

# ÍSLANDBANKI HF.

ESG SCORE **90 / A3**

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

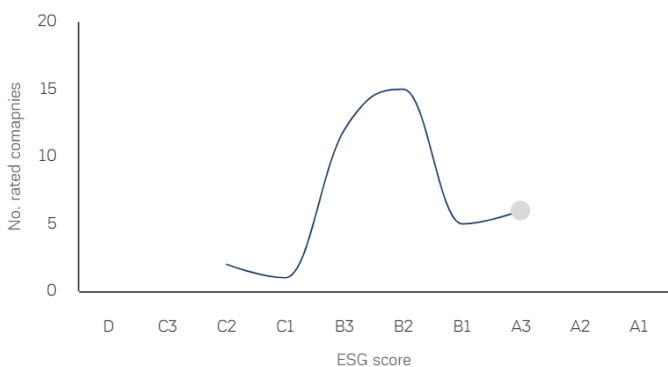
## ESG RATING RESULTS

RESULTS	Weight	Score	Grade
<b>Total Score</b>	100%	90	A3
<b>Environmental</b>	10.5%	96	A2
E.1 Eco-Efficiency	4.5%	94	A2
E.2 Environmental Management	6%	97	A1
<b>Social</b>	24.5%	94	A2
S.1 Working Environment	7%	100	A1
S.2 Employee Welfare & Customer Satisfaction	17.5%	91	A3
<b>Governance</b>	65%	88	A3
G.1 Corporate Governance	10%	95	A2
G.2 Corporate Practices & Supplier Chain	23.5%	90	A3
G.3 Products & Services	31.5%	83	B1

## COMPARISON



## ESG RATING DISTRIBUTION



## SHORT SUMMARY OF RESULTS

Íslandsbanki does extremely well in this ESG rating by Reitun and comes out with 90 points, in category A3. 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. The board and management are actively involved in sustainability issues, which reflects the priority the bank gives to sustainability in all aspects of its operations. The bank has already achieved good results in reducing the environmental impact of its own operations; one of the bank's main opportunities here lies in reducing emission from its asset management and lending. Íslandsbanki has made this a priority and has conducted an impact analysis that identifies the key impact of the bank's products and services to further address its sustainability emphasis. 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. Íslandssjóðir, 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. The fund continues to make a priority of observing sustainability in all its operations.

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. Customer satisfaction levels and community relations are rated high, though the controversy following the sale by Icelandic State Financial Investments (ISFI) of part of the state's share is still ongoing. Until the investigation is over, it can be expected that this will have some impact on the bank's reputation, but the bank has requested to conclude the matter through a settlement process. The bank continues to place strong emphasis on human resources and workplace surveys reveal high levels of employee satisfaction. Íslandsbanki sets a good example for the domestic market and receives an excellent ESG rating from Reitun.

## COMPARISON WITH DOMESTIC ISSUERS

Íslandsbanki is well 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. Íslandsbanki comes out with 90 points, the highest score Reitun has ever awarded. This places it in category A3, a rating it shares with four other issuers.

## Disclaimer

For the purposes of this analysis and ESG rating, it has been assumed that the materials and information to which Reitun has had access are in accordance with the facts. Where Reitun has received photocopies of documents, it is assumed that they correspond with the originals of the documents in question and that no subsequent additions or changes have been made to them. It is also assumed that all signatures on documents and agreements to which Reitun has had access are correct and that they are binding for the company..

The opinions and projections set forth here are based on the general information, and possibly on confidential information, which Reitun has had in its possession at the time of compilation of the rating. The principal sources used are annual financial statements and various materials from the party under examination and other available official information that has been published in the media and in other contexts which the company considers reliable. However, Reitun cannot be held responsible for the reliability or accuracy of this information and accepts no liability for the reliability of the sources of the information used. Data set out in the above discussion appears for the purpose of information only and should not be viewed as an offer of any sort and should not be taken as constituting advice concerning investments in financial instruments. Investors are urged to obtain independent guidance from their own advisors before investing in financial instruments, e.g. as regards their legal standing and tax position. Reitun and its employees can accept no responsibility for transactions based on the information and opinions set forth above.

While particular care has been taken to ensure that the information above is correct and accurate at the time of writing, Reitun and its employees can accept no responsibility for possible errors. The evaluation of this information reflects Reitun's opinions on the date of publication, but these opinions may change without notice. Neither Reitun nor its employees can be held responsible for damage or loss, direct or indirect, resulting from information found in this rating, or for the dissemination of such information.

In particular, attention is drawn to the fact that estimates and forward-looking statements may change without warning in either a positive or a negative way and are subject to external uncertainties and variables that are generally beyond Reitun's control. Reitun and its employees therefore cannot accept responsibility if the ESG rating of an individual issuer that has been assessed and given a rating by the company subsequently changes. Reitun cannot undertake to change the information published in this report if the premises on which it is based change or if it comes to light that it is incorrect or inaccurate.

Reitun, its employees, directors or other parties connected with Reitun may have interests at stake regarding particular companies addressed in its analyses, valuation reports and other publications at any given time. These interests may take various forms, e.g. as shareholders or advisors, or interests connected with other services provided. Issuers of securities that are valued by Reitun pay the company for this service. Valuations and analyses are nevertheless prepared independently by Reitun.

Reitun owns the copyright in all information presented in this report. Information found in this ESG rating may not be disseminated or utilised in any other manner without permission.