



Íslandsbanki

Íslandsbanki hf.
Sustainability Statement

2024

Íslandsbanki hf.
Reg. 4910080160

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About Íslandsbanki and this Statement

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. Íslandsbanki is a universal bank and a leader in financial services in Iceland. Type of products and services include savings, lending, payment services and investment banking services. The Bank has an asset management focused subsidiary. Loans to individuals constitute most of the lending in the banking portfolio (50%), followed by commerce and services (14%), real estate (12%), construction (7%), and industrial and transport (6%) as of year end 2024. Íslandsbanki's sustainability statement for the year 2024 reflects the relevant European Sustainability Reporting Standards (ESRS) by the EU Commission, ESG guidelines issued by Nasdaq Iceland and Nasdaq Nordic in 2019. Reference is also made to the GRI Standard (Global Reporting Initiative, GRI100-400) and the Ten Reporting Principles of the UN Global Compact. Íslandsbanki has conducted an initial double materiality analysis and based on the results the topics *Climate change*, *Own workforce*, *Consumers and end-user* and *Business conduct* are important for the Bank. As the Corporate Sustainability Reporting Directive (CSRD) has not come into force in Iceland the Bank tries to take steps by reporting on relevant data points based on its double materiality conclusion. For the ESRS data points that are not included in Íslandsbanki's reporting the Bank lacks data. In 2025 the Bank will work on improving data for further disclosures. Further, the Bank complements its disclosure with relevant metrics from the Nasdaq ESG guidelines, relevant GRI metrics and the Ten Reporting Principles of the UN Global Compact.

Íslandsbanki uses the Klappir Sustainability Platform to ensure the traceability, transparency, and efficiency in data collection and processing and dissemination of environmental information.

Assessment Statement

Klappir Green Solutions hf. (Klappir) has assisted Íslandsbanki hf. (Íslandsbanki), with its sustainability statement. The sustainability statement contains information on environment, social and governance matters at Íslandsbanki.

Responsibility of the board of directors and CEO for the sustainability statement

The board of directors and CEO are responsible for reporting non-financial information, including information on environmental, social and governance matters, in accordance with Article 66 d of Act no. 3/2006 (Icelandic companies).

Confirmation by Klappir

We have planned and conducted our work in accordance with the principles of the Greenhouse Gas Protocol standards: Relevance, Accuracy, Completeness, Consistency and Transparency. By signing below, I hereby confirm that the data provided by Íslandsbanki and its suppliers for the company's sustainability statement has been reviewed and assessed by Klappir's sustainability specialists. Information relating to social and governance matters was not reviewed by Klappir. Klappir is not responsible and bears no liability for any investment decisions made by any party based on the information presented in this statement.

Klappir Green Solutions hf.

Íslandsbanki's Sustainability Statement is electronically signed by Klappir Green Solutions hf.

Statement

Environmental

Absolute climate change mitigation and adaptation targets	Notes	Unit	2024	2023
Scope 1 GHG emissions reduction target	1	tCO ₂ e	0	0
Scope 2 location-based GHG emissions reduction target		tCO ₂ e	1.8	1.8
Scope 2 market-based GHG emissions reduction target		tCO ₂ e		
Scope 3 GHG emissions reduction target		tCO ₂ e	204	62
Total GHG emissions reduction target		tCO ₂ e	206	64

Proportional climate change mitigation and adaptation targets	Notes	Unit	2024	2023
Scope 1 GHG emissions reduction target	2	%	0.0%	0.0%
Scope 2 location-based GHG emissions reduction target		%	4.0%	4.0%
Scope 2 market-based GHG emissions reduction target		%		
Scope 3 GHG emissions reduction target		%	19.0%	6.0%
Total GHG emissions reduction target		%	23.0%	10.0%

Energy consumption and mix	Notes	Unit	2024	2023
<i>Fossil energy consumption</i>				
Fuel consumption from coal and coal products		MWh		
Fuel consumption from crude oil and petroleum products		MWh	17	80
Fuel consumption from natural gas		MWh	0	0
Fuel consumption from other fossil sources		MWh		
Consumption of electricity, heat, and steam, and cooling from fossil sources		MWh	6	7
Total fossil energy consumption		MWh	23	87
<i>Nuclear energy consumption</i>				
Total nuclear energy consumption		MWh	0	0
<i>Renewable energy consumption</i>				
Fuel consumption from renewable sources		MWh	0	0
Consumption of electricity, heat, and steam, and cooling from renewable sources		MWh	5,743	7,031
Total renewable energy consumption		MWh	5,743	7,031
<i>Total energy consumption</i>				
Total energy consumption		MWh		
Fossil fuel		%	0.4%	1.2%
Renewables		%	99.6%	98.8%
Nuclear		%	0.0%	0.0%
Unknown		%	0.0%	0.0%

Greenhouse Gas Emissions	Notes	Unit	2024	2023
Scope 1	3	tCO ₂ e	4.1	19.2
Percentage of Scope 1 GHG emissions from regulated trading schemes		%	0.0%	0.0%
Scope 2 (location-based)	4	tCO ₂ e	49.5	70.7
Scope 2 (market-based)		tCO ₂ e	916.0	928.1
Total Scope 1 and 2 (location based)		tCO ₂ e	53.5	89.9
Total Scope 1 and 2 (market-based)		tCO ₂ e	920.1	939.3
Scope 3		tCO ₂ e	950.3	1,307.2
Total Scope 1, 2 & 3 emissions (location-based)		tCO ₂ e	1,003.8	1,397.1
Total Scope 1, 2 & 3 emissions (market-based)		tCO ₂ e	1,902.3	2,282.3

Nasdaq: E1|UNGC: P7|GRI: 305-1,305-2,305-3|SASB: General Issue / GHG Emissions|TCFD: Metrics & Targets

Scope 1 - Details	Notes	Unit	2024	2023
Stationary fuel combustion		tCO ₂ e	0.0	0.0
Mobile fuel combustion	5	tCO ₂ e	4.1	19.2
Fugitive emissions		tCO ₂ e	0.0	0.0
Total Scope 1 emissions		tCO ₂ e	4.1	19.2

Scope 2 - Details	Notes	Unit	2024	2023
Electricity		tCO ₂ e	17.6	24.8
Heating		tCO ₂ e	31.9	45.9
Total Scope 2 emissions		tCO ₂ e	49.5	70.7

Scope 3 - Upstream emissions	Notes	Unit	2024	2023
<i>Category 1: Purchased goods and services</i>				
Electronics		tCO ₂ e	21.2	520.4
Food	6	tCO ₂ e	330.1	299.0
Other	7	tCO ₂ e	81.7	16.7
Total emissions		tCO ₂ e	433.0	836.1
<i>Category 2: Capital goods</i>				
Structures		tCO ₂ e	0.0	0.0
Vehicles	8	tCO ₂ e	0.0	100.6
Machinery		tCO ₂ e	0.0	0.0
Total emissions		tCO ₂ e	0.0	100.6
<i>Category 3: Fuel- and energy-related activities</i>				
Purchased fuels		tCO ₂ e	1.3	5.1
Purchased electricity		tCO ₂ e	0.1	0.1
Transmission and distribution (T&D) losses		tCO ₂ e	16.0	20.2
Generation of purchased electricity that is sold to end users		tCO ₂ e	0.0	0.0
Total emissions		tCO ₂ e	17.4	25.4
<i>Category 4: Upstream transportation and distribution</i>				
Total emissions	9	tCO ₂ e	0.0	0.0
Air transportation		tCO ₂ e	0.0	0.0
Marine transportation		tCO ₂ e	0.0	0.0
Road transportation		tCO ₂ e	0.0	0.0
Rail transportation		tCO ₂ e	0.0	0.0
Storage of purchased goods		tCO ₂ e	0.0	0.0
<i>Category 5: Waste generated in operations</i>				
Total emissions		tCO ₂ e	1.7	11.2
Transport, disposal and treatment of waste	10	tCO ₂ e	1.7	11.2
<i>Category 6: Business travel</i>				
Air travel	11	tCO ₂ e	232.4	146.8
Road travel		tCO ₂ e	11.30	8.89
Total emissions		tCO ₂ e	243.8	155.7
<i>Category 7: Employee commute</i>				
Bus commute		tCO ₂ e	6.6	8.1
Car commute		tCO ₂ e	247.9	170.2
Total commuting emissions		tCO ₂ e	254.5	178.2

Carbon intensity	Notes	Unit	2024	2023
Total GHG emissions (location-based) per net revenue		tCO ₂ e/ISK m	0.02	0.02
Total GHG emissions (market-based) per net revenue		tCO ₂ e/ISK m	0.03	0.04

Net revenue used to calculate carbon intensity	Notes	Unit	2024	2023
Net revenue used to calculate GHG intensity		ISK m	62,938	64,240
Net revenue (other)		ISK m	0	0
Total net revenue (in financial statements)		ISK m	62,938	64,240

GHG mitigation	Notes	Unit	2024	2023
<i>Carbon credits cancelled in the reporting year</i>				
Total amount of carbon credits outside value chain that are verified against recognised quality standards and cancelled		tCO ₂ e	1,100	1,500
Gold standard		%	82%	100%
Verra		%	0%	0%
Other		%	18%	0%
Share of removal projects		%	0%	0%
Share of reduction projects		%	100%	100%
Share from projects within the EU		%	0%	0%
Share of carbon credits that qualify as corresponding adjustments		%	100%	100%

Social

Characteristics of employees	Notes	Unit	2024	2023
<i>Total number of employees, by gender</i>				
Male		Headcount	374	340
Female		Headcount	480	464
Other		Headcount		
Non reported		Headcount		
Total		Headcount	854	804
<i>Number of permanent employees, by gender</i>				
Male		Headcount	330	300
Female		Headcount	408	418
Other		Headcount		
Non reported		Headcount		
Total		Headcount	738	718
<i>Number of non-guaranteed hours employees, by gender</i>				
Male		Headcount	11	8
Female		Headcount	15	12
Other		Headcount		
Non reported		Headcount		
Total		Headcount	26	20
<i>Employee turnover</i>				
Total number of employees who left the organization		Headcount	85	60
Total employee turnover rate		%	11.5%	8.4%

Characteristics of non-employees in own workforce	Notes	Unit	2024	2023
Number of non-employees in own workforce - self-employed people		Headcount	0	
Number of non-employees in own workforce - people provided by undertakings primarily engaged in employment activities		Headcount	0	
Total non-employees in workforce		Headcount	0	

Collective bargaining coverage and social dialogue	Notes	Unit	2024	2023
The percentage of total employees covered by collective bargaining agreements		%	99.9%	100.0%
The global percentage of employees covered by workers' representatives		%	99.9%	100.0%

Diversity metrics	Notes	Unit	2024	2023
<i>Top management gender diversity</i>				
Male		Headcount	46	47
Female		Headcount	22	32
Other		Headcount		
Non reported		Headcount		
Male		%	67.7%	59.5%
Female		%	32.4%	40.5%
Other		%		
Non reported		%		
<i>Employee age distribution</i>				
<30 years old		%	22.4%	22.8%
30-50 years old		%	44.0%	46.0%
>50 years old		%	33.6%	31.2%

Adequate wages	Notes	Unit	2024	2023
Percentage of employees paid below the applicable adequate wage benchmark		%	0.0%	
Percentage of non-employees paid below adequate wage		%	0.0%	

Persons with disabilities	Notes	Unit	2024	2023
<i>The percentage of persons with disabilities amongst its employees</i>				
Male		%	0.0%	
Female		%	0.0%	
Other		%		
Non reported		%		
Total		%		

Training and skills development metrics	Notes	Unit	2024	2023
<i>The percentage of employees that participated in regular performance and career development reviews</i>				
Male		%	100.0%	100.0%
Female		%	100.0%	100.0%
Other		%		
Non reported		%		
Total		%	100.0%	100.0%
<i>The average number of training hours per employee and by gender</i>				
Male		hours	6.0	14.0
Female		hours	7.0	14.0
Other		hours		
Non reported		hours		
Total		hours	6.0	14.0

Health and safety metrics	Notes	Unit	2024	2023
The percentage of workforce covered by health and safety management system		%	100.0%	100.0%
<i>Health and safety incidents</i>				
Fatalities as a result of work-related -injuries and -ill health		Count	0	
Fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites		Count	0	
Number of recordable work related accidents		Count	0	2
Rate of recordable work related accidents		x/1.000.000	0.0	1.0
The number of cases of recordable work-related ill health		Count	0	
The number of days lost to work-related injuries and fatalities from work-related accidents		Count	0	
Work-life balance metrics				
Work-life balance metrics	Notes	Unit	2024	2023
The percentage of employees entitled to take family-related leave		%	100.0%	100.0%
<i>The percentage of entitled employees that took family-related leave</i>				
Total		%	8.3%	7.5%
Male		%	5.0%	3.1%
Female		%	3.3%	4.4%
Other		%		
Non reported		%		
Remuneration metrics (pay gap and total remuneration)				
Remuneration metrics (pay gap and total remuneration)	Notes	Unit	2024	2023
The gender pay gap, defined as the difference of average pay levels between female and male employees, expressed as percentage of the average pay level of male employees		%	21.9%	23.3%
The annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual)		%	504.7%	456.4%
Incidents, complaints and severe human rights impacts				
Incidents, complaints and severe human rights impacts	Notes	Unit	2024	2023
<i>Work-related incidents of discrimination</i>				
Total number of incidents of discrimination, including harassment		Count	0	
The number of complaints filed through channels for people in the undertaking's own workforce to raise concerns (including grievance mechanisms) and, where applicable, to the National Contact Points for OECD Multinational Enterprises related to the matters defined in paragraph 2 of the ESRS Own workforce topical Standard, excluding those already reported as incidents of discrimination, including harassment		Count	0	
Total amount of fines, penalties and compensation for damages as a result of incidents and complaints related to discrimination, including harassment		ISK m	0.0	
Number of complaints filed to the National Contact Points for OECD Multinational Enterprises		Count	0	
<i>Cases of severe human rights incidents</i>				
The number of severe human rights incidents connected to the undertaking's workforce		Count	0	
The total amount of fines, penalties and compensation for damages related to severe human rights incidents		ISK m	0.0	
Number of severe human rights issues and incidents connected to own workforce that are cases of non respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises		Count	0	

Consumer and/or end-user complaints	Notes	Unit	2024	2023
Number of complaints received from consumers and/or end users during the reporting period		Count	413	686

Governance

Prevention and detection of corruption and bribery	Notes	Unit	2024	2023
Percentage of functions-at-risk covered by training programmes		%	100%	100%

Incidents of corruption or bribery	Notes	Unit	2024	2023
Number of convictions for violation of anti-corruption and anti- bribery laws		Count	0	0
Amount of fines for violation of anti-corruption and anti- bribery laws		ISK m	0	0
Number of confirmed incidents of corruption or bribery		Count	0	0
Number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents		Count	0	0
Number of confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery		Count	0	0

Political influence and lobbying activities	Notes	Unit	2024	2023
Financial political contributions made	12	ISK m	0	0
Amount of internal and external lobbying expenses		ISK m	0	0
Amount paid for membership to lobbying associations		ISK m	0	0
In-kind political contributions made		ISK m	0	0

Payment practices	Notes	Unit	2024	2023
Average number of days to pay invoice from date when contractual or statutory term of payment starts to be calculated	13	Count		
Percentage of payments aligned with standard payment terms	14	%		
Number of outstanding legal proceedings for late payments		Count	0	

Statement ESG addendum

Operational Parameters

Operational Parameters	Notes	Unit	2024	2023
Net revenue (from financial statement)		ISK m	62,938.0	63,286.0
Total Equity (unlisted organizations)		ISK m	227,355	224,693
Number of employees (from financial statement)		FTEs	772.0	764.0
Total space for own operation	1	m ²	14,951.9	15,808.2
Total space for own operation	2	m ³	51,628.7	55,397.4

GhG emission intensity	Notes	Unit	2024	2023
GHG emissions per megawatt-hour consumed		kgCO ₂ e/MWh	174.1	196.3
GHG emissions per full-time equivalent (FTEe) employee		kgCO ₂ e/FTEs	1,300.0	1,828.7
GhG emissions per unit of revenue		kgCO ₂ e/ISK	15.95	22.08
GhG emissions per unit of equity		kgCO ₂ e/ISK	4.4	6.2
GhG emissions per unit of space (m ²)		kgCO ₂ e/m ²	67.1	88.4
GhG emissions per unit of space (m ³)		kgCO ₂ e/m ³	19.4	25.2

Nasdaq: E2|UNGC: P7, P8|GRI: 305-4 |SDG: 13|SASB: General Issue / GHG Emissions, Energy Management

Energy intensity	Notes	Unit	2024	2023
Energy per full-time equivalent (FTEe) employee		kWh/FTEs	7,472.8	7,573.0
Energy per unit of revenue		kWh/ISK m	91.7	91.4
Energy per square meter		kWh/m ²	385.6	366.0
Energy per cubic meter		kWh/m ³	111.7	104.4

Nasdaq: E4|UNGC: P7, P8|GRI: 302-3|SDG: 12|SASB: General Issue / Energy Management

Waste intensity	Notes	Unit	2024	2023
Total waste per full-time equivalent (FTEe) employee		kg/FTEs	43.2	93.7
Total waste per unit of revenue		kg/ISK m	0.5	1.1

Key performance indicators	Notes	Unit	2024	2023
Total GHG emissions of comparable factors		tCO ₂ e	628.0	856.0

Emission Sources

Water consumption	Notes	Unit	2024	2023
Total water consumption	3	m ³	78,813.5	103,026.6
Cold water		m ³	5,334.8	13,582.6
Hot water		m ³	73,478.7	89,444.0

Nasdaq: E6|GRI: 303-5|SDG: 6|SASB: General Issue / Water & Wastewater Management

Environmental management

Environmental management	Notes	Unit	2024	2023
Does your company follow a formal Climate Management Plan?	4	yes/no	Yes	Yes
Does your company follow specific waste, water, energy, and/or recycling policies?	5	yes/no	Yes	Yes
Does your company use a recognized energy management system?		yes/no	No	No

Nasdaq: E7|GRI: 103-2|SASB: General Issue / Waste & Hazardous Materials Management

Climate oversight	Notes	Unit	2024	2023
Does your Senior Management manage climate-related risks?	6	yes/no	Yes	Yes
Does your Board of Directors oversee climate-related risk?	7	yes/no	Yes	Yes

Nasdaq: E8, E9|GRI: 102-19, 102-20, 102-29, 102-30, 102-31|SASB: General Issue / Business Model Resilience, Systematic Risk Management|TCFD: Governance (Disclosure A/B)

Other environmental factors selected based on sector and internal materiality assessment	Notes	Unit	2024	2023
Are ESG factors considered in relation to lending and/or investments?	9	yes/no	Yes	Yes
Are ESG factors considered in connection with the development of new and existing products?	10	yes/no	Yes	Yes
Does the company offer employees regular education on ESG factors?	11	yes/no	Yes	Yes
Has the company measured the carbon footprint from its loan and investment portfolios?	12	yes/no	Yes	Yes
Has the company's board of directors approved and published targets for reduction of greenhouse gas emissions?	13	yes/no	Yes	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?	14	yes/no	Yes	Yes

Social

Gender Pay Ratio	Notes	Unit	2024	2023
Outcome of equal pay certification		%	0.2%	0.2%
S2 UNGC: P6 GRI: 405-2 SASB: General Issue / Employee Engagement, Diversity & Inclusion				
Non-Discrimination	Notes	Unit	2024	2023
Does your company follow a sexual harassment and/or non-discriminatory policy?	15	yes/no	Yes	Yes
S6 UNGC: P6 GRI: 103-2 (see also: GRI 406: Non-Discrimination 2016) SASB: General Issue / Employee Engagement, Diversity & Inclusion				
Global Health & Safety	Notes	Unit	2024	2023
Does your Company publish and follow an occupational health and/or global health & safety policy	16	yes/no	Yes	Yes
S8 GRI: 103-2 (See also: GRI 403: Occupational Health & Safety 2018) SDG: 3 SASB: General Issue / Employee Health & Safety				
Child & Forced Labor	Notes	Unit	2024	2023
Does your company follow a child labor policy?	17	yes/no	Yes	Yes
Does your company follow a forced labor policy?		yes/no	Yes	Yes
If yes, do your child and/or forced labor policy cover suppliers and vendors?		yes/no	Yes	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	Notes	Unit	2024	2023
Does your company publish and follow a human rights policy?	18	yes/no	Yes	Yes
If yes, does your human rights policy cover suppliers and vendors?	19	yes/no	Yes	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	Notes	Unit	2024	2023
Does the company have procedures for detection and disclosure that are presented effectively to employees?	20	yes/no	Yes	Yes
Are the company and its products accessible to marginalised groups, small companies, or communities?	21	yes/no	Yes	Yes
Does the company offer sustainable loans that support the Government's social objectives?	22	yes/no	Yes	Yes
Are managers assigned responsibility for ethical marketing and reputational risk?	23	yes/no	Yes	Yes
Is there a plan for human resource development that includes targets for recruitment, staff development, and turnover?	24	yes/no	Yes	Yes
Has the company board of directors approved and published equal rights objectives?	25	yes/no	Yes	Yes

Governance

Board Diversity	Notes	Unit	2024	2023
Total board seats occupied by women (as compared to men)	26	%	43.0%	43.0%
Committee chairs occupied by women (as compared to men)	27	%	67.0%	67.0%

G1|GRI 405-1|SDG: 10|SASB: General Issue / Employee Engagement, Diversity & Inclusion (See also: SASB Industry Standards)

Board Independence	Notes	Unit	2024	2023
Does the company prohibit CEO from serving as board chair?	28	yes/no	Yes	Yes
Total board seats occupied by independents	29	%	100%	100%

G2|GRI: 102-23, 102-22

Incentivized Pay	Notes	Unit	2024	2023
Are executives formally incentivized to perform on sustainability	30	yes/no	No	No

G3|GRI: 102-35

Collective Bargaining	Notes	Unit	2024	2023
Total enterprise headcount covered by collective bargaining agreements (X) to the total employee population	31	%	99.9%	95.0%

G4|UNGC: P3|SDG: 8|GRI: 102-41|SASB: General Issue / Labor Practices (See also: SASB Industry Standards)

Supplier Code of Conduct	Notes	Unit	2024	2023
Are your vendors or suppliers required to follow a Code of Conduct	32	yes/no	Yes	Yes
If yes, what percentage of your suppliers have formally certified their compliance with the code	33	%	92.0%	77.0%

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	Notes	Unit	2024	2023
Does your company follow an Ethics and/or Anti-Corruption policy?	34	yes/no	Yes	Yes
If yes, what percentage of your workforce has formally certified its compliance with the policy?		%	99.0%	100.0%

G6|UNGC: P10|SDG: 16|GRI: 102-16, 103-2 (See also: GRI 205: Anti-Corruption 2016)

Data Privacy	Notes	Unit	2024	2023
Does your company follow a Data Privacy policy?	35	yes/no	Yes	Yes
Has your company taken steps to comply with GDPR rules?		yes/no	Yes	Yes

G7|GRI: 418 Customer Privacy 2016|SASB: General Issue / Customer Privacy, Data Security (See also: SASB Industry Standards)

ESG Reporting	Notes	Unit	2024	2023
Does your organization publish a sustainability report?	36	yes/no	Yes	Yes
Is sustainability data included in your regulatory filings?	37	yes/no	Yes	Yes

G8|UNGC: P8

Disclosure Practices	Notes	Unit	2024	2023
Does your company provide sustainability data to sustainability reporting frameworks?	38	yes/no	Yes	Yes
Does your company focus on specific UN Sustainable Development Goals (SDGs)?	39	yes/no	Yes	Yes
Does your company set targets and report progress on the UN SDGs?	40	yes/no	Yes	Yes

G9|UNGC: P8

External Assurance	Notes	Unit	2024	2023
Are your sustainability disclosures assured or validated by a third party?	41	yes/no	Yes	Yes

G10|UNGC: P8|GRI: 102-56

Other corporate governance factors selected based on sector and internal materiality assessment	Notes	Unit	2024	2023
Has the company examined ESG risk in connection with unlikely major occurrences?	42	yes/no	Yes	Yes
Has the company examined long-term risk in connection with ESG factors?	43	yes/no	Yes	Yes
Does the company enforce a competition law plan?	44	yes/no	Yes	Yes
Does the company enforce a policy on conflicts of interests?	45	yes/no	Yes	Yes
Does the company enforce a policy on handling of complaints?	46	yes/no	Yes	Yes
What obligations or accords has the company undertaken in connection with ESG issues?	47	yes/no	Yes	Yes

Organizational and Operational Boundaries

Organizational boundaries The “Operational Control” methodology has been chosen in order to define the organizational scope of Íslandsbanki's emission accounting. 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 following companies are covered in the statement:

- Íslandssjóðir
- ISB Software Development Center

Operational boundaries

Scope 1

Mobile fuel consumption: Fully included
Stationary fuel combustion: Not applicable
Fugitive emissions: Not applicable
Industrial processes: Not applicable

Scope 2

Electricity: Fully included
Heating: Fully included
Cooling: Not applicable
Steam: Not applicable

Scope 3

Category 1 - Purchased goods and services: Partially included
Category 2 - Capital goods: Partially included
Category 3 - Fuel and energy related activities: Fully included
Category 4 - Upstream transportation and distribution: Not included
Category 5 - Waste from operations: Partially included
Category 6 - Business travel: Fully included
Category 7 - Employee commute: Fully included
Category 8 - Upstream leased assets: Not applicable
Category 9 - Downstream transportation and distribution: Not included
Category 10 - Processing of sold products: Not included
Category 11 - Use of sold products: Not included
Category 12 - End-of-life treatment of sold products: Not included
Category 13 - Downstream leased assets: Not included
Category 14 - Franchises: Not applicable
Category 15 - Investments: Not included

Social and governance metrics include information regarding Íslandsbanki as there are too few employees in the Bank's subsidiaries.

Definitions

Carbon credits

A carbon credit is a convertible and transferable instrument representing GHG emissions that have been reduced, avoided or removed through projects that are verified according to recognised quality standards. Carbon credits can be issued from projects within (sometimes referred to as insets) or outside the undertaking's value chain (sometimes referred to as offsets).

Non-verified offsetting projects

Non-verified offsetting projects are defined as offsetting projects that do not generate carbon credits in accordance with the definition above.

Emission intensity

Emission intensity figures are based on combined Scope 1, Scope 2 and Scope 3. 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.

Direct and indirect energy consumption

Total energy consumption includes all energy consumed by the company including combustion of fuels by the company (direct energy) and energy consumed through electricity and heating (indirect energy). The energy consumption is reported in kilowatt hours (kWh).

Energy intensity

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.

Waste intensity

Waste intensity is calculated by dividing the total amount of waste generated by a selected operational parameter unit, and is reported as kg per unit (such as kg per full-time equivalent employee (FTEe)).

Scope 2 (location-based)

Emissions in scope 2 (location-based) are indirect emissions from generation of consumed energy, where emissions from energy consumption is estimated based on the average emissions from generation onto the energy network.

Scope 2 (market-based)

Market-based scope 2 emissions reflect the emissions from the electricity that a company is purchasing (often spelled out in contracts or instruments) which may be different from the electricity that is generated locally.

Fugitive emissions

Emissions resulting from intentional or unintentional releases, e.g., equipment leaks from joints, seals, packing, and gaskets; methane emissions from coal mines and venting; hydrofluorocarbon (HFC) emissions during the use of refrigeration and air conditioning equipment; and methane leakages from gas transport.

Purchased goods and services

Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year, not otherwise included in Categories 2 - 8

Capital goods

Extraction, production, and transportation of capital goods purchased or acquired by the reporting company in the reporting year.

Fuel- and energy related activities

Includes emissions related to the production of fuels and energy purchased and consumed by the reporting company in the reporting year that are not included in scope 1 or scope 2.

Upstream transportation and distribution

Transportation and distribution of products purchased in the reporting year, between a company. Third party transportation and distribution services purchased by the reporting company in the reporting year, including inbound logistics, outbound logistics and third-party transportation and distribution between a company's own facilities.

Waste generated in operations

Emissions from third-party disposal and treatment of waste in the reporting year.

Business travel

Emissions from the transportation of employees for business related activities in the reporting year.

Employee commuting

Emissions from the transportation of employees between their homes and their worksites.

Upstream leased assets

Operation of assets leased by the reporting company (lessee) in the reporting year and not included in scope 1 and scope 2 – reported by lessee.

Downstream transportation and distribution

Transportation and distribution of products sold by the reporting company in the reporting year between the reporting company's operations and the end consumer (if not paid for by the reporting company), including retail and storage (in vehicles and facilities not owned or controlled by the reporting company).

Processing of sold products

Processing of intermediate products sold in the reporting year by downstream companies (e.g., manufacturers)

Use of sold products

End use of goods and services sold by the reporting company in the reporting year.

End-of-life treatment of sold products

Waste disposal and treatment of products sold by the reporting company (in the reporting year) at the end of their life.

Downstream leased assets

Operation of assets owned by the reporting company (lessor) and leased to other entities in the reporting year, not included in scope 1 and scope 2 – reported by lessor.

Franchises

Operation of franchises in the reporting year, not included in scope 1 and scope 2 – reported by franchisor.

Investments

Operation of investments (including equity and debt investments and project finance) in the reporting year, not included in scope 1 or scope 2.

Energy management system

Energy management systems such as ISO 50001.

Notes CSRD

- [1] In 2020 the Bank set a target to decrease its measured carbon footprint in 2019 from operations by 50% by 2025. The target was set based on scope 1, scope 2 and specific scope 3 categories. Excluded are food for canteen, electricity usage in data centers and fuel- and energy-related activities as well as the Bank's operations in ISB Software Development Center.
- [2] In 2020 the Bank set a target to decrease its measured carbon footprint based on 2019 from operations by 50% by 2025. The target was set based on scope 1, scope 2 and specific scope 3 categories. Excluded are food for canteen, electricity usage in data centers and fuel- and energy-related activities as well as the Bank's operations in ISB Software Development Center.
- [3] There has been increase in Scope 1 emissions for the year 2023 from 15.1 to 19.2 due to missing data from supplier
- [4] Because of a change in methodology by the Environmental Agency of Iceland, there is a significant decrease in the coefficient between years. <https://ust.is/loft/losun-grodurhusalofrttegunda/losunarstudlar>
- [5] The Bank had aims of eliminating all fossil fuel driven vehicles excluding one vehicle used for specific purposes in 2022. The Bank finally achieved this target by mid-year 2024.
- [6] In 2024 the Bank was able to gather more specific information on its food purchases and believes the increase between 2023 and 2024 is caused by a more effective data gathering as well as an increase in purchased foods overall.
- [7] Emission caused by purchased goods and services in 2023 were significant as the Bank upgraded its electronic equipment in the head offices, resulting in significantly higher emissions compared to previous years. No significant purchases were made in 2024, resulting in decreased emissions. Other includes furniture and gathered emissions data due to electronics which was gathered directly from manufacturers.
- [8] No vehicles were purchased in 2024.
- [9] The Bank was unable to assess upstream transportation and distribution as it lacked the weight of the farm. However, this has been an insignificant category since the Bank started measuring its carbon footprint.
- [10] Emissions from waste decrease significantly between years. This is a result of changed methodology but the Bank improved the estimation from one small branch. The updated methodology was more representative of the branch compared to the previous methodology.
- [11] The increased emissions between years are a result of the Bank changing systems regarding flights, increasing coverage of purchased flights, as well as the Bank increased its business travel in 2024.
- [12] The Bank's Grant policy does not condone political contributions.
- [13] In 2024 the Bank started assessing the average number of days to pay invoice. This metric will be published in 2025.
- [14] In 2024 the Bank started assessing the percentage of payment aligned with standard payment terms. This metric will be published in 2025.

Notes ESG

- [1] The difference results from the Bank changing premises for two of its branches to smaller spaces.
- [2] The difference results from the Bank changing premises for two of its branches into smaller spaces.
- [3] Decrease is mainly due to the sale or the exclusion of foreclosed properties within the assessment.
- [4] Please view the Bank's Sustainability Policy, Chapter 2 on environmental issues: <https://www.islandsbanki.is/en/product/about/policy-on-sustainability-en>.
- [5] The Bank had aims of sorting 90% of all waste by 2025. The Bank did not reach this target at end-of-year 2024 but has significantly increased share of waste sorted. This has been implemented through better monitoring of waste from the head office, among other actions.
- [6] The CEO is responsible for executing the Sustainability Policy and has appointed a Sustainability Committee as a main building block of the governance structure. The Sustainability Committee is a formal forum for reviewing and discussing matters related to the Bank's sustainability strategy formulation and the Bank's commitments regarding sustainability. The Committee is independent from credit committees and needs to approve proposals for credit cases before they are included in the Sustainable Financing Framework. The CEO is a member of the committee and has senior representatives from the business units, Risk Management, and Strategy & Sustainability.
- [7] The Board of Directors has approved the Sustainability Policy and sets the Bank's strategy and risk appetite in terms of sustainability risk. The Board is regularly updated on corporate sustainability matters and the usage of the Bank's Sustainable Financing Framework. The Corporate Governance, Compensation, and Human Resource subcommittee of the Board assists the Board in fulfilling its oversight responsibilities concerning sustainability. The monthly Risk Dashboard includes a section on current sustainability risk and the Bank's ICAAP methodology mandates a separate chapter on possible future sustainability risk, both at the Board-level.
- [8] Investments in climate risk mitigation were not calculated in 2024 but included for example membership fees, infrastructure, product development, marketing and carbon offsets.
- [9] Yes. Sustainability risk is being integrated into the lending process. As of year-end 2024 93% of credit risk exposure (excluding individual banking and small enterprises which are out of scope) has been assessed with regards to ESG risk, for further detail please view the Bank's Pillar 3 risk report.
- [10] Yes. Sustainability risk is considered as part of the formal product approval process. Further in 2024 a sustainability specialist was added to the approval process.
- [11] Yes, in 2024 the Bank hosted 16 workshops and open educational meetings for employees and offers access to e-learning material.
- [12] The Bank has issued reports on financed emissions every year since 2019. Emissions of the loan and investment portfolio in 2024 is available in the Bank's 2024 Annual and Sustainability report.
- [13] The Bank's objective is to achieve net-zero emissions including the financed emissions from the loan portfolio by 2040. See: https://cdn.islandsbanki.is/image/upload/documents/Road_to_net_zero_2022.pdf

- [14] Yes, as part of the Pillar 3 risk report.
- [15] 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>
- [16] 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>
- [17] 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>
- [18] 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-onsustainability-en>
- [19] The Suppliers' Code of Conduct emphasises compliance with regulatory requirements and international human rights agreements:
https://cdn.islandsbanki.is/image/upload/v1/documents/islandsbanki_suppliers_code_of_conduct.pdf
- [20] Mechanisms for anonymous reporting of inappropriate conduct are available to all employees. Please view: <https://www.islandsbanki.is/en/article/reporting-alleged-misconduct>
- [21] 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.
- [22] Íslandsbanki updated its Sustainable Funding Framework in 2024. The updated framework, like its predecessor includes categories that support the Government's social objectives.
https://cdn.islandsbanki.is/image/upload/v1/documents/ISB_2024_sjalfbaer-fjarmalarammi.pdf
- [23] 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.
- [24] The Bank has in place a plan for human resource development that includes targets for recruitment, staff development, and turnover.
- [25] 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>
- [26] 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.
- [27] Women chaired two of three committees at the end of 2024.
- [28] In accordance with the Act on limited companies No. 2/1995 and the companies Articles of association the CEO of the company cannot serve as board chair.
- [29] All board members were independent in 2024.
- [30] According to Article 7 of the Bank's employment terms policy, the Bank does not authorise bonus payments.

- [31] All of Íslandsbanki's employees except the CEO is covered by a collective bargaining agreement.
- [32] The Suppliers' Code of Conduct is approved by the Executive Committee. The Code was updated in 2024.
- [33] In 2024 the objective was to review suppliers' code of conduct and increase share of purchasing from suppliers that have signed the code of conduct (or confirmed they have comparable rules) to 100% of large suppliers. The Bank was able to increase share of the signed code from 77% to 93% between years.
- [34] In 2024 the Bank adopted a Anti-bribery and corruption policy. Furthermore, the Bank has adopted a policy on combating money laundering and it has adopted a code of conduct for its employees and Board, and the Sustainability Strategy places emphasis on these matters: Please view <https://www.islandsbanki.is/en/product/about/code-of-conduct> and <https://www.islandsbanki.is/en/product/about/policy-on-sustainability-en>
- [35] 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>
- [36] Íslandsbanki publishes an integrated Annual and Sustainability report each year. Further, the Bank has had a specific sustainability risk chapter in its Pillar 3 report since 2020.
- [37] Yes, the Bank delivers sustainability data to the Icelandic Central Bank.
- [38] Íslandsbanki submits information on sustainability to CDP, the UN Global Compact and UNEP FI, among others.
- [39] 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.
- [40] Íslandsbanki has set sustainability targets for the period through 2025 and linked them to the UN Global Goals. Please view: <https://www.islandsbanki.is/en/product/about/policy-onsustainabilityen>
- [41] The auditing firm KPMG was engaged to review and provide limited assurance of the Bank's sustainability information disclosure for 2024.
- [42] Yes, as part of internal stress tests.
- [43] For further information, please view the Bank's Pillar 3 report for 2024.
- [44] Please view: <https://www.islandsbanki.is/en/landing/about/strategy-and-policies>
- [45] Please view: <https://www.islandsbanki.is/en/landing/about/strategy-and-policies>
- [46] Please view: <https://www.islandsbanki.is/en/landing/about/strategy-and-policies>
- [47] UN Global Compact, UN Principles for Responsible Banking, NZBA, TCFD, PCAF, UN Principles for Responsible Investments (Iceland Funds) and targets set by Festa and the City of Reykjavik in 2015, Iceland SIF: <https://www.islandsbanki.is/en/product/about/cooperation-on-sustainability>