credit facility was linked to two of the bank’s sustainability goals, namely reducing CO2 emissions in the financed fleet, and equal opportunities for all employees. The facility has a term of up to four years, and if the environmental and equal opportunities goals are met, there will be a positive impact on the cost of the facility for the bank.

Ziklo Bank calculates both direct and indirect emissions and reports them under Scopes 1, 2 and 3. Scope 3 includes the majority of the bank’s climate impact such as emissions from the use of the bank’s products. While the bank’s goal is to reduce its own climate impact, it exerts the greatest influence by supporting customers in their climate transition. Thus an important part of the bank’s work is advising partners and customers, e.g. by using Ziklo Fleet Services to draw up mobility policies that are as sustainable as possible based on prevailing conditions, and by supporting customers in sustainability issues and helping them measure and monitor the climate impact of their vehicles.

Since Ziklo Bank is digital and lacks bank offices and manufacturing, its own environmental impact is relatively small. The bank intends to continue reducing its current impact such as the consumption of paper and electricity 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 only uses renewable electricity labelled ‘Good Environmental Choice’, and energy-efficient lighting devices such as motion detectors and dimmers are installed in both offices. The purpose of the bank’s internal company vehicle policy is to make sure such vehicles 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 has internal guidelines that must be followed when selecting partners, and an updated purchasing policy for use during procurements to determine the manner and extent to which future suppliers are sustainable. There are requirements for working conditions, the environment, safety and quality. The bank also has a code of conduct for suppliers and partners describing the minimum level of e.g. environmental and climate responsibility the bank expects all suppliers and partners to meet.

The bank’s total carbon dioxide emissions for 2024 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 will continue its work with identifying and calculating Scope 3 emissions. The bank has measured 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 emission data. In Scope 2, the bank measured how much CO2e the consumption of electricity and heating gave rise to in the bank’s offices in Gothenburg and Stockholm. The bank has measured the Scope 3 emissions generated by its financed vehicles; the data is taken from both internal and external sources. The average distance travelled for each vehicle type was retrieved from Trafa. Data concerning grammes of CO2 per kilometre (WLTP) were retrieved from internal passenger car data. Where CO2 data per kilometre is lacking for camper vans, trucks and buses, the bank has chosen to use a general consumption factor for the different vehicle and fuel types, and emission factors for the fuels. For 2024, the bank has chosen to use a standardised method from the Partnership for Carbon Account-

ing Financials (PCAF) to measure and calculate financed emissions. The calculations are based on the following formula:

- Financed emissions = emissions × attribution factor
- Emissions = emissions from the asset
- Attribution factor = the bank’s financed proportion of the asset’s total value

The purpose of the PCAF’s method of measurement is to enable financial institutions to uniformly measure CO2 emissions linked to Scope 3 lending. Due to the addition of the attribution factor for the 2024 measurement method, the bank reports a significant reduction of CO2 emissions for financed vehicles in Scope 3. Nevertheless, if we disregard the attribution factor, the bank can report a decline in CO2 emissions for financed vehicles in Scope 3 compared to the previous year. Overall, the bank had more agreements (financed vehicles) in 2024 compared to 2023, but these agreements account for a smaller amount of total emissions than the previous year. Emissions from business trips and from commuting by employees and consultants to the bank’s offices are also reported under Scope 3. Emissions from business trips are based on internal data and the application of emission factors for travel by air, rail and ferry. Emissions from commuting are calculated based on a personnel survey and the application of emissions factors per means of transport.

(tonnes CO2e)	2024	2023
Scope 1		
Company vehicles	78	101
Scope 2		
Electricity consumption	1	1
Heating**	11	-
Scope 3		
Passenger cars and camper vans*	90,269	234,609
Trucks and buses**	60,477	-
Business trips	2	1
Personnel commuting	69	70

\*Because the bank used a new method for calculating emissions in 2024, the result is not comparable with the previous year's figures. Using the 2023 method, the vehicles would have emissions totalling 191,318 tonnes CO2e for 2024.

\*\*Because the bank began measuring emissions in 2024, no comparison figures are available for that year.

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 it works strategically with climate-related risks and opportunities.

PERSONNEL AND SOCIAL CONDITIONS

Motivated, committed employees are essential for the bank’s continued 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 non-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. Ziklo 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 Ziklo Bank as an employer. The bank only purchases goods and services that align with the bank’s code of conduct and only does business with suppliers and customers with whom it has trusting relationships. The bank also has a code of con-

duct for suppliers and partners describing the minimum level of responsibility it expects all suppliers and partners to meet. 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

Ziklo 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 staff training in issues relating to security, ethics and money laundering. No whistleblower incidents were reported in 2024.

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 team carries out regular monitoring to minimise the risk of non-compliance with banking 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.





# Ziklo received a SILVER sustainability rating in EcoVadis’ assessment in 2024.

The bank increased its 2023 rating by one point from 71 to 72 in 2024. This is only one point short of Gold, even though the criteria and requirements for the rating were raised. EcoVadis is the world leader in sustainability rankings for companies. They evaluate such aspects as the environment, social conditions, human rights, ethics and responsible sourcing. The method is based on internationally adopted standards for sustainability reporting such as the Global Reporting Initiative (GRI), the UN Global Compact and ISO 26000.





# Corporate Sustainability Reporting Directive

## ESRS 2 – General information

### BP-1 – GENERAL BASIS FOR THE PREPARATION OF THE SUSTAINABILITY STATEMENT

Pursuant to the Annual Accounts Act, Ziklo Bank has prepared a statutory sustainability report as part of its annual and sustainability report. Ziklo Bank is currently not subject to the disclosure requirements under the Corporate Sustainability Reporting Directive (CSRD), but has chosen to voluntarily submit a CSRD-inspired report in accordance with the ESRS with a focus on ESRS 1 and 2, and E1 and E2, in preparation for future reporting under CSRD.

### BP-2 – DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

Because this is a CSRD-inspired report and the first time the bank is conducting a DMA that mimics CSRD reporting, there are some uncertainties. The bank will work diligently to improve and clarify the reporting until next year.

Due to the new measurement method for 2024, the Scope 3 comparison figures are not comparable, as this year the bank used a standardised method from the Partnership for Carbon Accounting Financials (PCAF) when calculating financed emissions.

### GOV-1 – THE ROLE OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The composition of the Board of Directors must be appropriate for the company's operations, its stage of development and other circumstances, and be characterised by diversity and breadth in terms of the AGM-elected members' skills, experience and background. To meet these objectives, the bank strives to ensure a broad pool of characteristics and skills, and emphasises that diversity in terms of age, gender, geographic origin, education and professional background are important factors to consider when electing new Board members. The bank currently has seven non-executive members, three of whom (43%) are independent. For further information about the Board's experience and gender distribution, see pages 18–23 and Note 12. Employees are also represented on the Board by union representatives.

The bank's sustainability efforts are guided by its sustainability policy. The bank's strategy and related sustainability goals are integrated throughout its operations with the following division of responsibilities: the bank's Board of Directors and CEO have overall responsibility for sustainability work while the sustainability manager is responsible for coordinating, supporting and regularly monitoring the bank's sustainability work and reporting outcomes to management.

The Board approves the bank's annual business plan in accordance with the Board's rules of procedure and then updates e.g. its risk strategy and sustainability policy. The Board and management follow up the business plan every year and present their findings in the annual report.

Senior executives must consider the climate and how ESG factors can be influenced by their decisions. During 2022, the bank set up a sustainability forum. The forum seeks to enable representatives from the business areas to meet and exchange knowledge about trends in sustainability and market outlooks. This is partly to agree on the bank's short and long-term goals, 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 who work with the bank's daily operations, control

and compliance. Internal audits make up the third line of defence, auditing sustainability work as necessary.

The bank has expertise and skills in sustainability issues in multiple places in the organisation, and the sustainability department possesses in-depth knowledge and is also able to support the operation in sustainability issues. Furthermore, there is an opportunity for sustainability department employees to study and deepen their knowledge in the field of sustainability and to benefit from external expertise in specific issues. In addition, the bank's employees also undergo a number of digital training courses to ensure a high level of skills in risk, security and sustainability issues in the bank's operations.

The aforementioned knowledge helps the bank manage material impacts, risks and opportunities related to the transition of the vehicle fleet. The bank is undergoing a strategic repositioning that underlines its commitment to the transition to more sustainable transportation. The bank must also develop new products with a focus on sustainability, where the latter is incorporated in all new products, as a requirement in the bank's approval process.

### GOV-2 – INFORMATION PROVIDED TO, AND SUSTAINABILITY MATTERS ADDRESSED BY, THE COMPANY'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

As previously mentioned, the Board and the CEO have overall responsibility for sustainability work. The sustainability manager is responsible for coordinating, supporting and regularly monitoring the bank's sustainability work and reporting to the Board. The Board approves the bank's annual business plan and then updates e.g. its risk strategy and sustainability policy. The Board and management follow up the business plan every year and present their findings in the annual report. Board work at Ziklo Bank is carried out in accordance with a structure, where four scheduled meetings are held each year, all preceded by meetings of the committees. Otherwise, the Board meets as necessary when summoned by the Chairman. The sustainability manager reports changes in material impacts, risks and opportunities on at least four occasions during the year in connection with Board meetings, as necessary.

The Board has the overall responsibility of managing the bank's affairs in the interest of both the bank and its shareholders. The Board's responsibilities also include:

- Discussing and making decisions on issues of significant importance and of an overall nature.
- Establishing and monitoring strategies and overall goals having considered the bank's long-term financial interests, the risks to which the bank is exposed or could be exposed and the capital required to cover the bank's risks.
- Promoting a sustainability perspective for the operation.
- Ensuring that ethical guidelines are established for the conduct of the bank and that the external information is characterised by transparency, objectivity and high relevance for the groups targeted by such information.

In the context of the above, regard must be given to the impact, risks and opportunities when the administrative, management and supervisory body oversees the bank's strategy and risk management process.



**GOV-3 – INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES**

The bank has no incentive schemes linked to sustainability matters for members of its administrative, management and supervisory bodies.

**GOV-4 – STATEMENT ON DUE DILIGENCE**

Due diligence involves identifying, preventing, limiting and reporting on the management of both actual and potential adverse effects on humans and the environment. For further information on how the bank handles due diligence, refer to the materiality analysis under IRO-1.

**GOV-5 – RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING**

The process for preparing the 2024 sustainability report was documented, and any risks in the process and the risk of errors in the report and relevant control activities have been identified.

The control activities were linked to parts of the process that include data quality, calculation methodology, estimation and accuracy in textual material. The internal control in respect of sustainability reporting is under construction and will remain under development during 2025.

See Note 2 for further information about the bank’s overall risk management and internal controls.

**SBM-1 – STRATEGY, BUSINESS MODEL AND VALUE CHAIN**

Ziklo Bank’s goal is a net-zero carbon footprint. To this end, the bank has an overarching goal of reducing average CO2 emissions from financed vehicles by 30% by 2025, which is also in line with the Paris Agreement’s goals, and by 70% by 2030, both with 2020 as the base year, which is in line with Sweden’s climate goals. In 2024, the bank was already below its 2025 interim target. While the bank currently has no targets for trucks, targets are being formulated. They relate to the bank’s financed vehicles, which are considered to be the most significant service offered by the bank and which includes all of the bank’s customer groups. The bank, which only operates within Sweden’s borders, employed 324 people at year-end.

Last year, the bank changed its name to Ziklo Bank, which seeks to symbolise the future of sustainable mobility. The name change is also a strategic initiative to enable collaboration with the broader market, additional partners and vehicle brands. During the strategic move, it will be especially important to work with innovative solutions and advice to the bank’s customers. This will involve speeding up the switch to cleaner cars, finding alternative types of transport and making sure vehicles are used longer and by more people.

The data gathered from the bank’s upstream and downstream value chains is both qualitative and quantitative in nature. While the information is obtained from public documents such as annual reports, it can also be supplemented by questionnaires, talks and discussions.

Given the bank’s current situation, the relationship between the bank and its upstream and downstream partners is deemed to be very good. It therefore follows that data was available to meet our current needs. The bank also feels that its partners share its ambition to increase the availability of data moving forward.

**SBM-2 – INTERESTS AND VIEWS OF STAKEHOLDERS**

The bank has many important stakeholders and partners. The bank’s owners, Volvo Cars and Volvo dealers, along with its customers and investors can be considered its most important stakeholders. See section SBM-3 for further information about the bank’s value chain and business model. Collaboration with stakeholders takes place in e.g. Board meetings, strategy meetings, customer meetings, surveys and partner dialogues in order to gather views and incorporate them into the bank’s business model and its short and long-term strategic goals.

**SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND THE BUSINESS MODEL**

Ziklo Bank’s business model involves vehicle dealers selling and financing vehicles to customers following credit checks before passing the contracts, secured through the vehicles, to the bank. The dealers bear the credit risk, while Ziklo Bank borrows capital on the market, thereby providing the dealers with access to the financial markets. Thus the bank finances the dealers’ loans and leases.

In addition to vehicle financing, the bank’s business model also includes card operations aimed at both private and corporate customers. In business area Fleet, the bank also offers advice to customers regarding vehicle choices and the design of vehicle policies.

The bank has downstream and upstream value chains, where the downstream chain is split into the financing and card operations. Under its business model, Ziklo Bank helps dealers access the upstream financial markets. The bank does this partly by offering savings accounts to the public, and partly by borrowing in the form of bonds from institutional investors.

In the downstream chain, the bank exerts both direct and indirect influence. Direct influence is exerted through the mediation of credit cards and advice on vehicle purchases and policies in the Fleet business area. Indirect influence arises when the bank finances loans and leases for transfer by vehicle dealers, and also by supporting dealers in the mediation of the bank’s card products to customers.

The bank regards its deposits from the public and financing in the bond market as its *main suppliers*, its vehicle dealers as *distribution channels* and the bank’s customers as *end users*.

Based on the bank’s value chain, its material impact, risks and opportunities are concentrated to the downstream part of the value chain; see the visualisation. The bank’s material impact is indirectly due to the CO2 emissions generated by its financed assets, which can have a direct effect on people and the environment. The effects of the assets under the bank’s ownership are sorted under short and medium-term horizons. The bank is involved in the material impacts through its business relationships. The major impact is deemed to occur during the manufacture of vehicles and their period of use. The conclusion based on the analysis conducted with scenarios from the Network for Greening the Financial System (NGFS) is that the bank is well prepared for any situations that may affect the bank’s financial position, earnings and cash flow within a one-year horizon. Residual value risk, the new car market and borrowing are deemed to have the potential for a significant impact on the business in the medium and long terms.

The bank has identified a number of significant risks linked to sustainability. The risks are strategic and operational in nature and are included in the capital adequacy of these types of risk. The

bank assesses sustainability in the credit granting process, and thus also monitors credit risk as a risk related to sustainability.

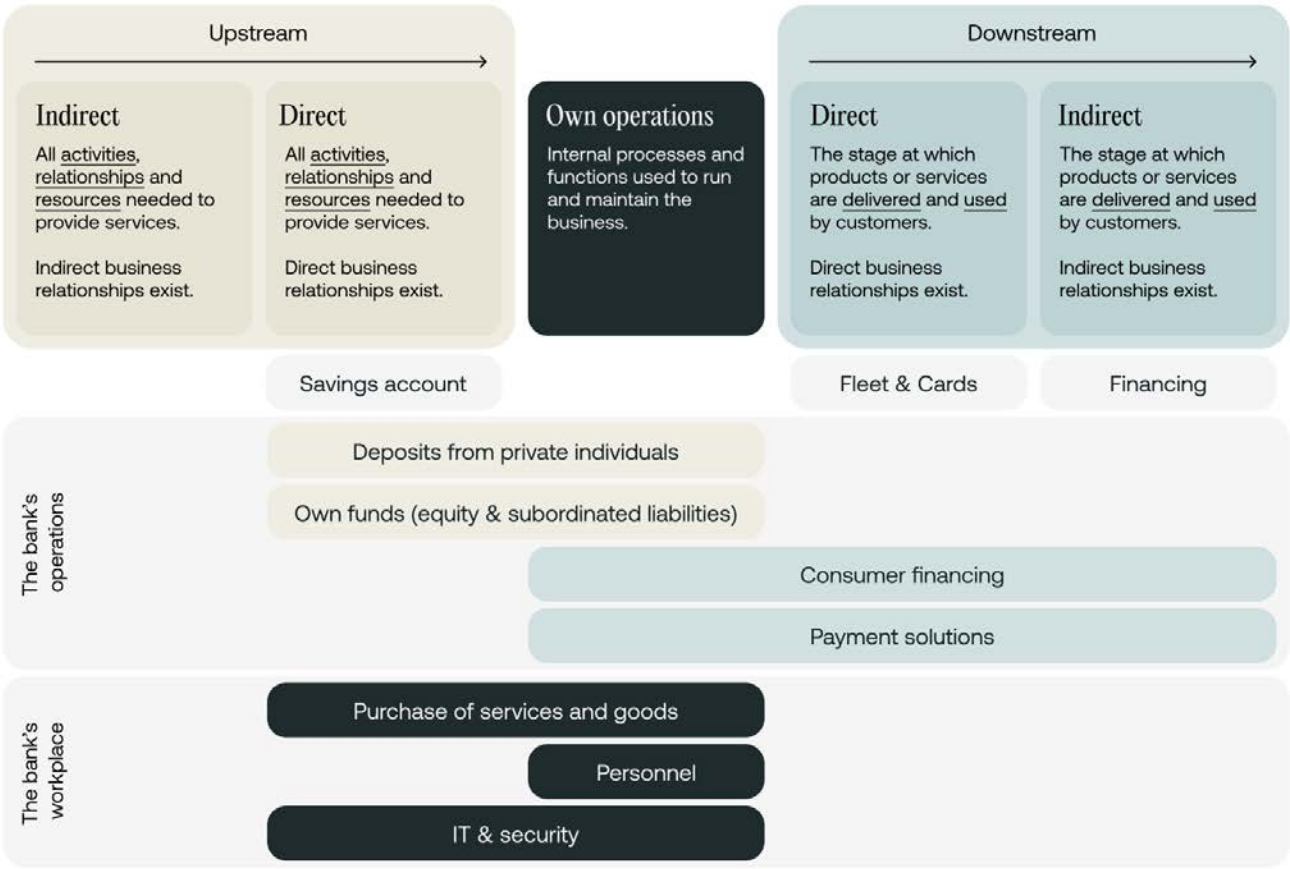
There is a strong correlation between the bank’s risks, its lending portfolio and its greenhouse gas emissions as the majority of the portfolio consists of fossil-fuelled vehicles. It’s easy to see that a rapid transition to climate neutrality would promote a reduction in greenhouse gas emissions thereby lowering the physical climate-related risk, while increasing the transition-related risk instead. The converse is true in a slow transition where greenhouse gas emissions are reduced at a lower rate and transition-related risk is lowered as a result of a greater physical climate-related risk.

What’s more, there are a number of transition risks that will affect the bank in the short, medium and long terms, such as how well the bank can predict future residual values, how well its partners are involved in the transition and lastly, by laws and regulations. The bank defines short term as a time horizon of 1 year, medium term as 2–4 years and long term as more than 5 years.

The bank ascribes the majority of its risks to the medium and long-term horizons. The bank has identified a number of risks, the greatest of which could be the precision with which it sets residual values, as these are becoming increasingly difficult to set due to the transition from traditional fossil fuels to new, electric drivetrains. Another important factor in our transition is how well our partners are mindful of it and champion the cause. The bank’s core business consists of financing cars sold through Sweden’s Volvo dealers. Thus the extent to which Volvo dealers and Volvo Cars enable the sale and supply of EVs and hybrid vehicles is a dependent variable for the bank. Historically, collaboration with the

parties who supply the market with fossil fuels has created value for the bank, and enjoying the right partnership in this regard will continue to be important. The bank’s current forecasts show fossil fuels to have a downward trend. This will place great pressure on operators to get involved in the transition and provide the market with new products and services to replace conventional vehicles that run on fossil fuels. The bank is also affected by laws and regulations. Regulations that not only accelerate the transition to rechargeable cars through initiatives such as Bonus Malus, but also those that slow down the rate of change such as the removal of climate bonuses and a lower emission reduction mandate.

Enabling the transition to greener mobility through the financing of EVs and hybrid vehicles is a natural opportunity for the bank. The bank feels it can contribute to positive developments by rewarding more sustainable alternatives. The bank also sees an opportunity in informing its customers, whereby e.g. Ziklo Fleet Services helps customers make eco-friendly, sustainable and financially sound decisions regarding their fleets. In the long term, the bank could also refuse to grant credit from a credit-risk perspective, and by this means oppose financing mobility that has a negative climate impact or which counteracts sustainable development. In reference to the introduction, the bank sees opportunities in new markets, and there will be new players in the Swedish market who will need financing partners. The bank also sees opportunities through expansion into neighbouring geographic markets to enable the financing of sustainable mobility. In summary, the bank’s sustainability work is in line with future earnings.



**IRO-1 – DESCRIPTION OF THE WORKING PROCESS TO IDENTIFY MATERIAL IMPACTS, RISKS AND OPPORTUNITIES**

CSRD states that companies must report information considered to be material for the company and its value chain. Whether such information is material or not is determined in a double materiality analysis (DMA). In a DMA, the bank applies inside-to-outside and outside-to-inside perspectives, and evaluates the impact the bank has on society, and the impact society has on the bank.

Previously, the bank carried out materiality analyses, and under the CSRD these will be replaced henceforth by double materiality analyses. The outcome from the DMA below is the first for the bank; the DMA will be revised and developed annually.

**Below is the bank’s DMA process:**

1. Understanding

The first step delved into the bank’s business model and value chain to identify significant stakeholders and aspects of sustainability for further evaluation. At the same time, the bank continued to revise and develop its previously conducted materiality analysis. Assumptions arrived at were then cross-checked with internal and external expertise.

2. Identification

The second step consists of a review to identify, describe and assess material sustainability aspects based on their impact, risks and opportunities. The consequences identified were assessed from both positive and negative perspectives. When assessing negative impact, the bank used the existing risk model in respect of probability and consistency.

3. Assessment

The third step evaluated the identified sustainability aspects from an inside-to-outside perspective (material impact) and from an outside-to-inside perspective (financial materiality). The methodology was applied using the following time horizons:

- Short: 0–1 year
- Medium: 1–5 years
- Long: > 5 years

4. Establishment

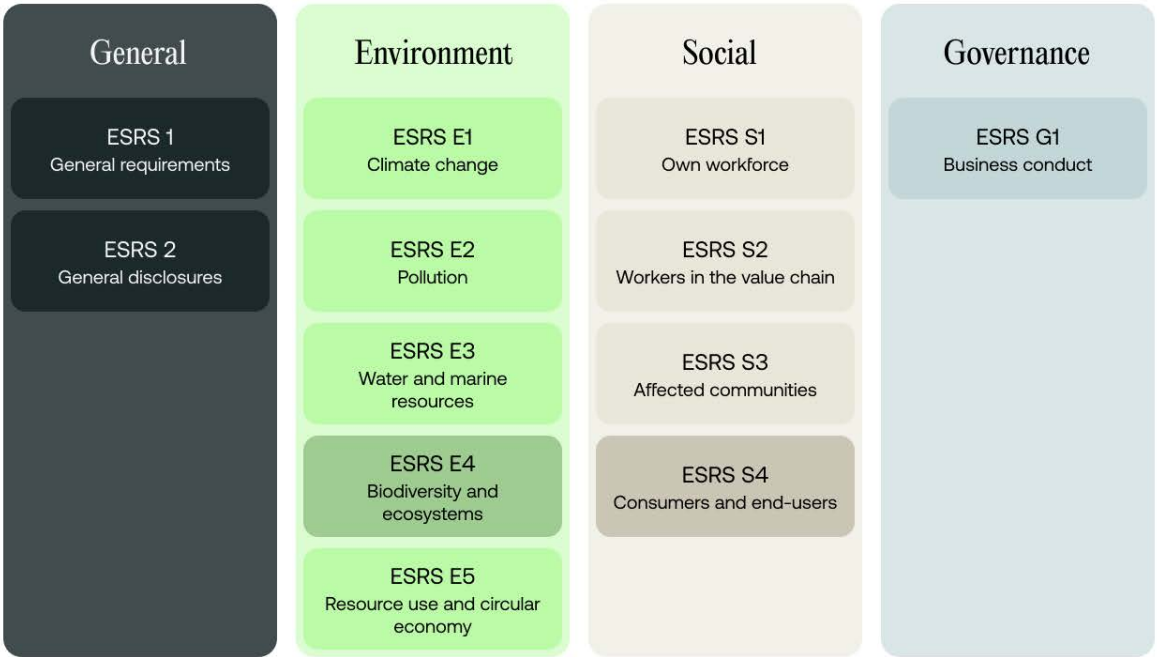
The fourth step establishes the assumptions. Dialogues were held with parts of the management team and selected internal and external expertise to validate and resolve on the results of the double materiality analysis.

**Outcome of the double materiality analysis:**

The chart below shows the outcome of the bank’s double materiality analysis. The bank takes the view that there will be fewer significant areas in the years ahead as the DMA is revised.

- Positive and negative impacts, risks and opportunities with regard to their effects have been identified in E1, E5, S1 and S4.
- Negative impacts and risks from an impact perspective have been identified in E2, E4 and S2.
- Negative impacts and risks from a financial perspective have been identified in S4 and G1.
- Positive impacts and opportunities from a financial perspective have been identified in E5.

Sector-agnostic standards



\*E3 and S3 are not material according to the bank’s double materiality analysis

The bank uses external monitoring to capture changes that may impact it directly or indirectly. In addition to the double materiality analysis, strategic workshops are organised under the ILAAP process to assess sustainability-related risks. The bank was guided by the EU’s Green Taxonomy when adjusting strategies and business decisions based on identified risks. The outcomes of the double materiality and scenario analyses are consistent with the bank’s overall risk profile and management process. See Note 2 for further information on how the bank identifies, assesses and manages the impacts, risks and opportunities in its internal controls and risk management process.

**IRO-2 – DISCLOSURE REQUIREMENTS IN ESRS STANDARDS COVERED BY THE COMPANY’S SUSTAINABILITY STATEMENT**

The bank’s first double materiality analysis assessed all areas as material, except for the standards for water and marine resources (E3) and affected communities (S3). The reason E3 is not considered to be material is based partly on the nature of the operation and its geographical location, as water is not used to any significant extent, and partly on there being no water shortage in Sweden. Because Ziklo Bank is only active inside Sweden’s borders and it complies with Swedish legislation, S3 is not considered to be material. Neither does the bank have any manufacturing operations and thus has little or no impact on communities.

ESRS standard	Page references
ESRS 2 – General Information	45
ESRS E1 – Climate change	50
ESRS E2 – Environmental pollution	55
ESRS E4 – Biodiversity and ecosystems	Not reported for 2024
ESRS E5 – Resource use and circular economy	Not reported for 2024
ESRS S1 – Own workforce	Not reported for 2024
ESRS S2 – Workers in the value chain	Not reported for 2024
ESRS S4 – Consumers and end users	Not reported for 2024
ESRS G1 – Business conduct	Not reported for 2024





ESRS E1 – Climate change

E1, GOV-3 – INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

No account is taken of climate-related considerations in the remuneration of members of administrative, management and supervisory bodies, nor is their performance assessed against the bank’s greenhouse gas emission reduction targets (0% of remuneration is based on climate-related considerations).

E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

Ziklo Bank’s goal is a net-zero carbon footprint. To this end, the bank has an overarching goal of reducing average CO2 emissions from vehicles in the financed fleet by 30% by 2025, which is also in line with the Paris Agreement’s goals, and by 70% by 2030, both with 2020 as the base year, which is in line with Sweden’s climate goals. In 2024, the bank was already below its 2025 interim target.

The bank’s contribution to the phasing out of fossil fuels is mainly indirect through its customers’ motivation to limit climate change by replacing their ICE vehicles with EVs or by using renewable fuels. The bank has an important part to play for customers in the transition by providing training and advice when new vehicle policies are established, and by helping to base the choice of vehicles in terms of their climate impact.

The transition plan is addressed under the bank’s regular budget as it forms part of the bank’s overall strategy. When the bank reports fully in accordance with the taxonomy, it may cover more detailed accounting including quantification of the bank’s investments and financing in support of the transition.

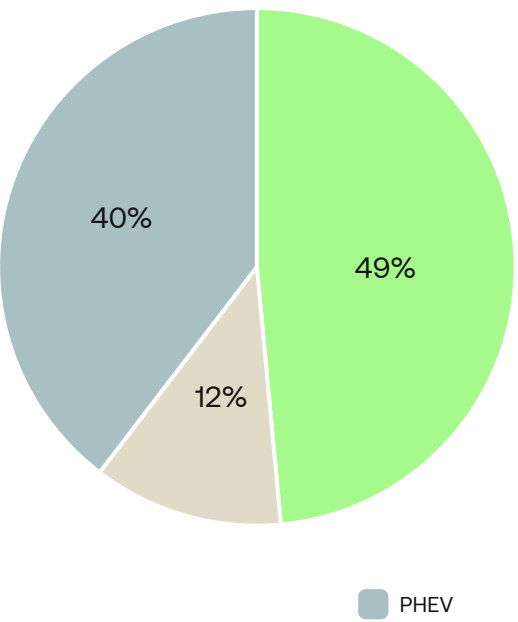
The bank’s greenhouse gas emissions in the vehicles covered by the operating leases are locked in for around 38 months

(the average maturity of the vehicles), i.e. the time the vehicles remain on the bank’s balance sheet. Assumptions were taken into account when the bank’s overall CO2 emissions reduction targets for 2025 and 2030 were adopted.

Alignment with the Paris Agreement is a central issue for the transport industry and the bank in particular. The transition plan is in line with Ziklo Bank’s business strategy, as approved by the Board of Directors, which seeks to meet the growing demand from existing and new customers for a simple, rapid transition to sustainable transportation. The bank’s vision is to become the leading bank for the mobility of the future. The bank sees higher future earnings and lower financial risk by increasing the share of green activities in its portfolio. We measure and work with KPIs related to the switch to cleaner vehicles on an ongoing basis, and we note results from this work through a greater share of rechargeable vehicles in all business areas.

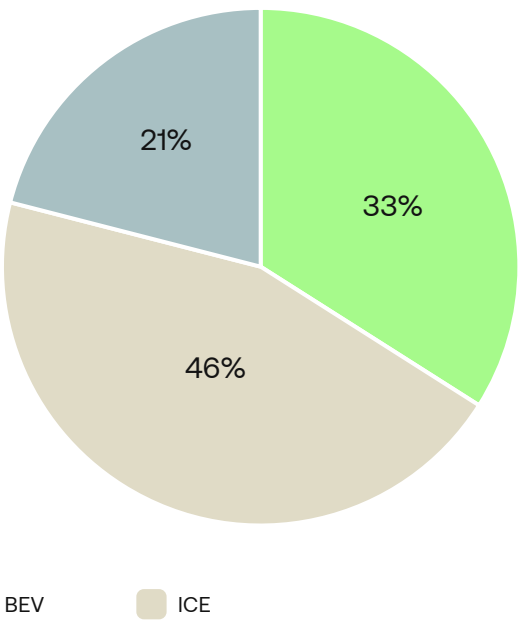
Ziklo Bank – Passenger cars

New inflow Ziklo Jan–Dec 2024



Total market – Passenger cars

New registrations Jan–Dec 2024 (excluding Ziklo)



E1 SBM-3 – SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND THE BUSINESS MODEL

The bank has identified a number of climate-related risks, all of which are related to climate transition risks:

- Residual value risk
- New car market
- Borrowing

To manage these risks, the bank must work to minimise residual risk, increase penetration of the new car market and secure borrowing with green assets at a maintained rating.

The bank has carried out a resilience analysis concerning its own operations and downstream and upstream parts of the value chain. No material physical or transition risks have been omitted.

The last resilience analysis was carried out in the autumn of 2024, based on previously implemented scenarios and double materiality analyses. Assumptions in the analyses made the bank part of the transition to a more low-carbon economy, as the bank’s strategic focus includes financing sustainable mobility, primarily through EVs. The strategic direction is influenced by such macro-economic factors as subsidies for EVs and technological developments like better batteries and charging infrastructure.

All in all, the conclusion drawn from the resilience analysis is that the bank considers itself to be well prepared in the short term. In the longer term, the bank sees a number of factors that may affect resilience. These include the way the new-vehicle and used-vehicle markets develop, as well as borrowing opportunities. Based on the result, the bank continues to increase its penetration of the new car market and use green assets to secure borrowing at a maintained rating. The bank is well-capitalised and financially sound even if the transitioning plans do not materialise in the way the bank has forecast.

E1 IRO-1 – DESCRIPTION OF THE WORKING PROCESS TO IDENTIFY AND ASSESS MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

The bank’s impacts on climate change can be described by its Scopes 1, 2 and 3 greenhouse gas emissions; see ESRS E1-6 for further information.

The bank has identified a number of physical risks resulting from climate change. They concern damage to property, reduced productivity or indirect consequences in the form of supply chain delays. These risks are associated with the latter part of the bank’s value chain and in turn to their partners; were these risks to materialise, it could have an effect on the bank’s value chain and indirectly impact the bank. In the bank’s assessment, neither the assets nor the business operations are exposed to material impact by climate-related risks that could form the basis for major physical risks for the bank.

As previously mentioned, the bank has also identified a number of transition risks that could affect it in the short, medium and long terms, such as how well the bank predicts future residual values, the effect of how well its partners are involved in the transition and lastly, by laws and regulations. The bank’s business could be indirectly affected by transition events according to how well its partners are aware and active in advancing transition. The bank’s core business is based on financing cars sold mainly through Sweden’s Volvo dealers. Thus the extent to which Volvo dealers and Volvo Cars enable the sale and supply of EVs and hybrid vehicles is

a dependent variable. While the bank sees risks with the transition, it also sees a number of opportunities in a market transitioning to one that is increasingly climate smart. Financing the transition toward sustainable mobility is an opportunity ideally suited to the bank. This includes informing and guiding customers to make environmentally friendly, sustainable and economic decisions.

With the implementation of scenario analysis, the bank has used scenarios depicted by the Network for Greening the Financial System (NGFS), to provide guidance for the risks the bank considers to be the most apt. Six scenarios were used in the analysis, of which two were assessed differently; Divergent Net Zero and NDC were evaluated to gain an idea of how the bank’s operations would be affected based on the perspectives of residual risk, the new car market, borrowing and credit losses. Delayed transition was deemed to be the most likely scenario, but two extremes were chosen to stress the outcome. The conclusion is that the bank is well prepared one year ahead, but in the longer term, residual risk, the new car market and borrowing could potentially affect operations. Thus the bank must work to minimise residual risk, increase penetration in the new car market and secure borrowing with green assets at a maintained rating.

E1-2 – POLICIES FOR CLIMATE CHANGE MITIGATION AND ADAPTATION

The bank has adopted a sustainability policy to address material impacts, risks and opportunities related to climate change mitigation and adaptation.

The purpose of the policy is to form the basis for sustainability efforts at the bank and to create a common approach in the organisation concerning sustainability issues. The policy must form the basis for the sustainability report, in which compliance with said policy is assessed.

The main content of the sustainability policy includes its purpose, goals, the division of responsibilities, sustainability work at Ziklo Bank including ecological, social and financial sustainability, responsible corporate governance, sustainability-related goals and risks, and reporting.

The sustainability policy is linked to a number of material impacts, risks and opportunities for the bank. Some identified risks are associated with the following:

- Reduced earnings due to lower fuel sales
- A poorer rating due to the insufficient sustainability of the bank’s assets
- Partners are unable to cope with changing competition
- Laws and regulations aimed at reducing environmental impact

Otherwise the bank has identified a number of possibilities:

- The ability to make sustainable mobility accessible
- Reducing direct and indirect environmental impact through active environmental work
- Assuming social responsibility

Ziklo Bank’s sustainability work is followed up and reported in compliance with current risk and business plan monitoring. Sustainability-related risks are also addressed in the ILAAP process.

Ziklo Bank diligently monitors the companies that form the bank’s downstream and upstream value chains within the framework of sustainability to make sure they conduct respectable, ethically acceptable business, work to reduce their negative impact on the surrounding world and that they have a stable financial situation.

The bank has a code of conduct for suppliers and partners in addition to the sustainability policy. Ziklo Bank expects its partners to respect and comply with the bank’s guidelines, as these go hand-in-hand with its values. The code of conduct describes the minimum level of responsibility all of the bank’s partners are expected to comply with. The code of conduct is based on international rules and agreements such as:

- Paris Agreement; focuses on environment and development
- The UN Convention on Human Rights
- The International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work
- The UN Convention against Corruption

The code of conduct addresses such things as permits and laws, carbon footprints, resources and efficiency, recycled materials and waste management. The code of conduct for suppliers and partners is available in its entirety on the bank’s website, under “About us/Sustainability/Code of Conduct for suppliers and partners”.

The Board and the CEO have overall responsibility for sustainability work and for ensuring compliance with the sustainability policy. The sustainability manager is responsible for coordinating, supporting and regularly monitoring the bank’s sustainability work and reporting to the management team.

Through its sustainability policy, the bank commits to implementing and conducting long-term efforts toward a sustainable society. In accordance with the Paris Agreement, the bank will promote the transition to sustainable and accessible mobility in society. The bank will take a number of steps to follow the UN’s principles for responsible banking. When adopting the policy, the bank took key partners, stakeholders and employees into consideration. The latest version of the sustainability policy is always available at Ziklo.com. Also, representatives from the bank are available for support should stakeholders need help in implementing and complying with the policy.

Through its sustainability work, the bank addresses both the mitigation of, and adaptation to, climate change. For Ziklo Bank, this means that it:

- assumes its share of responsibility for making sustainable mobility available in society
- has a long-term sustainable business strategy that optimises risks and ensures good finances
- reduces its direct and indirect environmental impact by actively conducting environmental efforts focused on sustainable development;
- acts transparently with regard to the above.

The sustainability policy also addresses energy-efficiency issues where the bank:

- seeks to reduce direct environmental impact through e.g. paper and electricity consumption
- must have as its goal the reduction of indirect environmental impact and follow up and evaluate developments annually
- must use only renewable electricity and energy-efficient lighting in offices

For further information about the bank’s sustainability policy, see our website under “About us/Sustainability/Sustainability Policy”.

**E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES**

The purpose of the sustainability policy is to form the basis for sustainability efforts at the bank and to create a common approach in the organisation concerning sustainability issues. The goal of sustainability efforts is also to conduct long-term work toward a sustainable society. The following are some of the measures taken during the reporting year:

- Increasing the share of rechargeable vehicles by providing customer guidance
- Training partners in the transition to fossil-free alternatives
- Promoting charging, at home as well as public
- Supporting partner campaigns for EVs
- Enabling the redemption of CarPay vouchers for public transport
- Awarding double points to customers paying for EV charging with the CarPay card
- Awarding new CarPay customers for Rulla car-sharing SEK 500 to use for trips
- Participating in the public debate through media activities and the mobility report

All of the above actions help to reduce the bank’s climate footprint in line with the bank’s sustainability policy. They are centred on the bank’s own operations and the upstream value chain and managed in different time frames. Work on increasing the proportion of rechargeable vehicles by providing advice will continue in the years ahead as this action is assumed to have the greatest material impact on climate change mitigation and the phaseout of fossil fuels. The action to convert vouchers to public transport was implemented and completed in 2024.

In the bank’s opinion, the transition to a fossil-free-market will lead to increased revenues and an increase in net interest income without any increase in operating (OpEx) or capital (CapEx) expenses. The bank also feels that implementing the action plans will not require significant operating or capital expenditure (OpEx and CapEx) as the plans are considered to be part of the bank’s business strategy.

The bank cannot separate the CO2 savings resulting from the above-mentioned measures, but reports them as a total item under Scope 3 (see table under E1-6).

**E1-4 – GOALS FOR CLIMATE CHANGE MITIGATION AND ADAPTATION**

Ziklo Bank’s goal is to be a bank with a net-zero carbon footprint. To this end, the bank has an overarching goal of reducing average CO2 emissions from vehicles in the financed fleet by 30% by 2025 (interim objective), which the bank is in line with, and by 70% by 2030, both with 2020 as the base year. To put this in concrete terms, the reduction is approximately 100,000 tonnes of CO2 from 2020 to 2025 and a further 130,000 tonnes from 2025 to 2030 (base year around 330,000 tonnes of CO2). The PCAF financing level has not been taken into account. The goal is based on emissions derived from Scope 3 and includes the bank’s financed CO2e emissions. This is in line with Ziklo Bank’s sustainability policy, which states that the goal of sustainability work is to carry out long-term work for a sustainable society. The goal of reducing greenhouse gas emissions is science-based and consistent with limiting global warming to 1.5°C. In establishing these targets, the bank has used both internal and external sources in its qualitative and quantitative analyses. Among other things, scenarios from the Network for Greening the Financial System (NGFS) and the Swedish Environmental Protection Agency were applied. These analyses gave consideration and regard to external factors affecting the transition of the bank’s vehicle fleet including changes in the sales

volumes of dealers and the willingness of customers to make the green transition. In adopting a goal, the bank takes into account goals at both the national and EU levels.

The CO2 reduction target is relative and measured in grammes of CO2 per driven kilometre. The goal includes reducing the average CO2 emissions from vehicles in the financed fleet, i.e. it covers the bank’s own operations and the upstream value chain.

The bank’s stakeholders did not take any specific part in setting the target. On the other hand, the bank’s target is in line with the goals of important stakeholders including Volvo Cars’ sustainability target of reducing the company’s CO2 emissions per vehicle by 75% by 2030 with 2018 as the reference year. Volvo Group, with Volvo Trucks and Volvo Buses, is another important partner whose goal is to reduce CO2 emissions per vehicle and vehicle kilometre by 40% by 2030 with 2019 as a reference year.

No material changes were made to the goal, which is continuously monitored by the Sustainability function. The goal is monitored in grammes of CO2 per km; progress is deemed to be in line with the original forecast, and given the current rate of transition, the prospects for achieving the goal are good.

Since Ziklo Bank is digital and lacks bank offices and manufacturing, its own environmental impact is relatively small. The

bank intends to continue reducing its current impact such as the consumption of paper and electricity 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 only uses renewable electricity labelled ‘Good Environmental Choice’, and energy-efficient lighting devices such as motion detectors and dimmers are installed in both offices.

The purpose of the bank’s internal company vehicle policy is to make sure such vehicles 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 has internal guidelines that must be followed when selecting partners, and an updated purchasing policy for use during procurements to determine the manner and extent to which future suppliers are sustainable. There are requirements for working conditions, the environment, safety and quality.





E1-5 – ENERGY USE AND ENERGY MIX

The bank only uses **renewable** electricity labelled ‘Good Environmental Choice’. In 2024, Scope 2 energy consumption totalled 304,152 kWh and concerned purchased electricity and heating for the offices in Stockholm and Gothenburg.

Energy use and energy mix	2024	2023
Consumption of purchased or acquired electricity, heating, steam and cooling from renewable sources (MWh)*	304	141

\*Because the bank first began measuring heating emissions in 2024, 2023 is not comparable.

E1-6 – GROSS SCOPES 1, 2, AND 3 AND TOTAL GHG EMISSIONS

(tonnes CO2e)	2024	2023
<b>Scope 1</b>		
Company vehicles*	78	101
<b>Scope 2</b>		
Electricity consumption**	1	1
Heating****	11	-
<b>Scope 3</b>		
Passenger cars and camper vans***	90,269	234,609
Trucks and buses****	60,477	-
Business trips	2	1
Personnel commuting	69	70
<b>Total greenhouse gas emissions</b>	<b>150,985</b>	<b>234,782</b>

\*0% of greenhouse gas emissions derive from emissions trading systems.  
\*\*100% of electricity consumption is market-based gross greenhouse gas emissions.  
\*\*\*Because the bank used a new method for calculating emissions in 2024, the result is not comparable with the previous year’s figures. Using the 2023 method, the vehicles would have emissions totalling 191,318 tonnes CO2e for 2024.  
\*\*\*\*Because the bank began measuring emissions in 2024, no comparison figures are available for 2023.

The bank’s total carbon dioxide emissions for 2024 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 will continue its work with identifying and calculating Scope 3 emissions. The bank has measured emissions from vehicles used 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 emission data. In Scope 2, the bank measured how much CO2e the consumption of electricity and heating gave rise to in the bank’s offices in Gothenburg and Stockholm. The bank has measured the Scope 3 emissions generated by its financed vehicles; the data is taken from both internal and external sources. The average distance travelled for each vehicle type was retrieved from Trafa. Data concerning grammes of CO2 per kilometre (WLTP) were retrieved from internal passenger car data. Where CO2 data per kilometre is lacking for camper vans, trucks

and buses, the bank has chosen to use a general consumption factor for the different vehicle and fuel types, and emission factors for the fuels. For 2024, the bank has chosen to use a standardised method from the Partnership for Carbon Accounting Financials (PCAF) to measure and calculate financed emissions. The calculations are based on the following formula:

- Financed emissions = emissions × attribution factor
- Emissions = emissions from the asset
- Attribution factor = the bank’s financed proportion of the asset’s total value

The purpose of the PCAF’s method of measurement is to enable financial institutions to uniformly measure CO2 emissions linked to Scope 3 lending. Due to the addition of the attribution factor for the 2024 measurement method, the bank reports a significant reduction of CO2 emissions for financed vehicles in Scope 3. Nevertheless, if we disregard the attribution factor, the bank can report a decline in CO2 emissions for financed vehicles in Scope 3 compared to the previous year. In 2024, the bank had more agreements in stock compared to 2023, but these agreements account for a smaller amount of total emissions than the previous year. Emissions from business trips and from commuting by employees and consultants to the bank’s offices are also reported under Scope 3. Emissions from business trips are based on internal data and the application of emission factors for travel by air, rail and ferry. Emissions from commuting are calculated based on a personnel survey and the application of emissions factors per means of transport. The bank applies the market-based method when calculating emissions from the heating and electricity mix, as it only purchases renewable electricity (100%) labelled ‘Good Environmental Choice’ and with a guarantee of origin.

Greenhouse gas intensity based on net income is calculated by dividing total greenhouse gas emissions by operating profit. Operating profit is taken from the income statement on page 68.

Greenhouse gas intensity	2024
Greenhouse gas intensity based on net income (tonnes CO2/SEK)	0.0002

E1-7 – GHG REMOVAL AND MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS

The bank is currently not involved in any carbon capture projects. Nor is any operator in the value chain known by the bank to be involved in such projects. Because the bank does not purchase carbon credits, it has not achieved any carbon reduction or GHG removal by means of such credits.

Ziklo Bank’s goal is to achieve a net-zero carbon footprint, and while it has an action plan to reduce emissions from the financed fleet, it does not currently have a plan for achieving climate neutrality, although one will be prepared in the coming years.

E1-8 – INTERNAL CARBON PRICING

The bank does not currently apply any internal carbon pricing systems.

E1-9 – ANTICIPATED FINANCIAL EFFECTS THROUGH MATERIAL PHYSICAL AND TRANSITION RISKS AND POTENTIAL CLIMATE-RELATED OPPORTUNITIES

Not considered to have any material impact according to the double materiality analysis.

ESRS E2 – Environmental pollution

**ESRS 2 IRO-1 – DESCRIPTION OF THE WORKING PROCESS TO IDENTIFY MATERIAL IMPACTS, RISKS AND OPPORTUNITIES IN CONJUNCTION WITH ENVIRONMENTAL POLLUTION**

Ziklo Bank has determined its material impacts, risks and opportunities as described in ESRS 2, IRO-1. The bank has not carried out any additional reviews in its own or the value chain’s places of business.

**E2-1 – POLICIES RELATED TO ENVIRONMENTAL POLLUTION**

The bank has adopted a sustainability policy to address material impacts, risks and opportunities related to mitigation and adaptation to environmental pollution. For a description of the sustainability policy sub-section E1-2 or the sustainability policy in its entirety on our website, see “About us/Sustainability/Sustainability Policy”.

In addition to what is described in E1-2, the sustainability policy is linked to a number of material impacts, risks and opportunities for the bank related to environmental pollution. For example, there is a risk that the transition to EVs will not take place.

- Otherwise the bank has identified a number of possibilities:
- Develop and provide products and services that reduce environmental pollution.
  - Consider the environmental pollution and consequences in the development of products and services and of changes in its operations under the new product approval process (NPAP).
  - Reduce indirect environmental pollution and monitor and evaluate developments annually.
  - Use only renewable electricity and energy-efficient lighting in offices to reduce environmental pollution.

As far as technically feasible and financially reasonable, Ziklo Bank must take long-term environmental responsibility aimed at reducing its ecological footprint. The bank is working to limit negative impacts on e.g. atmospheric pollution by:

- Reducing direct environmental impact from e.g. the consumption of paper and electricity.
- Using only renewable electricity and energy-efficient lighting in offices.

Ziklo Bank does not use any substances of concern or very high concern. Nor are any substances of concern known by the bank to be present in its downstream or upstream value chains. Thus the bank’s sustainability policy does not address issues relating to substances of concern.

The bank’s sustainability policy does not address matters concerning incidents and emergencies should they arise, or how the bank would limit their impact on people and the environment. Given the nature and geographical location of the bank, such emergencies are deemed unlikely to transpire in the foreseeable future.

**E2-2 – ACTIONS AND RESOURCES RELATED TO ENVIRONMENTAL POLLUTION**

The purpose of the bank’s sustainability policy is to form the basis for sustainability efforts at the bank and to create a common approach in the organisation concerning sustainability issues. The

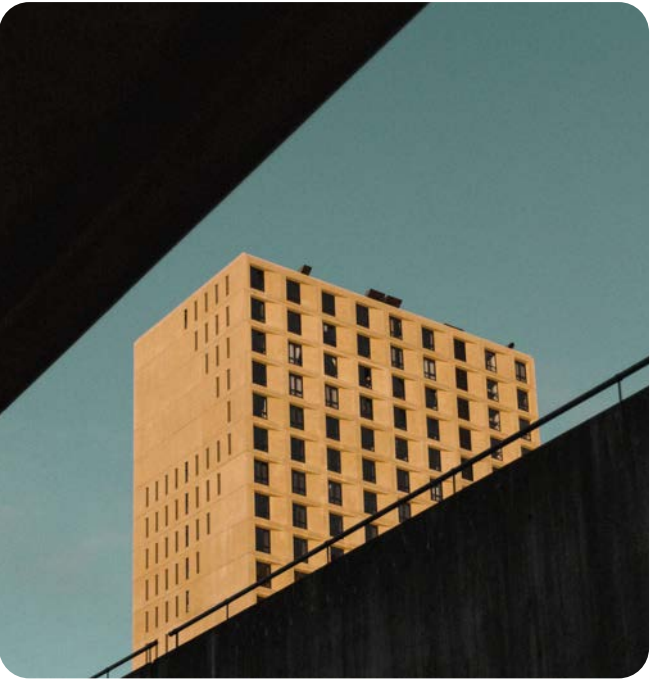
policy must form the basis for the sustainability report, in which compliance with said policy is assessed.

In its work to have a positive impact on the surrounding world, Ziklo Bank has selected four of the UN’s sustainability goals where it can contribute most toward achieving these ambitious goals. One of these goals is linked to limiting environmental pollution and concerns reducing the bank’s direct and indirect environmental impact by actively conducting environmental work focused on sustainable development.

Ziklo Bank works diligently to limit environmental pollution under the EU Taxonomy Regulation and its delegated acts, mainly by enabling the financing of non-fossil-fuelled vehicles. The bank also opens the door to more types of vehicle and transport alternatives, while reviewing the opportunities for making vehicles available to more people over longer life cycles. The bank can see a clear link between the energy and mobility industries through the electrification of vehicles. The bank will continue to support customers when propellants, in the form of battery charging, move to an increasing extent to the homes and workplaces of drivers. To ensure the bank’s operations are environmentally sustainable in accordance with the taxonomy, the bank prioritises actions that accelerate the transition to sustainable mobility in society. 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. During the year, customers who paid for their public transport or rail tickets with their CarPay cards received a double bonus. They then have the opportunity to redeem their award points for public transport tickets.

The scope of the actions is related to the business activity, the upstream value chain and the end user. The actions are all applied to the Swedish market and handled differently depending on their nature and complexity. In this regard, the various initiatives are expected to continue in both the short and long terms.

In the bank’s opinion, the transition to a fossil-free-market will lead to increased revenues and an increase in net interest income without any increase in operating (OpEx) or capital (CapEx) expenses.



E2-3 – GOALS RELATED TO ENVIRONMENTAL POLLUTION

The bank’s sustainability policy describes how it should form the basis for sustainability efforts at the bank and to create a common approach to sustainability issues in the organisation. As far as technically feasible and financially reasonable, Ziklo Bank must take long-term environmental responsibility aimed at reducing its ecological footprint. Ziklo Bank’s overarching goal is the reduction of average CO2 emissions from vehicles in the bank’s portfolio by 30% by 2025 (interim objective), which the bank is in line with, and by 70% by 2030, with 2020 as base year. This is directly linked to the limitation of air pollution as a switch from ICE vehicles to EVs would limit environmental pollutants in the air. With regard to this goal, the bank works with e.g.:

- Developing and providing products and services that reduce environmental impact
- Providing advice and guidance to customers on environmental issues

The CO2 reduction target is relative and measured in grammes of CO2 per km. The target levels for vehicles are 93 grammes of CO2 per km by 2025, and 40 grammes of CO2 per km by 2030. The baseline value is 133 grammes and the base year is 2020 for vehicles.

Because the goal covers the reduction of average CO2 emissions from vehicles in the financed fleet, it only covers the bank’s own activities related to financing and includes neither the downstream nor upstream value chains.

In establishing the goal, assumptions were made as to the extent society as a whole and the bank’s customers in particular are transitioning from fossil-fuelled to electric vehicles. Both internal and external data sources were used to determine the goal. In adopting the internal goal, external goals at both the national and EU levels were taken into account. The bank’s goals

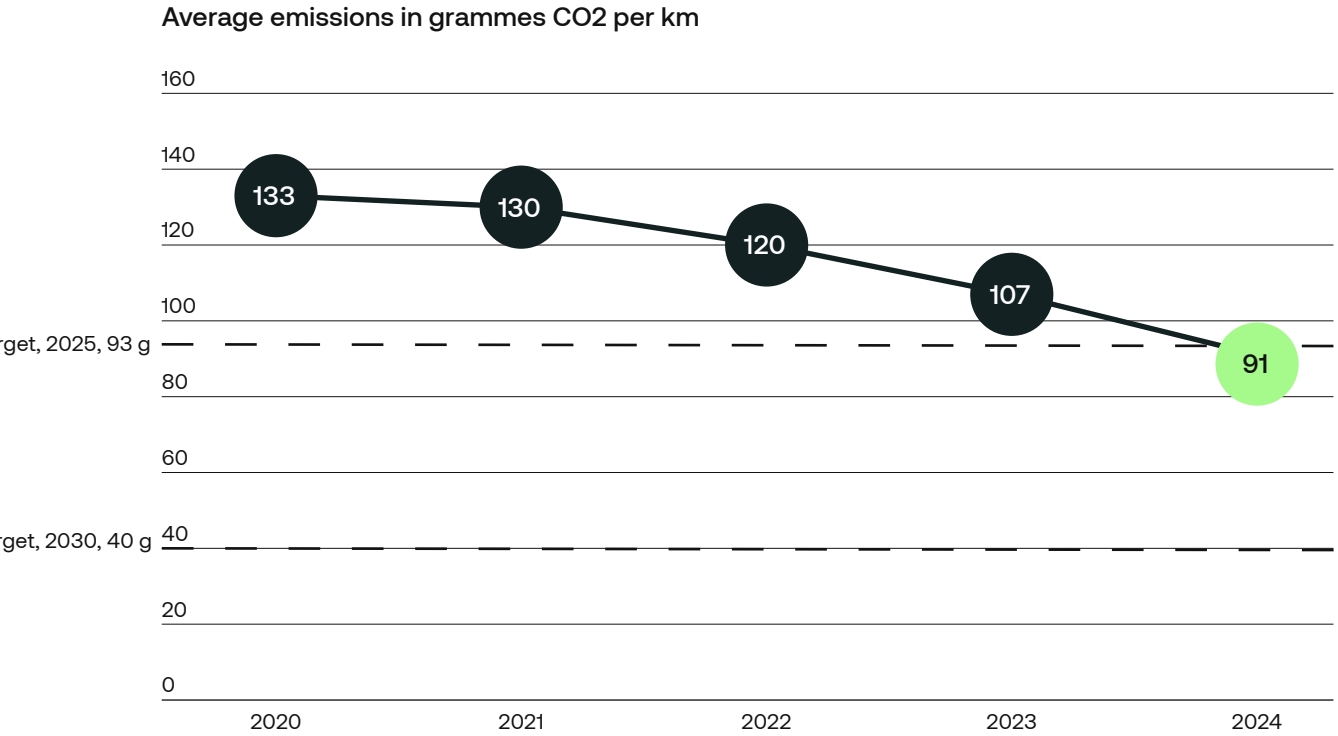
are founded on scientific evidence, based among other things on the Paris Agreement.

The bank’s stakeholders did not take any specific part in setting the target. On the other hand, the bank’s target is in line with the goals of important stakeholders including Volvo Cars’ sustainability target of reducing the company’s CO2 emissions per vehicle by 75% by 2030 with 2018 as the reference year. Volvo Group, with Volvo Trucks and Volvo Buses, is another important partner whose goal is to reduce CO2 emissions per vehicle and vehicle kilometre by 40% by 2030 with 2019 as a reference year.

The goal is monitored by the Sustainability function on an ongoing basis. The goal is monitored in grammes of CO2 per km. Furthermore, progress is deemed to be in line with the original plan, and if we continue with the same rate of transition, the prospects for achieving the goal are good.

While the aforementioned goal does have a material impact on air pollution, the bank does not deem it to have the same relative material impact on emissions to water, environmental pollution to soil or include any substances of concern.

The goal adopted by the bank and presented in the report is voluntary.



E2-4 – POLLUTION OF AIR, WATER AND SOIL

Within the framework of its operations, the bank does not release any of the pollutants listed in Annex II in Regulation (EC) No 166/2006.

The bank neither creates nor uses micro-plastics. However, the bank is aware that the vehicles it finances may contribute to the environmental pollution of water and soil by releasing micro-plastics from the tyres during vehicle use. The bank currently feels there to be major uncertainties in the way this should be measured and reported, but aims to develop this ability moving forward.

In the bank’s consideration, it does not release any other material amounts of pollutants to air, water or soil beyond the greenhouse gas emissions published in accordance with ESRS E1 Climate change. As a result, this is not measured over time and there are no processes or methods of measurement linked to the pollutants listed in Annex II to Regulation (EC) No 166/2006.

E2-5 – SUBSTANCES OF CONCERN AND SUBSTANCES OF VERY HIGH CONCERN

In the bank’s opinion, there are no substances of concern in its services or linked to the services offered by the bank. As a result, no substances of concern leave the bank’s premises.

E2-6 – ANTICIPATED FINANCIAL EFFECTS FROM POLLUTION-RELATED IMPACTS, RISKS, AND OPPORTUNITIES

Given the nature of the bank and the companies in the value chain, this disclosure requirement is not considered material.







**The auditor’s opinion regarding the statutory sustainability report**

It is the board of directors who is responsible for the statutory sustainability report on pages 26-57 and that it has been prepared in accordance with the Annual Accounts Act according to the prior wording that was in effect before 1 July 2024.

Our examination has been conducted in accordance with FAR’s auditing standard RevR 12 The auditor’s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Öhrlings PricewaterhouseCoopers AB, SE 113 97 Stockholm, Sweden, was appointed by Ziklo Bank AB’s auditor by the Annual General Meeting of 4 June 2024, and it has been the company’s auditor since 4 June 2024.

Stockholm 20 March 2025  
Öhrlings PricewaterhouseCoopers AB

Helena Kaiser de Carolis  
Authorised Public Accountant  
Auditor-in-charge

Johan Brobäck  
Authorised Public Accountant



# Sweden's Mobility Bank

For more than 60 years we have financed vehicles in Sweden under the name Volvofinans, making it easier for millions of people to freely travel. We have now assumed the name Ziklo, and we aim to accelerate the transition toward tomorrow's mobility and help more people and companies make smarter choices. Because mobility must be easy, flexible and sustainable.