

# ÍSLANDSBANKI HF. BANKING | IS | 491008-0160

## A3 | 90 / 100

A1 - A3	B1 - B3	C1 - C3	D
Excellent	Good	Medium	Poor

### RATING

Íslandsbanki achieves outstanding results in Reitun's ESG rating, with 90 points of 100 possible, placing it in category A3.

## ESG RATING RESULTS

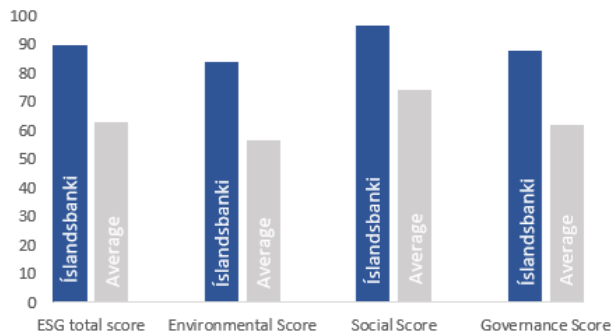
	Weight	Score	Rating
<b>Environmental</b>	<b>12.0%</b>	<b>85</b>	<b>B1</b>
E.1 Eco - Efficiency	6.0%	77	B2
E.2 Environmental Management	6.0%	93	A2
<b>Social</b>	<b>25.0%</b>	<b>97</b>	<b>A1</b>
S.1 Working Environment	7.0%	100	A1
S.2 Employee Welfare & Customer Satisfaction	18.0%	96	A2
<b>Governance</b>	<b>63.0%</b>	<b>88</b>	<b>A3</b>
G.1 Corporate Governance	9.0%	100	A1
G.2 Corporate Practices & Supplier Chain	24.0%	91	A3
G.3 Products & Services	30.0%	83	B1

## SHORT SUMMARY OF RESULTS

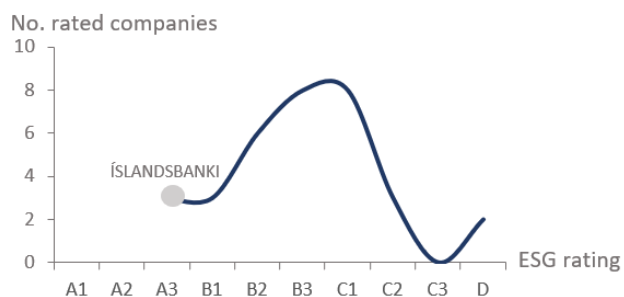
Íslandsbanki receives outstanding score in Reitun's ESG rating; the bank addresses sustainability decisively, with responsibility and commitment. At the end of 2019 the board of directors approved a new sustainability policy and in 2020 tangible sustainability goals were set until 2025. These lay down a clear framework on the directions in which work is to proceed and what is to be done in the quest for greater sustainability. Reitun's conclusion is that the bank has made good progress on integrating sustainability awareness into its operations and that it has achieved good results in this area to date. The coming years will show in greater detail how far it succeeds in achieving its goals and the environmental and social benefits resulting from this work.

One of the larger ESG risk factors for financial undertakings is how sustainability factors are incorporated into responsible lending, investments and asset management, and the bank takes account of this. Íslandsbanki has committed itself to complying with the UN's Principles for Responsible Banking and participates in the PCAF collaboration on measuring financed emissions; the bank's Pillar 3 Report for 2020 contains a separate chapter on sustainability and climate risk based on the international TCFD recommendations. ESG risk assessment for lending activities has been developed and the bank aims to work with borrowers to support their sustainability journey. In Q4 2020 Íslandsbanki published a sustainable financing framework and made its first issuance of sustainable and green bonds. A subsidiary of the bank, Iceland Funds, adopted the UN's Principles for Responsible Investments in 2017 and takes serious account of sustainability in its operations. One of the bank's sustainability goals is to expand its offer of sustainable products. Customers are now offered more attractive terms for sustainable corporate loans, loans for eco-friendly vehicles and green mortgages and various sustainable savings options. Financial undertakings in Iceland operate under a detailed regulatory system, which is considered to minimise general risk as regards corporate governance. Íslandsbanki meets the requirements laid down. Data security is an important risk factor for financial undertakings. The bank has made good progress towards minimising this risk and has a certified information security management system complying with the ISO 27001:2013 standard. Customer satisfaction and relations with society are assessed as being in good order and the bank receives top scores for the category. It performs well in terms of its human resources management and workplace surveys reveal high employee satisfaction. It also receives top marks for its environmental management; while the relatively low rating for eco-efficiency (E.1) is due to a lack of comparable data over time for some parts of its environmental accounting. The bank carbon-neutralised its own operations in 2019 and 2020, and is now also working towards an ambitious target of achieving full carbon neutrality no later than 2040, including the carbon footprint of its loan and asset portfolios. Íslandsbanki sets a good example for the domestic market and receives an excellent ESG rating from Reitun.

## COMPARISON



## ESG RATING DISTRIBUTION



## COMPARISON WITH DOMESTIC ISSUERS

Íslandsbanki is well above average in all categories in comparison with other domestic issuers that have received an ESG rating by Reitun (approx. 34). The market average currently shows an overall points of 63 out of 100 possible, category B3. Íslandsbanki receives 90 points, which is currently the highest ESG score given by Reitun. The bank is placed in category A3 and shares it with two other issuers.

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