



Statement on Principal Adverse Impact of investment decisions on sustainability factors

Introduction

This statement is issued on the basis of Article 4 of Regulation (EU) 2019/2088 of the European Parliament and of the Council (*the SFDR-regulation*) which was transposed into Icelandic law through act no. 25/2023 on Sustainable Finance Disclosure and the EU taxonomy.

According to Article 4 of the SFDR, Íslandsbanki shall publish on its webpage information regarding and whether they consider principal adverse impact of investment decisions on sustainability factors. This statement fulfils the relevant criteria by providing information regarding how Íslandsbanki considers principal adverse impact of investments of discretionary portfolio management and the Bank's investments. Íslandsbanki has outsourced its discretionary portfolio management to Íslandssjóðir, the Bank's subsidiary.

Consideration of principal adverse impact

Íslandsbanki acknowledges that investment decisions can impact sustainability, both positively and negatively. The Bank seeks to take Principal Adverse Impact of investments on sustainability factors into account. At this time, the relevant principle adverse indicators are not considered due to lack of data availability. We will work to enhance data coverage and calculation capabilities to enable monitoring of the principle adverse indicators.

Selection of indicators

Íslandsbanki's Sustainability Policy creates a comprehensive framework for its activities in the area of sustainability, including responsible investments. The policy identifies two core areas of interest, climate action, and diversity and inclusion. At this time, the relevant principle adverse indicators are not considered due to lack of data availability. We will work to enhance data coverage and calculation capabilities to enable monitoring of the principle adverse indicators.

Identification and assessment of principal adverse impact

Principle adverse impact assessment is currently not integrated in our active ownership and engagement policies and processes due to lack of data availability. We will strive to increase data availability and calculation capabilities to an adequate level to be able to consider and integrate principal adverse impact of investment decisions on sustainability factors with the Bank's active ownership and engagement policies and processes.