



Íslandsbanki

Íslandsbanki hf.
Sustainability Statement

2020

Íslandsbanki hf.
Hagasmára 3
Reg. 4910080160

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Statement by the CEO

The Sustainability Statement reflects the ESG guidelines issued by Nasdaq Iceland and the Nordic countries in March 2017. These guidelines are based on recommendations made in 2015 by the United Nations, the Sustainable Stock Exchange Initiative, and the World Federation of Exchange. Reference is also made to the GRI Standard (Global Reporting Initiative, GRI100-400) and its Reporting Principles (P1-10) of the United Nations Global Compact (UNGC).

The information presented in this statement covers the period January 1 to December 31, 2020.

Íslandsbanki hf. (hereafter "Íslandsbanki" or "the bank") uses the environmental software Klappir EnviroMaster to make the Sustainability Statement. The software ensures the traceability, transparency, and efficiency in the collection and dissemination of environmental information. Data on fuel consumption, electricity consumption, and the use of hot and cold water are automatically collected. The origin of data can then be traced back to the supplier.

The Board of Directors and the CEO hereby confirm the Company's Sustainability Statement for the period from January 1 to December 31, 2020.

Reykjavík, February 10, 2021.

Birna Einarsdóttir
CEO, Íslandsbanki

Environmental Assessment Report

Lead verifier: Dr. Jón Ágúst Þorsteinsson

Verifier: Selja Ósk Snorradóttir

Technical data expert: Höskuldur Þór Arason

The Board of Directors and the Managing Directors of Íslandsbanki are responsible for the preparation and presentation of the statement in accordance with international standards. We have reviewed the Sustainability Statement (ESG) for Íslandsbanki for the period January 1 to December 31, 2020.

Íslandsbanki uses Klappir EnviroMaster, as an environmental management system, to collect environmental data both automatically and manually.

All data received by the Klappir EnviroMaster is collected as securely as the technology allows from the origin of data. The greenhouse gas emissions emitted from all accounted assets are calculated in tCO₂e and aggregated into one overall environmental statement.

I hereby confirm the environmental, social and governance data provided by Íslandsbanki and its suppliers for the company's Sustainability Statement has been reviewed and assessed through the Klappir platform to the best of my knowledge during the period from January 1 to December 31, 2020 with my signature.

Reykjavík, February 10, 2021.

Klappir Green Solutions hf.

About

About Íslandsbanki

Íslandsbanki's Sustainability Policy aims at making the Bank a model of exemplary operations in the Icelandic business community, based on internationally recognised environmental, social, and governance (ESG) criteria.

The Bank aims to be a leader in the area of sustainable development and a catalyst for positive social action, moving Iceland forward by empowering its customers to succeed. To this end, the Bank intends to initiate broad collaboration on responsible business practices that both contribute to sustainable development in the Icelandic economy and support the Icelandic Government's Climate Action Plan, while also supporting the UN Sustainable Development Goals.

Organizational Boundaries

The "Operational Control" methodology has been chosen to report on Íslandsbanki's emissions. According to the "Operational Control" methodology, companies should account for 100 percent of greenhouse gas emissions from operations under their control. They should not account for greenhouse gas emissions from operations that it has no control over, even though it has a vested interest in their operations.

The operation covered by the emission inventory are:

- Íslandsbanki's headquarters
- The bank's branches
- Vehicles owned or operated by Íslandsbanki
- Foreclosed properties

Operational Boundaries

Included in the bank's operational boundaries for Scope 1 and Scope 2 emissions are the following business units: Íslandsbanki's headquarters and branches and some of the bank's foreclosed properties, vehicles owned and/or operated by Íslandsbanki. The operations included in Scope 3 emissions are: Waste from the bank's headquarters, branches, and summerhouse, domestic and international flights, procurement of laptops, cell phones, other electronics and furniture, paper for printing, rental cars, taxi trips within Iceland, employee commuting, transportation of ATMs.

Highlights

Greenhouse Gas Emissions (E1): Total emissions for Íslandsbanki were 450.3 tCO₂e in 2020. Scope 1 and 2 emissions were 131.7 tCO₂e in 2020. A large portion of Scope 3 factors were accounted for in 2020, resulting in emissions of 318.6 tCO₂e. Íslandsbanki aims to account for even more Scope 3 emissions factors in 2021.

Energy Usage (E3): Íslandsbanki's total energy usage was 6,945,655 kwh in 2020. Energy usage includes electricity, hot water and fuel usage. Indirect energy usage from electricity and hot water usage was 6,665,304 kWh.

Water Usage (E6): The bank's total hot water usage was 81,874 m³.

Employee Commuting: Íslandsbanki's total emissions from employee commuting were 161 tCO₂e.

Flights: Íslandsbanki's total emissions from flights were 26.8 tCO₂e.

Carbon Offsets: Íslandsbanki has offset the bank's emissions through the Icelandic Wetland Fund. The total carbon offsets amounted to 500 tCO₂e in 2020.

Operational Parameters

Operational Parameters	Unit	2020
Total Revenue	ISK m	42,209.0
Total Assets	ISK m	1,344,394
Total Equity	ISK m	182,693
Number of full time equivalent employee	FTEs	730.0
Total space for own operation	m ²	17,294.0
Total space for own operation	m ³	60,800.0
Total investment in sustainability	ISK m	58.1

Key performance indicators	Unit	2020
GHG emissions per FTE	kgCO ₂ e/FTEs	616.9
GHG emissions per unit of revenue	kgCO ₂ e/ISK m	10.7

Sustainability Statement

Environmental

Greenhouse Gas Emissions	Unit	2020
Scope 1	tCO ₂ e	70.9
Scope 2 (location-based) [1]	tCO ₂ e	60.8
Scope 3	tCO ₂ e	318.6
Gross operational carbon emission	tCO ₂ e	450.3
Total emissions neutralized by carbon offset projects	tCO ₂ e	500.0
Net operational carbon emissions	tCO ₂ e	-49.7
E1 UNGC: P7 GRI 305-1,305-2,305-3 SASB: General Issue / GHG Emissions TCFD: Metrics & Targets		

Emissions Intensity	Unit	2020
GhG emissions per megawatt-hour consumed	kgCO ₂ e/MWh	64.8
GhG emissions per full-time equivalent (FTEe) employee	tCO ₂ e/FTEs	0.62
GhG emissions per unit of revenue	kgCO ₂ e/ISK m	10.67
GhG emissions per unit of space (m ²)	kgCO ₂ e/m ²	26.04
GhG emissions per unit of space (m ³)	kgCO ₂ e/m ³	7.41
GhG emissions per unit of equity	kgCO ₂ e/ISK m	2.46
E2 UNGC: P7, P8 GRI 305-4 SDG: 13 SASB: General Issue / GHG Emissions, Energy Management		

Energy Usage	Unit	2020
Total energy consumption	kWh	6,945,655
Of which energy from bio fuel	kWh	0
Of which energy from fossil fuel	kWh	280,351
Of which energy from electricity	kWh	1,916,627
Of which energy from hot water	kWh	4,748,677
Of which energy from heating	kWh	
Direct Energy Consumption	kWh	280,351
Indirect Energy Consumption	kWh	6,665,304
E3 UNGC: P7, P8 GRI 302-1, 302-2 SDG: 12 SASB: General Issue / Energy Management		

Energy Intensity	Unit	2020
Energy per full-time equivalent (FTEe) employee	kWh/FTEs	9,515
Energy per unit of revenue	kWh/ISK m	164.6
Energy per square meter	kWh/m ²	401.6
Energy per cubic meter	kWh/m ³	114.2
E4 UNGC: P7, P8 GRI 302-3 SDG: 12 SASB: General Issue / Energy Management		

Energy Mix	Unit	2020
Fossil Fuel	%	4.0%
Nuclear Energy	%	
Renewable Energy	%	96.0%
E5 GRI 302-1 SDG: 7 SASB: General Issue / Energy Management		

Water Usage	Unit	2020
Total water consumption	m ³	143,458
Cold water [2]	m ³	61,584
Hot water	m ³	81,874
Recycled water (if applicable)	m ³	
Reclaimed water (if applicable)	m ³	
E6 GRI: 303-5 SDG: 6 SASB: General Issue / Water & Wastewater Management		

Environmental Operations	Unit	2020
Does your company follow a formal Environmental Policy? [3]	yes/no	Yes
Does your company follow specific waste, water, energy, and/or recycling policies?	yes/no	No
Does your company use a recognized energy management system?	yes/no	No
E7 GRI: 103-2 SASB: General Issue / Waste & Hazardous Materials Management		

Climate Oversight / Board	Unit	2020
Does your Board of Directors oversee and/or manage climate-related risk?	yes/no	Yes
E8 GRI: 102-19, 102-20, 102-29, 102-30, 102-31 SASB: General Issue / Business Model Resilience, Systematic Risk Management TCFD: Governance (Disclosure A)		

Climate Oversight / Management	Unit	2020
Does your Senior Management Team oversee and/or manage climate-related risks?	yes/no	Yes
E9 GRI: 102-19, 102-20, 102-29, 102-30, 102-31 SASB: General Issue / Business Model Resilience, Systematic Risk Management TCFD: Governance (Disclosure B)		

Climate Risk Mitigation	Unit	2020
Total annual investment in climate-related infrastructure, resilience, and product development [4]	ISK m	58.08
E10 UNGC: P9 SASB: General Issue / Physical Impacts of Climate Change, Business Model Resilience TCFD: Strategy (Disclosure A)		

Waste Management	Unit	2020
Total waste generated [5]	kg	90,849.5
Of which sorted waste	kg	53,642.6
Of which unsorted waste	kg	37,206.9
Recycled/recovery	kg	53,765.2
Landfill/disposal	kg	37,084.3
Percentage of sorted waste	%	59.0%
Percentage of recycled waste	%	59.2%

Waste Intensity	Unit	2020
Total waste per full-time equivalent (FTEe) employee	kg/FTEs	124.5
Total waste per unit of revenue	kg/ISK m	2.2

Business Trips	Unit	2020
Emissions from business trips	tCO ₂ e	31.8
Flights	tCO ₂ e	26.8
Taxi	tCO ₂ e	5.0

Commuting	Unit	2020
Emissions from employee commuting	tCO ₂ e	161.0
Does your company reimburse eco-friendly commuting?	yes/no	No

Contractors	Unit	2020
Total emissions from contractors	tCO ₂ e	

Transportation of Goods & Services	Unit	2020
Total emissions from the transportation of goods and services	tCO ₂ e	1.9
Emissions from air transport	tCO ₂ e	
Emissions from sea transport	tCO ₂ e	
Emissions from road transport	tCO ₂ e	

Purchased goods	Unit	2020
Furniture	tCO ₂ e	13.800
Laptops and cell phones	tCO ₂ e	59.800
Other electronic equipment	tCO ₂ e	8.90

Primary energy source	Unit	2020
Total fuel consumption in litres	litres	28,944.0
Methane	litres	
Petrol	litres	12,577.0
Diesel oil	litres	16,367.0
Hydrogen	litres	
Biodiesel	litres	
Total fuel consumption in kg	kg	23,345.0
Methane	kg	
Petrol	kg	9,433.0
Diesel oil	kg	13,912.0
Hydrogen	kg	
Biodiesel	kg	

Paper Management	Unit	2020
Total weight of printed papers	kg	19,545.7
Total amount of printed paper	pages	3,896,668
of which color print	pages	974,457
of which black/white print	pages	2,922,211
Duplex	pages	0
Color print	%	
Black/white print	%	
Paper emissions	tCO ₂ e	17.97

Emissions neutralized by carbon offset projects	Unit	2020
Total emissions offset	tCO ₂ e	500.0
Emissions offset by forestry	tCO ₂ e	0.0
Emissions offset by wetland restoration	tCO ₂ e	500.0
Emissions offset by other means	tCO ₂ e	

Asset Management	Unit	2020
Number of buildings	no.	16.0
Office space	no.	14.0
Production space	no.	
Number of vehicles and machinery	no.	25.0
Petrol / Diesel	no.	13.0
Electrical vehicles	no.	7.0
Other alternative fuel sources (hybrid, methane, hydrogen, etc)	no.	5.0

Carbon Taxes	Unit	2020
Carbon tax, gas- and diesel oil	ISK/litre	11.45
Carbon tax, gasoline	ISK/litre	10.00
Carbon tax, fuel oil	ISK/kg	14.10
Carbon tax, crude oil, etc	ISK/kg	12.55
Total Carbon Tax (ESR)	ISK	313,172
Total Carbon Tax (ETS)	ISK	

Other environmental factors selected based on sector and internal materiality assessment	Unit	2020
Are ESG factors considered in relation to lending and/or investments? [6]	yes/no	Yes
Are ESG factors considered in connection with the development of new and existing products? [7]	yes/no	Yes
Does the company offer employees regular education on ESG factors? [8]	yes/no	Yes
Has the company measured the carbon footprint from its loan and investment portfolios? [9]	yes/no	No
Has the company's board of directors approved and published targets for reduction of greenhouse gas emissions? [10]	yes/no	Yes
Does the company publish a discussion of sustainability risk and climate risk in compliance with international Task Force on Climate-related Financial Disclosures (TCFD) criteria? [11]	yes/no	Yes

Social

CEO Pay Ratio	Unit	2020
CEO Salary & Bonus (X) to median FTE Salary	X:1	4.50
Does your company report this metric in regulatory filings?	yes/no	Yes
S1 UNGC: P6 GRI 102-38		

Gender Pay Ratio	Unit	2020
Median total compensation for men (X) to median total compensation for women	X:1	1.27
Outcome of equal pay certification	%	1.10%
S2 UNGC: P6 GRI: 405-2 SASB: General Issue / Employee Engagement, Diversity & Inclusion		

Employee Turnover	Unit	2020
<i>Full-time Employees</i>		
Year-over-year change for full-time employees	%	6.60%
Dismissal	%	1.80%
Retirement	%	2.10%
Job transition	%	2.60%
Death	%	
<i>Part-time Employees</i>		
Year-over-year change for part-time employees	%	8.00%
Dismissal	%	
Retirement	%	
Job transition	%	8.00%
Death	%	
<i>Contractors and/or consultants</i>		
Year-over-year change for contractors and/or consultants	%	27.00%
Dismissal	%	100.00%
Retirement	%	
Job transition	%	
Death	%	
<i>Gender</i>		
Men	%	6.00%
Women	%	7.00%
<i>Age</i>		
<20	%	0.00%
20-29	%	2.20%
30-39	%	7.40%
40-49	%	6.90%
50-59	%	3.50%
60-69	%	15.00%
70+	%	0.00%
S3 UNGC: P6 GRI: 401-1b SDG: 12 SASB: General Issue / Labor Practices		

Gender Diversity	Unit	2020
<i>Enterprise Headcount</i>		
Percentage of women in enterprise	%	57.00%
Women	no.	428.00
Men	no.	317.00
<i>Entry- and Mid-level Positions</i>		
Percentage of women in entry- and mid-level position	%	59.00%
Women	no.	384.00
Men	no.	269.00
<i>Senior- and Executive-level Positions</i>		
Percentage of women in senior- and executive-level positions	%	48.00%
Women	no.	44.00
Men	no.	48.00
S4 UNGC: P6 GRI: 102-8, 405-1 SASB: General Issue / Employee Engagement, Diversity & Inclusion		
Employee Turnover	Unit	2020
Full-time positions	no.	28.00
Total enterprise headcount held by part-time employees	%	9.80%
Total enterprise headcount held by contractors and/or consultants	%	
S5 GRI: 102-8 UNGC: P6		
Non-Discrimination	Unit	2020
Does your company follow a sexual harrassment and/or non-discriminatory policy? [12]	yes/no	Yes
S6 UNGC: P6 GRI: 103-2 (see also: GRI 406: Non-Discrimination 2016) SASB: General Issue / Employee Engagement, Diversity & Inclusion		
Injury Rate	Unit	2020
Total number of injuries and fatalities, relative to the total workforce	%	0.00%
S7 GRI: 403-9 SDG: 3 SASB: General Issue / Employee Health & Safety		
Global Health & Safety	Unit	2020
Does your Company publish and follow an occupational health and/or global health & safety policy [13]	yes/no	Yes
Total absence from work (X) to total working hours of all employees	X:1	0.0300
Absence from work due to long-term illness (X) to total working hours of all employees	X:1	0.0120
Absence from work due to short-term illness (X) to total working hours of all employees	X:1	0.0180
S8 GRI: 103-2 (See also: GRI 403: Occupational Health & Safety 2018) SDG: 3 SASB: General Issue / Employee Health & Safety		
Child & Forced Labor	Unit	2020
Does your company follow a child labor policy? [14]	yes/no	Yes
Does your company follow a forced labor policy? [15]	yes/no	Yes
If yes, do your child and/or forced labor policy cover suppliers and vendors? [16]	yes/no	Yes
S9 GRI: 103-2 (See also: GRI 408: Child Labor 2016, GRI 409: Forced or Compulsory Labor, and GRI 414: Supplier Social Assessment 2016) UNGC: P4, P5 SDG: 8 SASB: General Issue / Labor Practices		

Human Rights	Unit	2020
Does your company publish and follow a human rights policy? [17]	yes/no	Yes
If yes, does your human rights policy cover suppliers and vendors? [18]	yes/no	Yes
S10 GRI: 103-2 (See also: GRI 412: Human Rights Assessment 2016 & GRI 414: Supplier Social Assessment 2016) UNGC: P1, P2 SDG: 4, 10, 16 SASB: General Issue / Human Rights & Community Relations		

Other social factors selected based on sector and internal materiality assessment	Unit	2020
Does the company have procedures for detection and disclosure that are presented effectively to employees? [19]	yes/no	Yes
Are the company and its products accessible to marginalised groups, small companies, or communities? [20]	yes/no	Yes
Does the company offer sustainable loans that support the Government's social objectives?	yes/no	Yes
Are managers assigned responsibility for ethical marketing and reputational risk? [21]	yes/no	Yes
Is there a plan for human resource development that includes targets for recruitment, staff development, and turnover? [22]	yes/no	Yes
Has the company board of directors approved and published equal rights objectives? [23]	yes/no	Yes

Governance

Board Diversity	Unit	2020
Total board seats occupied by women (as compared to men) [24]	%	57.00%
Committee chairs occupied by women (as compared to men) [25]	%	67.00%
G1 GRI 405-1 SDG: 10 SASB: General Issue / Employee Engagement, Diversity & Inclusion (See also: SASB Industry Standards)		

Board Independence	Unit	2020
Does the company prohibit CEO from serving as board chair? [26]	yes/no	Yes
Total board seats occupied by independents [27]	%	100.00%
G2 GRI: 102-23, 102-22		

Incentivized Pay	Unit	2020
Are executives formally incentivized to perform on sustainability [28]	yes/no	No
G3 GRI: 102-35		

Collective Bargaining	Unit	2020
Total enterprise headcount covered by collective bargaining agreements (X) to the total employee population	%	99.88
G4 UNGC: P3 SDG: 8 GRI: 102-41 SASB: General Issue / Labor Practices (See also: SASB Industry Standards)		

Supplier Code of Conduct	Unit	2020
Are your vendors or suppliers required to follow a Code of Conduct [29]	yes/no	No
If yes, what percentage of your suppliers have formally certified their compliance with the code	%	0.00%
G5 UNGC: P2, P3, P4, P8 GRI: 102-16, 103-2 (See also: GRI 308: Supplier Environmental Assessment 2016 & GRI 414: Supplier Social Assessment 2016) SDG: 12 SASB General Issue / Supply Chain Management (See also: SASB Industry Standards)		

Ethics & Anti-Corruption	Unit	2020
Does your company follow an Ethics and/or Anti-Corruption policy? [30]	yes/no	Yes
If yes, what percentage of your workforce has formally certified its compliance with the policy?	%	99.00%
G6 UNGC: P10 SDG: 16 GRI: 102-16, 103-2 (See also: GRI 205: Anti-Corruption 2016)		

Data Privacy	Unit	2020
Does your company follow a Data Privacy policy? [31]	yes/no	Yes
Has your company taken steps to comply with GDPR rules?	yes/no	Yes
G7 GRI: 418 Customer Privacy 2016 SASB: General Issue / Customer Privacy, Data Security (See also: SASB Industry Standards)		

ESG Reporting	Unit	2020
Does your company publish a sustainability report? [32]	yes/no	Yes
Is sustainability data included in your regulatory filings?	yes/no	Yes
G8 UNGC: P8		

Disclosure Practices	Unit	2020
Does your company provide sustainability data to sustainability reporting frameworks? [33]	yes/no	Yes
Does your company focus on specific UN Sustainable Development Goals (SDGs)? [34]	yes/no	Yes
Does your company set targets and report progress on the UN SDGs? [35]	yes/no	Yes
G9 UNGC: P8		

External Assurance	Unit	2020
Are your sustainability disclosures assured or validated by a third party? [36]	yes/no	Yes
G10 UNGC: P8 GRI: 102-56		

Other corporate governance factors selected based on sector and internal materiality assessment	Unit	2020
Has the company examined ESG risk in connection with unlikely major occurrences? [37]	yes/no	Yes
Has the company examined long-term risk in connection with ESG factors? [38]	yes/no	Yes
Does the company enforce a competition law plan? [39]	yes/no	Yes
Does the company enforce a policy on conflicts of interests? [40]	yes/no	Yes
Does the company enforce a policy on handling of complaints? [41]	yes/no	Yes
What obligations or accords has the company undertaken in connection with ESG issues? [42]	yes/no	Yes

Methodology

The calculation methods, constants, and the statement are based on the Greenhouse Gas (GHG) Protocol, which is a standardized methodology used to calculate the environmental footprint of both companies and organizations.

1. Direct & Indirect GHG Emissions (E1)

The GHG Protocol divides emissions into three scopes to effectively set boundaries between direct and indirect emissions:

- Scope 1 accounts for direct GHG emissions from a company's operations. Direct emissions occur from sources that are owned or controlled by the company. In Íslandsbanki's case, Scope 1 is limited to emissions from vehicles.
- Scope 2 accounts for indirect GHG emissions relating to electricity consumption and heating. Emissions of this type do not occur within organizational boundaries of the company and are therefore considered to be indirect.
- Scope 3 accounts for indirect GHG emissions from Íslandsbanki's value chain. Accounted for are emissions from: Waste from the bank's headquarters, branches, and summerhouse, domestic and international flights, procurement of laptops, cell phones, other electronics and furniture, paper for printing, rental cars, taxi trips within Iceland, employee commuting, transportation of ATMs.

The GHG emissions are reported in tonnes CO₂ equivalents (tCO₂e). CO₂ equivalents is a quantity that describes, for a given mixture and amount of GHG, the amount of CO₂ that would have the same global warming potential (GWP), i.e. the ability of a gas to trap heat in the atmosphere when measured over the timescale of 100 years.

2. Net operational carbon emissions

Net operational carbon emissions represents the net emissions of a company when the neutralization of emissions by carbon offset projects is taken into account.

3. Emission Intensity (E2)

Emission intensity figures are based on combined Scope 1 (vehicles), Scope 2 (electricity and heating), and Scope 3 (Waste from the bank's headquarters, branches, and summerhouse, domestic and international flights, procurement of laptops, cell phones, other electronics and furniture, paper for printing, rental cars, taxi trips within Iceland, employee commuting, transportation of ATMs). Emission intensity is calculated by dividing GHG emissions by a selected operational parameter unit, and is reported as tCO₂e per unit (such as tCO₂e per revenue unit). Emission intensity indicators are used to measure and compare the company's emissions relative to its operational scale.

4. Direct & Indirect Energy Consumption (E3)

The total energy consumption measures all energy consumed by the company, including fuels for the company's vehicles (Scope 1) and energy from electricity and hot water (Scope 2). The energy consumption is reported by source in kilowatt-hours (kWh).

5. Energy Intensity (E4)

Energy intensity is calculated by dividing the total energy consumption by a selected operational parameter unit, and is reported as kWh per unit (such as kWh per full-time equivalent employee (FTEe)). Energy intensity indicators are used to measure the efficiency of energy usage and compare the company's energy consumption relative to its operational scale.

Notes

- [1] Individual assets' use of electricity and hot water is estimated based on data from previous periods, as data through the end of the period were not available. The estimate amounts to 13% of electricity use and 25% of hot water use. Emissions due to electricity use in Phase 2 are calculated using emissions coefficients from the National Inventory Report, which is published by the Environment Agency of Iceland. The coefficients reflect total electricity production in Iceland over a specified period.
- [2] Cold water is included in full for Íslandsbanki's Hagasmári headquarters.
- [3] See the Bank's Sustainability Strategy, Chapter 2 on environmental issues: <https://www.islandsbanki.is/en/product/about/policy-on-sustainability-en>
- [4] Investments in sustainability include electric vehicles, charging stations for electric vehicles, advisory services, carbon offset, membership fees, etc.
- [5] Waste was measured in cubic metres for the branch in the Westman Islands and converted to kilograms using the waste management company coefficient.
- [6] Yes. Sustainability risk is considered in corporate lending.
- [7] Yes. Sustainability risk is considered.
- [8] Education is offered regularly; for instance, on human-caused climate disasters and the UN Global Goals.
- [9] No, but the Bank has pledged to undertake such a measurement based on the PCAF standard.
- [10] The Bank's objective is to shrink the carbon footprint from its operations by 50% between 2019 and 2024. For further information, see: <https://www.islandsbanki.is/en/product/about/policy-on-sustainability-en>
- [11] Yes, for the first time in the Pillar 3 report for 2020.
- [12] Íslandsbanki's human resources policy stresses equal opportunity and working systematically to combat discrimination, sexual harassment, and bullying: <https://www.islandsbanki.is/en/product/about/human-resources-strategy>
- [13] Íslandsbanki cares about its employees' well-being and supports their health in a number of ways, in line with its human resources policy. The policy discusses the importance of an encouraging work environment, among other topics: <https://www.islandsbanki.is/en/product/about/human-resources-strategy>
- [14] Íslandsbanki's Sustainability Strategy states that the Bank will not do business with any party that is connected in any way with child labour or forced labour: <https://www.islandsbanki.is/en/product/about/policy-on-sustainability-en>
- [15] Íslandsbanki's Sustainability Strategy states that the Bank will not do business with any party that is connected in any way with child labour or forced labour: <https://www.islandsbanki.is/en/product/about/policy-on-sustainability-en>
- [16] The Bank refuses to conduct business with entities that violate human rights — i.e., through slavery or forced labour; child labour; discrimination on the basis of gender, religion, or race; or violation of wage agreements; cf. the Suppliers' Code of Conduct: https://cdn.islandsbanki.is/image/upload/v1/documents/islandsbanki_suppliers_code_of_conduct.pdf

- [17] The Bank stresses respect for human rights and refusing to conduct business that is connected with any type of human rights violations; e.g., discrimination on the basis of gender, religion, or race; cf. the Sustainability Strategy: <https://www.islandsbanki.is/en/product/about/policy-on-sustainability-en>
- [18] Suppliers emphasise compliance with regulatory requirements and international human rights agreements under the Suppliers' Code of Conduct: https://cdn.islandsbanki.is/image/upload/v1/documents/islandsbanki_suppliers_code_of_conduct.pdf
- [19] Yes. Mechanisms for anonymous reporting of inappropriate conduct are available to all employees. See also: <https://www.islandsbanki.is/en/article/reporting-alleged-misconduct>
- [20] Yes. Various factors such as equal rights and accessibility are considered. Furthermore, the Bank stresses that its offices and branches must be accessible to marginalised groups, small companies, and communities.
- [21] Managers are responsible for ethical marketing and reputational risk, and there is targeted annual management training covering a large number of these and related factors.
- [22] The Bank has in place a plan for human resource development that includes targets for recruitment, staff development, and turnover.
- [23] Yes. The Bank aims to have a gender ratio of 40% or better in its management teams and to increase the number of women in its investment banking and IT departments. For further information, see: <https://www.islandsbanki.is/en/product/about/policy-on-sustainability-en>
- [24] Since 2017, the gender ratio has been as equal as is possible in a seven-member board, with three women and four men, or vice versa.
- [25] Women chaired two of three committees at the end of 2020.
- [26] According to Article 18 of the Board Protocols, the CEO is not authorised to chair the Board without the express authorisation of the Board.
- [27] All members of Íslandsbanki's Board of Directors are impartial.
- [28] According to Article 7 of the Bank's employment terms policy, the Bank does not authorise bonus payments.
- [29] The Suppliers' Code of Conduct is set by the Executive Committee: https://cdn.islandsbanki.is/image/upload/v1/documents/islandsbanki_suppliers_code_of_conduct.pdf
- [30] Íslandsbanki has adopted a code of conduct for its employees and Board, and the Sustainability Strategy places emphasis on these matters: See <https://www.islandsbanki.is/en/product/about/code-of-conduct> and <https://www.islandsbanki.is/en/product/about/policy-on-sustainability-en> Furthermore, the Bank has adopted a policy on combating money laundering.
- [31] Personal data protection and security of personal information are important aspects of Íslandsbanki's activities, and the Bank takes the associated obligations seriously. For further information, see the Bank's website: <https://www.islandsbanki.is/en/article/dataprotection>
- [32] Íslandsbanki publishes an annual sustainability report.
- [33] Íslandsbanki submits information on sustainability to the UN Global Compact and UNEP FI, among others.
- [34] Íslandsbanki places particular emphasis on supporting four of the UN Sustainable Development Goals: #4 — Quality Education; #5 — Gender Equality; #9 — Industry, innovation, and Infrastructure; and #13 — Climate Action.

- [35] Íslandsbanki has set sustainability targets for the period through 2025 and linked them to the UN Global Goals; see: <https://www.islandsbanki.is/en/product/about/policy-on-sustainability-en>
- [36] Klappir Green Solutions reviewed the accounts.
- [37] Yes, as part of internal stress tests.
- [38] Yes. For further information, see the Pillar 3 report for 2020.
- [39] Yes; see also: <https://www.islandsbanki.is/en/landing/about/strategy-and-policies>
- [40] Yes; see also: <https://www.islandsbanki.is/en/landing/about/strategy-and-policies>
- [41] Yes; see also: <https://www.islandsbanki.is/en/landing/about/strategy-and-policies>
- [42] UN Global Compact, UN Principles for Responsible Banking, TCFD, PCAF, UN Principles for Responsible Investments (Iceland Funds), Nordic CEOs for a Sustainable Future, CFO Taskforce for the SDGs, and targets set by Festa and the City of Reykjavik in 2015, Iceland SIF: <https://www.islandsbanki.is/en/product/about/cooperation-on-sustainability>