

# ÍSLANDBANKI HF.

## ESG SCORE 84 / B1

A1-A3 Excellent	<b>B1-B3 Good</b>	C1-C3 Medium	D Poor
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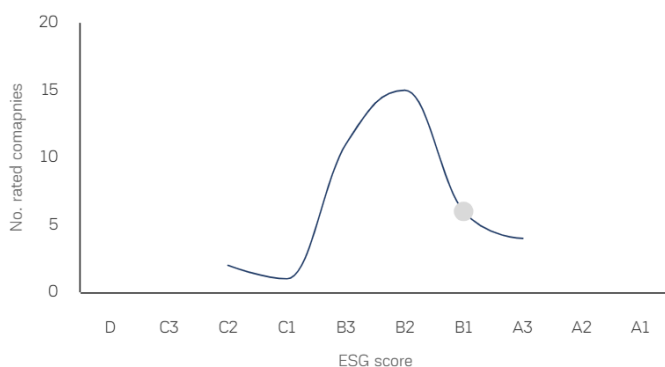
### ESG RATING RESULTS

RESULTS	Weight	Score	Grade
Total Score	100%	84	B1
<b>Environmental</b>	<b>10.5%</b>	<b>96</b>	<b>A2</b>
E.1 Eco-Efficiency	4.5%	94	A2
E.2 Environmental Management	6%	97	A1
<b>Social</b>	<b>24.5%</b>	<b>87</b>	<b>A3</b>
S.1 Working Environment	7%	100	A1
S.2 Employee Welfare & Customer Satisfaction	17.5%	82	B1
<b>Governance</b>	<b>65%</b>	<b>81</b>	<b>B1</b>
G.1 Corporate Governance	10%	75	B2
G.2 Corporate Practices & Supplier Chain	23.5%	80	B1
G.3 Products & Services	31.5%	83	B1

### COMPARISON



### ESG RATING DISTRIBUTION



### SHORT SUMMARY OF RESULTS

Íslandsbanki's ESG score was updated in September 2023, following the settlement agreement reached with the Financial Supervisory Authority of the Central Bank of Iceland (FSA) in June 2023. The findings presented in the settlement agreement have negative effects on the bank's ESG rating across specific categories. Íslandsbanki is downgraded by one notch, but still receives a good rating, 84 points, category B1. It continues to put great effort into enhancing sustainability throughout its operations and upholding its commitment to comply with the UN's Principles for Responsible Banking. In light of the settlement, Íslandsbanki has undergone changes within its board and upper management and they, along with employees, are engaged in remedial work, with an anticipated completion date of October 1, 2023. The bank has achieved good results in reducing the environmental impact of its own operations; one of the bank's main opportunities lies in reducing emission from its loan portfolio and assets under management. Íslandsbanki has made this a priority and has conducted an impact analysis that identifies key impacts of the bank's products and services to further address its sustainability priorities. Íslandsbanki has taken important moves to further its sustainability journey: it is a founding member of the Net-Zero Banking Alliance and continues with its aim of full carbon neutrality by 2040, along with a commitment to setting a Science-based Target. The bank has published its assessments of the portfolio's carbon footprint in accordance with PCAF and has set a sectoral target for carbon footprint reduction in the loan portfolio. To promote a transparent disclosure, the bank has published a carbon neutrality report covering its measurements, objectives, and performance in climate-related areas. Additionally, Íslandsbanki has neutralized its activities in full with Certified Emission Reduction units through the United Nations Carbon Offset Platform, along with supporting two domestic projects through the purchase of planned certified emission reduction units. The bank continues to work towards its objective of ESG risk assessing companies in its lending portfolio and increasing the proportion of sustainable loans. The bank has sought finance through issues of sustainable and green bonds and it is in a good position when it comes to the provision of information on the impact of its lending to sustainable projects. Iceland Funds, a subsidiary of the bank, adopted the UN's Principles for Responsible Investments in 2017 and published information on its financed emissions for the first time in 2022, based on the PCAF methodology. Financial undertakings in Iceland operate under an extensive regulatory system and scrutiny by the Central Bank's Financial Supervisory Authority. Íslandsbanki's data security arrangements are in good order, its management system being certified according to ISO27001. Furthermore, the bank is active in incentivizing its suppliers to act on value chain responsibility. The bank has long cared about their customers, society, and employees. The FSA's findings has had a negative impact on these categories, and it is important for the bank to build trust inside and outside the bank but that could take some time. In the year 2022, the bank placed a strong emphasis on human resources and previous workplace surveys reveal high levels of employee satisfaction. Upcoming customer and workplace surveys will shed more light on the impact of the issue. The bank continues to pay close attention to sustainability issues within the bank and work on their remedial measures.

### COMPARISON WITH DOMESTIC ISSUERS

Íslandsbanki is above average in all categories in comparison with other domestic issuers (currently about 40) that have been ESG-rated by Reitun. The current market average aggregate score is now 72 points out of 100 possible, producing a rating of B2.

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