



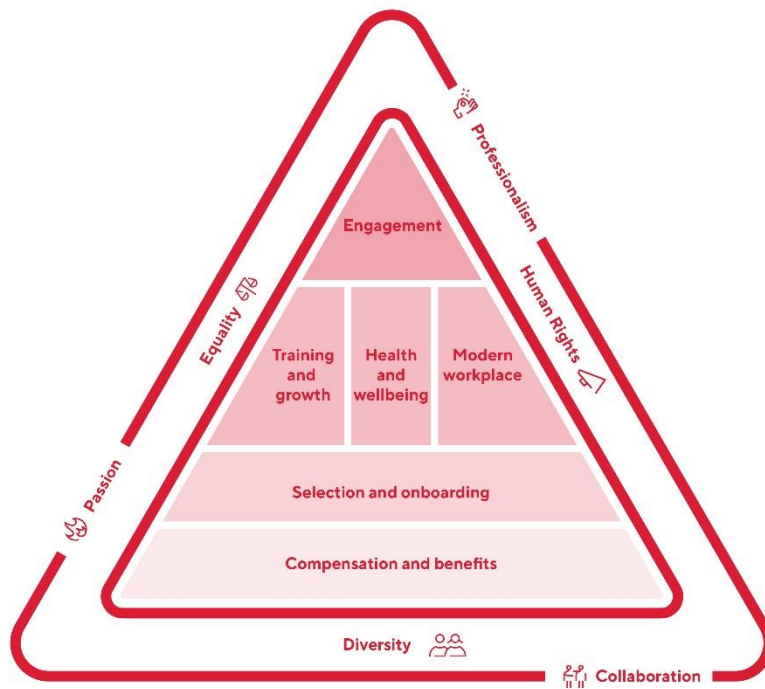
Human Resources Policy

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This human resources policy has been approved by the Bank’s Executive Committee and is owned by the Director of Human Resources. The policy shall be reviewed every two years, and the Director of Human Resources is responsible for ensuring that such a review is carried out. The policy is published on the Bank’s external website and intranet.

Approved by the Executive Board of Íslandsbanki, 6 February 2024



The Bank's vision for human resources

Íslandsbanki's vision for human resources is to be the best workplace to grow and develop. One of employees' strongest needs is to have the opportunity to grow and develop. By meeting this need, the Bank is likelier to attract and retain reliable and qualified staff.

Íslandsbanki's Human Resources Policy in a nutshell

The Bank's Human Resources Pyramid can be seen here. The pyramid reflects the Bank's human resources policy and its key elements, which are depicted in four levels. At the bottom of the pyramid is *Employment Terms and Benefits*. Competitive employment terms and benefits are one of the keys to attracting, hiring, and retaining qualified and dependable employees, as well as being an element in creating a desirable workplace (Level 1). The next level is *Hiring and Onboarding*. Strong emphasis is placed on a professional recruitment and hiring process, and the Human Resources team is involved in all the Bank's hiring. When new employees begin work for the Bank, they receive the support, training, and other assistance needed to adapt successfully to their position (Level 2). Human resources are the Bank's biggest resource; therefore, we place strong emphasis on fostering employees' *growth and development*, promoting their *health and well-being*, and creating for them a *modern work environment* with a positive and constructive workplace culture (Level 3). The top level of the pyramid is the ultimate objective: *Engagement*. Engagement results when employees' basic needs have been met. If the first levels of the pyramid are implemented successfully, it is more likely that employees will be engaged with the workplace and dedicated to it, and that they will feel comfortable there.

Equality, diversity, and human rights provide a framework for the pyramid and are of fundamental importance in Íslandsbanki's day-to-day operations. No discrimination, bullying, or harassment is tolerated. The objective is to create a desirable workplace and foster the well-being of all Bank employees. On the outer perimeter of the pyramid are Íslandsbanki's values passion, professionalism, and partnership – which are always used as guideposts in our work.

1. Employment compensations and benefits

1.1. Compensations and benefits

Offering competitive terms and benefits is one of the keys to attracting and retaining good staff members. Decisions on employment terms are based on performance, responsibility, workload, and market conditions, all within the framework of the wage agreement. For further information, see the Íslandsbanki employment terms policy.

Íslandsbanki employees are also offered a range of benefits in the form of grants, discounts, and services in cooperation with the Íslandsbanki Employee Association and the Federation of Bank Employees (SSF).

1.2. Equal pay policy

Íslandsbanki's equal pay policy is intended to guarantee gender equality in connection with decisions on compensation. Employees shall receive equal pay and equal employment terms for the same or equally valuable jobs. Equal pay means that compensation shall be determined in the same way for all employees, regardless of gender. The Bank complies with the ÍST 85:2012 equal pay standard.¹ The Bank's equal pay system ensures that decisions on compensation are made on objective, non-discriminatory grounds. The system covers all Íslandsbanki employees.

2. Hiring and onboarding

2.1. Hiring

Íslandsbanki is committed to offering an outstanding work environment that enables employees to grow and flourish in their jobs. The Bank seeks out ambitious people with wide-ranging backgrounds and aims to maintain a team of qualified, interested, satisfied, and well-trained employees who show initiative and provide outstanding service.

Applicants are welcomed in a professional and positive manner and are introduced systematically to the Bank. The Human Resources team is involved in all the Bank's hiring decisions as an impartial participant, thus ensuring a professional hiring process. All applicants go through the same process and have equal opportunity to be called in for an interview, and all applications are responded to as quickly as possible.

In advertisements, positions are ungendered, and both hiring and transfers within the Bank are handled in a non-discriminatory manner. When the Bank has the option of choosing from among equally qualified individuals, the person hired shall be of the less-represented gender. If there are sound, objective, job-related reasons for hiring an individual of a given gender, this is permissible. The Bank aspires to have equal gender ratios in all its divisions, departments, committees, councils, boards, and management positions. The Bank's values and the composition of the division or department are therefore borne in mind in the hiring process, thereby ensuring diversity in the employee group.

¹ Equal pay standard ÍST85:2012

2.2. Employee onboarding

New employees receive guidance and are equipped with all available measures to help them to adapt successfully to their jobs, they are informed of what is expected of them, and they learn how to use the tools and adopt the work habits they need to perform well. All new employees are assigned a workplace buddy whose task is to help them adjust to the new work environment and introduce them to their colleagues. The Human Resources Team oversees training new employees and following up with them during their first months on the job.

2.3. Termination of employment

The end of an employment relationship is a major change in the life of any individual, and the Bank is determined to make all such decisions in a professional manner. These decisions are not trivial, and they are always based on a professional assessment.

In cases involving age-related retirement, the Bank attempts to be flexible, provide advice, and find mutually beneficial solutions. It offers an in-depth seminar on all matters relating to this turning point and makes an effort to meet employees' needs so as to make the change easier and more satisfying.

3. A modern work environment

3.1. Work environment and activity-based workplace

The work environment at Íslandsbanki is modern, flexible, and progressive. The Bank's facilities are diverse, and employees have at their disposal a variety of workstations designed to facilitate a range of projects and needs. This is what an activity-based workplace entail. There are open spaces, quiet spaces, various meeting and conference rooms, collaborative work facilities, creative space, and recreational space. Íslandsbanki's policy is to offer the best possible options, support, and facilities for its employees, thereby unleashing their creativity and fostering flexibility and cooperation.

3.2. Flexibility and remote work

The Bank emphasises flexible work hours where they can be accommodated. Flexible work hours work both ways: the employee can take care of personal errands during working hours and, in turn, is flexible vis-à-vis the Bank when the need arises. Various family situations – such as caring for sick children or elderly parents – are met with understanding.

Remote work is available to employees where it can be accommodated. Remote work is optional, and those who choose to work remotely always do so in consultation with their manager, based on the arrangement that suits best at the time in question. Employees are provided with the equipment they need to ensure proper work facilities, such as a computer, computer screen, keyboard, and office chair. Remote work is one of the Bank's ways to reduce carbon emissions from operations, and it makes a positive impact on the environment because of the associated reduction in commuting to and from work.

3.3. Work-life balance

Íslandsbanki makes a concerted effort to create conditions that enable employees to harmonise the demands of their jobs with other aspects of their lives. We work in a demanding environment characterised by diverse and ever-changing tasks. At the same time, we want to offer a good, healthy work environment where strong emphasis is placed on maintaining a balance between work and private life. The Bank attempts to minimise overtime and hold events and seminars during working hours, and it offers flexible work hours where they can be accommodated. Various family situations – such as caring for sick children or elderly parents are met with understanding.

3.4. A force for good

Íslandsbanki encourages its employees to contribute to charitable causes. Employees can dedicate one workday per year to a good cause through the Bank's Helping Hand programme. Employees themselves choose the cause they want to support, in consultation with their immediate superior, including volunteer work for charities, humanitarian organisations, rescue squads, and various other good causes. In addition, eco-friendly transport options are available to employees during working hours, the Bank has good facilities for bicycles, and employees who use eco-friendly commuting options are eligible for transport subsidies.

4. Health and well-being

4.1. Well-being in first place

We make a concentrated effort to create an environment that fosters employees' health, satisfaction, and well-being. Strong emphasis is placed on effective and constructive communications, teamwork, and a positive workplace culture characterised by trust and respect. We want our employees to be able to express their thoughts, offer new ideas, ask questions, and make mistakes. This increases the likelihood that employees will have a sense of psychological security, trust, and well-being in their jobs. The Bank satisfies workplace protection requirements.

With employees' health as a guidepost, the Bank emphasises the following:

- **Analysis and assessment:** analysing the risks to employees' health and well-being. This is done, for instance, with a twice-yearly employee surveys and other opinion surveys.
- **Education and prevention:** preventative measures aimed at mitigating and preventing strain-related maladies and health risks. A concerted effort is made to educate employees and managers so that they will be aware of these risks and know how to respond to them.
- **Access to solutions and services:** ensuring that our employees have access to the solutions and services they need to improve their health and well-being. These include psychological services, medical services, measurement of health metrics, influenza shots, massage during working hours, gym membership subsidies, transportation subsidies, and various health-related educational materials.
- **Follow-up:** ensuring that cases are followed up, progress assessed, and regular reviews carried out.

4.2. Health-related challenges

Most of us are faced with health-related challenges at some point, whether they be physical, emotional, or social. Many who experience these challenges keep working or return to work quickly. When employees must take sick leave, management support is of vital importance. Strong emphasis is placed on effective communications between managers and employees. It is important that managers remain in regular contact with employees during their illness, keep track of how they are feeling, show concern, and give support. Similarly, employees are encouraged to remain in regular contact with their department/division, attend staff meetings, come in for coffee breaks, and attend events or symposia to the extent that they feel able to do so.

Employees have been guaranteed access to services, and they are encouraged to avail themselves of the solutions offered. So that employees can return to work successfully after an illness, the Bank seeks out ways to adapt their work arrangements and/or workplace to enable them to carry out their duties and return quickly and safely to their jobs or to other suitable tasks.

4.3. Teamwork and cooperation

Employee well-being, positive communications, and mutual respect and trust contribute to a strong team spirit and cooperation between teams and departments. Íslandsbanki takes pride in ensuring that its employees are well informed of the Bank's activities and participate in strategy formulation for the Bank and for their departments and teams. The Bank is committed to a strong performance and takes pride in efforts that are conducive to success. It has a robust social activity programme and employee association and holds a variety of events. Among other things, the Bank supports group and club activities for employees, where everyone plays an important role in creating the best possible team.

It is stressed that employees adopt the Bank's values by demonstrating passion and professionalism and by working together as partners to make Íslandsbanki a force for good. These values are an effective way to promote a shared vision of the Bank's strategy and create a shared understanding of how tasks are to be carried out. They can facilitate employee decision-making and enhance trust among staff members.

5. Education and growth

5.1. Education and training

Íslandsbanki maintains a strong professional education and training programme featuring a range of courses, educational presentations, and training options for employees. Needs analyses are carried out in cooperation with employees and managers. The Bank offers a wide range of good courses and encourages employees to acquire new knowledge and skills in order to maximise their performance and job satisfaction.

5.2. Job development and growth

The Bank places great importance on job development and offers employees wide-ranging opportunities to grow and thrive in their work. Job development can take many forms, and it is

the responsibility of each employee to find the path that suits them. Examples of such paths include seeking out education and training, learning about the activities of other Bank divisions, requesting additional responsibility, and taking on new projects. Employees also have the option of receiving coaching and mentoring, with the aim of making the next steps in their career more targeted and possibly opening doors to new opportunities in the future.

Íslandsbanki's Education Fund provides grants for employees' studies. Members of the Confederation of Icelandic Bank and Finance Employees (SSF) can also apply for grants from the SSF Education Fund, whose objective is to strengthen its members in their work, make them more competitive in the job market, and foster their participation in the Confederation's activities.

5.3. Feedback

Strong emphasis is placed on regular feedback from managers. Constructive dialogue with employees on goals and progress has a significant impact on their performance and well-being. Managers are encouraged to keep abreast of how their employees feel in general; how their projects are progressing; whether they have the measures, tools, and equipment they need for their work; what their educational and job development needs are; and whether there are any barriers that can be removed. Constructive and targeted feedback is essential if employees are to improve, grow, and develop. Employees' perspectives are surveyed regularly, and employee feedback ensures that the Bank moves forward continuously.

6. Equal opportunity

6.1. Diversity, equality, and rights for all

Íslandsbanki places strong emphasis on ensuring equality, diversity, and human rights by welcoming all customers and employees. The Bank makes a concerted effort to treat all employees equally, irrespective of gender, race, nationality, religious beliefs, philosophy of life, disability, reduced capacity to work, age, sexual orientation, gender identity, gender characteristics, or gender expression. Furthermore, the Bank works to combat discrimination and to establish and maintain equal treatment of individuals in the labour market.²

6.2. Training, development, and growth

All employees, irrespective of gender, are encouraged to acquire more knowledge. All employees have equal rights to job training, re-training, and seminars and courses offered to enhance their ability to develop in their jobs or, where applicable, prepare for other positions.

6.3. Family life and parental leave

Employees are enabled to harmonise their professional responsibilities and their family life, with flexible work hours, part-time employment, and other adjustments insofar as is feasible and necessary.

² cf. the Act on Equal Status and Equal Rights Irrespective of Gender, no. 150/2020 (the Gender Equality Act).

Íslandsbanki encourages its employees, fathers, and mothers alike, to exercise their right to childbirth leave so that their children can have time with their parents. The Bank also guarantees its employees 80% of their salary during childbirth leave. The Bank grants employees' requests for flexible childbirth leave and parental leave whenever possible and takes steps to ease employees' return to work after childbirth leave.

6.4. Equal rights plan and objectives

Alongside these equal rights targets, the Bank has adopted an equal rights plan, and both the plan and the targets are in compliance with the Act on Equal Status and Equal Rights Irrespective of Gender, no. 150/2020. This includes a specific review of objectives and actions focusing on equal pay, job vacancies, employee training, re-training, and continuing education. The Bank aims to be a family-friendly workplace and takes specific measures focusing on bullying, sexual and gender-based harassment, and violence (BHV). Íslandsbanki will not falter in these efforts and aims to make improvements every year, thereby being a force for good in the community.

6.5. Bullying, gender-based or sexual harassment, and violence (BHV)

Íslandsbanki has an explicit policy against bullying, sexual and gender-based harassment, and violence (BHV).³ The policy can be found here:

All employees, irrespective of gender, deserve to be treated with respect and to not be subjected to any type of bullying, gender-based or sexual harassment, or violence. Such conduct is prohibited by law and is never tolerated within the Bank under any circumstances.

If an employee has been subjected to or witnesses an inappropriate incident or conduct or has a well-grounded suspicion that an inappropriate incident or conduct has taken place, that employee shall report the matter to the designated response personnel. Employees may also consult such response personnel and receive advice on the next steps to take.

Response personnel are:

- Human Resources Department staff
- The employee's immediate superior, or other managers
- Outside professionals

Employees are jointly responsible for fostering a secure work environment and for preventing bullying and other improper conduct, both with their own behaviour and through notifications according to the action plan. Having clear anti-BHV procedures and ensuring that employees are knowledgeable and trained in this area lays the foundation for Íslandsbanki employees psychological well-being.

³ Pursuant to the Act on Accommodation, Hygiene, and Safety in the Workplace, no. 46/1980; the Regulation on Measures Against Bullying, Sexual Harassment, Gender-Based Harassment, and Violence in the Workplace, no. 1009/2015; and the Act on Equal Status and Equal Rights Irrespective of Gender, no. 150/2020 (the Gender Equality Act).

7. Engagement

With the steps of the Human Resources pyramid as guideposts – 1) *competitive employment compensations and benefits*; 2) *a professional recruitment process*; and 3) *emphasis on education and growth, health and well-being, and a modern work environment* – the final objective is to ensure that Íslandsbanki employees are convinced that their needs are met, they are secure and satisfied, and they are dedicated to and engaged with the workplace. Engaged and dedicated employees work passionately, they are more satisfied, they use their strengths, and they are more productive. A high level of engagement results in fewer absences, fewer mistakes, lower employee turnover, and a healthier team spirit. With a strong Human Resources policy and a dedicated and engaged team of employees, the Bank can make outstanding progress in an effective and successful way and move towards its goal of being the best workplace to grow and develop.