



PRIVATE TRANSPARENCY REPORT

2025

IS funds

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About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The private Transparency Reports, which are produced using signatories' reported information, support signatories to have internal discussions about their practices. Signatories can also choose to make these available to clients, beneficiaries, and other stakeholders.

This private Transparency Report is an export of your responses to the PRI Reporting Framework during the 2025 reporting period. It includes all responses (public and private) to core and plus indicators.

In response to signatory feedback, the PRI has not summarised your responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options that you selected are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

Disclaimers

Legal Context

PRI recognises that the laws and regulations to which signatories are subject differ by jurisdiction. We do not seek or require any signatory to take an action that is not in compliance with applicable laws. All signatory responses should therefore be understood to be subject to and informed by the legal and regulatory context in which the signatory operates.

Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

Data accuracy

This document presents information reported directly by signatories in the 2025 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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SENIOR LEADERSHIP STATEMENT (SLS)

SENIOR LEADERSHIP STATEMENT

SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

1) Iceland funds hf. has been committed to responsible investing since 2017, when it joined UN PRI. Since then, our methodologies have continuously developed alongside increasing interest from our stakeholders and rapid regulatory changes. Our view has remained the same and that is that we believe that responsible investments reduce overall risk as well as having a positive impact on companies, the environment, and surrounding communities. Integrating ESG factors into investment processes is, in our opinion, part of a prudent risk management because the consequences of failing to account for these factors can be material to our client's investments. Our clients, and especially institutional investors, are increasingly more aware of the fact that they can have a positive impact through their investments and therefore demand more transparency. There are also increasing requirements from legislators highlighting the importance of taking ESG factors and sustainability risk into account when making investment decisions and when reporting information to investors. Since we started our responsible investment journey, we have seen an increase in reporting requirements and reporting expectations and we consider that a positive step towards gaining more transparency.

We consider responsible investment practices to be of value for investors as well as investees. There is a level of transparency that an ESG-conscious investor requires when engaging with companies that provides for helpful insights into an individual company's operations and efforts to align with sustainability standards, policies and larger climate targets. The world is facing major environmental challenges that will have serious implications for societies long-term and additionally are likely to impact investments if not adequately accounted for. Iceland is a party to the Paris Agreement and aims to reduce CO2 emissions by 40% by 2030. To achieve this goal, the private sector must contribute and invest direct funding towards green and sustainable projects. The owner of Iceland Funds, Islandsbanki hf., has set out a goal to achieve net-zero emissions by 2040.

We believe that the UN's Sustainable Development Goals (SDGs) strike a balance between the three pillars of sustainable development; economic, social, and environmental development, and can be a good tool for international collaboration. We focus on three of the SDGs; climate action, innovation and development, and gender equality.

2) We apply the methodology of responsible investment in all our investments, domestic and foreign. In the domestic market, we apply impact investing, but exclusion is only applied in exceptional cases, and then we report that decision. Impact investments and integration in the decision to acquire a company are used in venture capital investments.

Iceland funds has established an ESG council that operates across departments, members include fund managers, investment managers, sustainability expert and risk management. The council discusses, among other things, issuers in regard to various ESG factors and ESG ratings, and meets at least twice a year and more frequently, if necessary, e.g. if any issues arise.

An observation list is maintained on companies in global markets, and an internal methodology is applied when it comes to selecting funds, based on Storebrand's and Vanguard's, exclusion lists. The Iceland Funds' observation list includes seven sub-components; cannabis, climate-coal, climate-oils and, conduct based exclusions, controversial weapons, tobacco and unsustainable palm oil. Funds that invest more than 5% (total) in assets that are linked to names on the watch list are examined separately and a decision is made on whether to sell the fund. All funds with assets on the observation list receive a questionnaire and answers are evaluated for further considerations. The goal for 2025 is for the global portfolio to contain less than 1% of assets on the observation list.

Section 2. Annual overview

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
 - refinement of ESG analysis and incorporation
 - stewardship activities with investees and/or with policymakers
 - collaborative engagements
 - attainment of responsible investment certifications and/or awards

Our team uses, among other things, an observation list for foreign investments. We have set the goal of minimizing the proportion of assets under management that are on the list from 3% to less than 1%. This ratio has been rapidly decreasing in recent years and in 2024 it was around 1%.

We significantly improved our analysis of the domestic market, which facilitates a better ESG assessment of Icelandic issuers, and we are now able to use domestic data providers that has helped with our analysis and reporting requirements.

We continued to work on an impact report of the investments of our fund IS Græn skuldabréf (IS Green bonds) to provide information on the impact from the standpoint of individual investor. The fund was classified as an article 8 fund in 2024, in line with SFDR.

We continued with our practice of engaging with listed companies and issuers on ESG issues, if and when needed, as part of an overall risk assessment with an active dialogue and questions about issues raised by our fund managers.

In 2024 Iceland Funds calculated the Financed Emissions of its funds for 2022 and 2023 and has now published results for 2020-2023 on its website.

Iceland Funds was a founding member of IcelandSIF - Iceland Sustainable Investment Forum. The aim of organisation is to promote awareness and debate about the methods of sustainable and responsible investment. Our employees regularly attend events hosted by IcelandSIF and we have a representative on the board of the organisation.

Section 3. Next steps

- What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

We believe that it is important that our team receives continues education around responsible investment, through both courses and events. All full-time employees have completed PRI Applied Responsible Investment course and we continue to encourage all new employees to complete it upon starting. We will continue to actively engage with companies we invest in on ESG issues, and continue to use our ESG council to discuss responsible investment practices, ESG risk assessment of issuers etc. We will continue to monitor the regulatory landscape that we operate in, and report accordingly, to ensure transparency with our stakeholders. We will continue to strive to keep assets on the observation list within our target of 1%. We will continue to review and develop our responsible investment processes and in the next two years aim to update our responsible investment policy accordingly.

Section 4. Endorsement

'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.

Name

Kjartan Smári Höskuldsson

Position

CEO

Organisation's Name

IS funds

● A

'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.

○ B

OTHER RESPONSIBLE INVESTMENT REPORTING OBLIGATIONS (ORO)

OTHER RESPONSIBLE INVESTMENT REPORTING OBLIGATIONS

OTHER RESPONSIBLE INVESTMENT REPORTING OBLIGATIONS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ORO 1	CORE	N/A	N/A	PUBLIC	Other Responsible Investment Reporting Obligations	6

During the reporting year, to which international or regional ESG-related legislation(s) and/or regulation(s) did your organisation report?

- ☐ (A) Corporate Sustainability Reporting Directive (CSRD) [European Union]
- ☒ (B) Directive on AIFM (2011/61/EU) [European Union]
- ☐ (C) Enhancing climate-related disclosures by asset managers, life insurers and FCA-regulated pension providers (PS21/24) [United Kingdom]
- ☒ (D) EU Taxonomy Regulation [European Union]
- ☐ (E) Improving shareholder engagement and increasing transparency around stewardship (PS19/13) [United Kingdom]
- ☐ (F) IORP II (Directive 2016/2341) [European Union]
- ☐ (G) Law on Energy and Climate (Article 29) [France]
- ☒ (H) MiFID II (2017/565) [European Union]
- ☐ (I) Modern Slavery Act [United Kingdom]
- ☐ (J) PEPP Regulation (2019/1238) [European Union]
- ☒ (K) PRIIPS Regulation (2016/2340 and 2014/286) [European Union]
- ☐ (L) Regulation on the Integration of Sustainability Risks in the Governance of Insurance and Reinsurance Undertakings (2021/1256) [European Union]
- ☒ (M) SFDR Regulation (2019/2088) [European Union]
- ☐ (N) SRD II (Directive 2017/828) [European Union]
- ☐ (O) The Occupational Pension Schemes Regulation on Climate Change Governance and Reporting [United Kingdom]
- ☐ (P) Climate Risk Management (Guideline B-15) [Canada]
- ☐ (Q) Continuous Disclosure Obligations (National Instrument 51-102) [Canada]
- ☐ (R) Disposiciones de Carácter General Aplicables a los Fondos de Inversión y a las Personas que les Prestan Servicios (SIEFORE) [Mexico]
- ☐ (S) Instrucciones para la Integración de Datores ASG en Los Mecanismos de Revelación de Información para FIC (External Circular 005, updated) [Colombia]
- ☐ (T) Provides for the creation, operation, and disclosure of information of investment funds, as well as the provision of services for the funds, and revokes the regulations that specifies (CVM Resolution No. 175) [Brazil]
- ☐ (U) SEC Expansion of the Names Rule [United States of America]
- ☐ (V) SEC Pay Ratio Disclosure Rule [United States of America]
- ☐ (W) ASIC RG65 Section 1013DA Disclosure Guidelines [Australia]
- ☐ (X) Circular to Licensed Corporations: Management and Disclosure of Climate-related Risks by Fund Managers [Hong Kong SAR]
- ☐ (Y) Financial Investment Services and Capital Markets Act (FSCMA) [Republic of Korea]
- ☐ (Z) Financial Instruments and Exchange Act (FIEA) [Japan]
- ☐ (AA) Financial Markets Conduct Act [New Zealand]
- ☐ (AB) Guiding Opinions on Regulating the Asset Management Business of Financial Institutions [China]
- ☐ (AC) Guidelines on Environmental Risk Management for Asset Managers [Singapore]
- ☐ (AD) Guidelines on Sustainable and Responsible Investment Funds [Malaysia]
- ☐ (AE) Modern Slavery Act (2018) [Australia]

- ☐ (AF) Stewardship Code for all Mutual Funds and All Categories of AIFs [India]
- ☐ (AG) ADGM Sustainable Finance Regulatory Framework [United Arab Emirates]
- ☐ (AH) JSE Limited Listings Requirements [South Africa]
- ☐ (AI) Other
- ☐ (AJ) Other
- ☐ (AK) Other
- ☐ (AL) Other
- ☐ (AM) Other
- ☐ (AN) Not applicable; our organisation did not report to any ESG-related legislation and/or regulation during the reporting year.

Additional context to your response(s): (Voluntary)

In regards to the EU Taxonomy we reported in line with requirements of transparency of financial products when it came to information in pre-contractual disclosures and in periodic reporting. We additionally contributed to Islandsbanki's taxonomy reporting that was done on consolidated basis.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ORO 2	CORE	N/A	N/A	PUBLIC	Other Responsible Investment Reporting Obligations	6

During the reporting year, to which voluntary responsible investment/ESG frameworks did your organisation report?

- ☐ (A) Asset Owners Stewardship Code [Australia]
- ☐ (B) Código Brasileiro de Stewardship [Brazil]
- ☐ (C) New Zealand Stewardship Code
- ☐ (D) Principles for Responsible Institutional Investors (Stewardship Code) [Japan]
- ☐ (E) Stewardship Code [United Kingdom]
- ☐ (F) Stewardship Framework for Institutional Investors [United States of America]
- ☐ (G) CFA Institute ESG Disclosure Standards for Investment Products [Global]
- ☐ (H) Guidelines on Funds' Names using ESG or Sustainability-related Terms [European Union]
- ☐ (I) Luxflag ESG Label [Luxembourg]
- ☐ (J) RIAA Responsible Investment Certification Program [Australia]
- ☐ (K) SRI Label [France]
- ☐ (L) ANBIMA Code of Regulation and Best Practices of Investment Funds [Brazil]
- ☐ (M) Code for Institutional Investors 2022 [Malaysia]
- ☐ (N) Code for Responsible Investing in South Africa (CRISA 2) [South Africa]
- ☐ (O) Corporate Governance Guidelines [Canada]
- ☐ (P) Defined Contribution Code of Practice [United Kingdom]
- ☐ (Q) European Association for Investors in Non-Listed Real Estate Vehicles (INREV) Guidelines [Global]
- ☐ (R) Global ESG Benchmark for Real Assets (GRESB) [Global]
- ☐ (S) Global Impact Investing Network (GIIN) Impact Reporting and Investment Standards (IRIS+) [Global]
- ☐ (T) OECD Guidelines for MNEs - Responsible Business Conduct for Institutional Investors [Global]
- ☐ (U) UN Guiding Principles (UNGP) on Business and Human Rights [Global]
- ☐ (V) Net Zero Asset Managers (NZAM) Initiative [Global]
- ☐ (W) Net-Zero Asset Owner Alliance (NZAOA) [Global]
- ☐ (X) Recommendations of the Taskforce for Climate-related Financial Disclosure (TCFD) [Global]
- ☐ (Y) The Net Zero Investment Framework (NZIF) 2.0 [Global]
- ☐ (Z) Recommendations of the Taskforce for Nature-related Financial Disclosure (TNFD) [Global]
- ☐ (AA) Global Reporting Initiative (GRI) Standards [Global]
- ☐ (AB) IFC Performance Standard [Global]
- ☐ (AC) International Sustainability Standards Board (ISSB) Standards [Global]
- ☐ (AD) Sustainability Accounting Standards Board (SASB) Standards [Global]
- ☒ (AE) Other

Specify:

The Partnership for Carbon Accounting Financials (PCAF)

☒ (AF) Other

Specify:

Nasdaq ESG Reporting Guide 2.0

☐ (AG) Other

☐ (AH) Other

☐ (AI) Other

☐ (AJ) Not applicable; our organisation did not report to any voluntary responsible investment/ESG frameworks during the reporting year.