

Organizational profile

GRI: 102-1	Name of the organization	Arion Bank
GRI: 102-2	Activities, brands, products, and services	About Arion Bank
GRI: 102-3	Location of headquarters	Borgartún 19, 105 Reykjavík
GRI: 102-4	Location of operations	Branches
GRI: 102-5	Ownership and legal form	Shares and shareholders Shareholders' list - updated daily
GRI: 102-6	Markets served	About Arion Bank
GRI: 102-7	Scale of the organization	Non-financial information: Social Human resources Financial statements 2021
GRI: 102-8	Information on employees and other workers	Non-financial information: Social Human resources
GRI: 102-9	Supply chain	Responsible buying
GRI: 102-10	Significant changes to the organization and its supply chain	Highlights of the year
GRI: 102-11	Precautionary Principle or approach	Pillar 3 Risk Disclosures
GRI: 102-12	External initiatives	Responsible banking: Our commitment to sustainability
GRI: 102-13	Membership of associations	Responsible banking: Our commitment to sustainability The Bank is also a member of SA Confederation of Icelandic Enterprise, the Icelandic Financial Services Association, and the Iceland Chamber of Commerce.

Strategy

GRI: 102-14	Statement from senior decision-maker	Chairman's address and CEO's address
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Ethics and integrity

GRI: 102-16	Values, principles, standards, and norms of behavior	Strategy and vision Code of ethics
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Governance

GRI: 102-18	Governance structure	Corporate Governance Responsible banking: Governance, sustainability and risk management
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GRI: 102-19	Delegating authority	Responsible banking: Governance, sustainability and risk management Non-financial information: Environment
GRI: 102-20	Executive-level responsibility for economic, environmental, and social topics	Responsible banking: Governance, sustainability and risk management
GRI: 102-22	Composition of the highest governance body and its committees	Governance: Board of Directors and committees
GRI: 102-23	Chair of the highest governance body	The chairman is not a member of the executive management
GRI: 102-24	Nominating and selecting the highest governance body	Rules of Procedures for the Nomination Committee
GRI: 102-25	Conflicts of interest	Information on measures to prevent conflicts of interest can be found in the board's rules of procedure A list of related parties exists at the Bank but has not been published. Information on the main shareholders can be seen here.
GRI: 102-26	Role of highest governance body in setting purpose, values, and strategy	Rules of Procedures for the Board of Directors
GRI: 102-32	Highest governance body's role in sustainability reporting	CEO
GRI: 102-33	Communicating critical concerns	Rules of Procedures for the Board of Directors

Stakeholders and freedom of association

GRI: 102-40	List of stakeholder groups	Our stakeholders
GRI: 102-41	Collective bargaining agreements	100%
GRI: 102-42	Identifying and selecting stakeholders	Our stakeholders
GRI: 102-43	Approach to stakeholder engagement	Our stakeholders
GRI: 102-44	Key topics and concerns raised	Our stakeholders

Subject of report

GRI: 102-45	Entities included in the consolidated financial statements	Financial Statements 2021
GRI: 102-46	Defining report content and topic boundaries	Management approach Our stakeholders
GRI: 102-47	List of material topics	Management approach Our stakeholders

GRI: 102-48 Restatements of information

Data for the environmental accounts is recalculated according to the latest information. Consequently this leads to some discrepancies if the 2021 accounts are compared with previous environmental accounts.

At the beginning of 2022 a survey was conducted among employees about their habits when travelling to and from work. Klappir Green Solutions conducted the survey and processed the results. The main results can be seen. The sustainability team at EY performed the calculations of the environmental and climate impact of green lending in 2021 in the Impact and Allocation Report. A different organization performed such calculations in 2020 and therefore the methodology used might be different.

GRI: 102-49	Changes in reporting	No fundamental changes have been made to reporting from the previous year other than that a separate chapter on green finance has now been added to the report.
GRI: 102-50	Reporting period	2021 unless otherwise specified
GRI: 102-51	Date of most recent report	17.02.2021
GRI: 102-52	Reporting cycle	Annually
GRI: 102-53	Contact point for questions regarding the report	Arion Bank - Corporate Communications, samskiptasvid@arionbanki.is
GRI: 102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option
GRI: 102-55	GRI content index	The reference table contains text and links to the applicable material.
GRI: 102-56	External assurance	Deloitte has provided an opinion with limited assurance on non-financial reporting by Arion Bank in 2021 which is presented in

Data on the Bank's environmental impact is prepared in partnership with the Icelandic innovation company Klappir

Data on human resources is obtained from the Bank's human resources system and data on corporate governance is based on the Bank's corporate governance statement. Financial information has been audited and affirmed by Deloitte.

Management approach

GRI: 103-1 Explanation of the material topic and its boundary

At the beginning of 2021 Arion Bank conducted a survey among stakeholders on sustainability in cooperation with the consultancy CIRCULAR Solutions which processes the results. The survey was sent to all employees and management as well as a sample of customers, suppliers, partners and shareholders. CIRCULAR also performed a materiality assessment for the Bank on the Bank's impact in terms of lending and investment.

When selecting the material topic and its boundary under the GRI Standards we took into account the results of the stakeholder survey and the materiality assessment. [See discussion here.](#)

As in previous years we also look to the ESG reporting guide which Nasdaq Iceland and Nasdaq Nordic have published since 2017. These guidelines, updated in 2019, are designed to help stock market listed companies inform their stakeholders of the main issues relating to sustainability and to allow comparisons to be made.

Although the direct environmental impact of banking on the environment is not great compared with other sectors, we nevertheless believe it important to disclose information on this issue. Arion Bank wants to set an example in environmental and climate issues and every contribution, large or small, makes a difference. The Bank has set itself the goal of reducing emissions from its own activities by 55% by 2040 and it has been a signatory to City of Reykjavík and Festa's Declaration on Climate Change since 2015 and has pledged to publish the results. When selecting material topics in connection with GRI Standards we choose those factors relating to emissions of greenhouse gases from the Bank's activities we consider appropriate for publication.

We are nevertheless well aware that the Bank's impact on environmental and climate issues is greatest when it comes to the services we provide to our customers, not least lending and asset management. We are committed to helping our customers and society as a whole reduce greenhouse gas emissions, guided by the targets of the Paris Climate Agreement and the UN Sustainable Development Goals. As we get a better understanding of the impact of our loan portfolio and investments we will publish information on this impact. This year we are publishing an Impact and Allocation Report parallel to the Annual and Sustainability Report which covers the allocation of funds which have been raised through green bond issues and green deposits in 2021. Deloitte has provided limited assurance that Arion Bank's allocation of net proceeds from Green Financing Instruments are used to finance loans that meet the criteria of the Bank's Green financing framework for the year 2021.

Responsible buying and how our suppliers perform in terms of environmental and climate issues are of central importance to us, and during the year we introduced a new ESG suppliers assessment. A code of conduct for suppliers, which focuses on sustainability and social responsibility, was introduced in 2021.

Human resources, equal opportunities, education and training, health and safety of employees are all critical components of the Bank's operations and this is reflected in the Bank's policies such as the human resources policy, education and training policy, equal opportunities policy and health and safety policy.

At the beginning of 2020 the executive committee of Arion Bank approved six Sustainable Development Goals which the Bank intends to focus on. These goals are number 5 on gender equality; number 7 on affordable and clean energy; number 8 on decent work and economic growth; number 9 on industry, innovation and infrastructure; number 12 on responsible consumption and production; and number 13 on climate action. These six Sustainable Development Goals are also used as a guide when selecting material topics and their boundaries.

All material topics and their boundaries concern Arion Bank. The Bank's subsidiaries are not included in this report unless otherwise stated.

GRI: 103-2 The management approach and its components

The management of individual material topics in the GRI report undergoes the same process as other projects at the Bank, i.e. through the board of directors or senior manager and the appropriate divisions and control units.

In 2021 a sustainability committee was set up and the management of sustainability risk in connection with ESG factors was defined as part of the Bank's risk management system. For further information see [here](#).

Various strategies, policies and rules which address the topic of the report have been approved by the board of directors and executive committee of the Bank, including:

[Strategy and vision](#)

[Sustainability Policy](#)

[Environment and Climate Policy](#)

[Human Resources Policy](#)

[Equal Opportunities Policy](#)

[Health and Safety Policy](#)

[Code of Conduct](#)

[Code of Conduct for Suppliers](#)

[Rules on the Handling of Complaints](#)

[Data Protection Statement](#)

[Rules on Measures against Money Laundering and Terrorist Financing](#)

[Conflicts of Interest](#)

Arion Bank is also signatory to various domestic and international treaties and commitments on responsible banking.

Please refer to the GRI index for information on our measures concerning individual material topics.

GRI: 103-3 Evaluation of the management approach

Deloitte has provided an [opinion](#) with limited assurance on non-financial reporting by Arion Bank in 2021 which is presented in accordance with the Global Reporting Initiative (GRI) and the Nasdaq ESG Reporting Guide.

Arion Bank achieved outstanding results Reitun's ESG rating, scoring 90 out of 100 possible points and placing it in category A3. The assessment is based on the Bank's performance in environmental, social and governance issues in its operations. Approximately 30 Icelandic issuers have been rated by Reitun and the average score is 67 points. See [here](#).

Economic

Economic performance

GRI: 201-1	Direct economic value generated and distributed	Financial statements 2021
GRI: 201-2	Financial implications and other risks and opportunities due to climate change	Pillar 3 Risk Disclosures
GRI: 201-3	Defined benefit plan obligations and other retirement plans	Under collective wage agreements, employees pay 4% of salaries into a co-insurance pension fund and Arion Bank pays an additional 6%. The Bank pays 5.5% of an employee's total salary into a private pension fund for the first three years of employment and 7% after that. Where an employee makes a supplementary contribution into a private fund, the financial institution makes a contribution, up to 2% against the employee's 2% contribution.
GRI: 201-4	Financial aid received from government	Arion Bank received no financial aid from the authorities in 2021

Indirect economic impacts

GRI: 203-1	Infrastructure investments and services supported	Retail customers Corporate customers Responsible banking
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Procurement practices

GRI: 204-1	Proportion of spending on local suppliers	Responsible buying
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Anti-corruption

GRI: 205-1	Operations assessed for risk related to corruption	Pillar 3 Risk Disclosures
GRI: 205-2	Communication and training about anti-corruption policies and procedures	Pillar 3 Risk Disclosures
GRI: 205-3	Confirmed incidents of corruption and actions taken	Pillar 3 Risk Disclosures

Anti-competitive Behavior

GRI: 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No such incidents occurred in 2021
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Environment

Energy

GRI: 302-1	Energy consumption within the organization	Non-financial information: Environment Non-financial information: Methodology for environmental accounting Environmental and climate issues
GRI: 302-3	Energy intensity	Non-financial information: Environment

Water and effluents

GRI: 303-5	Water consumption	Non-financial information: Environment
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Emissions

GRI: 305-1	Direct (Scope 1) GHG emissions	Non-financial information: Environment Non-financial information: Methodology for environmental accounting Environmental and climate issues
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GRI: 305-2	Energy indirect (Scope 2) GHG emissions	Non-financial information: Environment Non-financial information: Methodology for environmental accounting Environmental and climate issues
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GRI: 305-3	Other indirect (Scope 3) GHG emissions	Non-financial information: Environment Non-financial information: Methodology for environmental accounting Environmental and climate issues
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GRI: 305-4	GHG emissions intensity	Non-financial information: Environment
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GRI: 305-5	Reduction of GHG emissions	Non-financial information: Environment
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Effluents and waste

GRI: 306-2	Waste by type and disposal method	Non-financial information: Environment
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Environmental compliance

GRI: 307-1	Non-compliance with environmental laws and regulations	No violations or fines
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Supplier environmental assessment

GRI: 308-1	New suppliers that were screened using environmental criteria	Responsible buying
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Society

Employment

GRI: 401-1	New employee hires and employee turnover	Non-financial information: Social
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GRI: 401-3	Parental leave	Information on the total number of employees entitled to parental leave and who took leave, specified by gender, can be seen here. Information on the total number of people who returned to work and were still at the Bank 12 months later is not available.
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Occupational health and safety

GRI: 403-3	Occupational health services	Human resources Health and safety policy
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GRI: 403-6	Promotion of worker health	Human resources
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Training and education

GRI: 404-1	Average hours of training per year per employee	Non-financial information: Social
GRI: 404-2	Programs for upgrading employee skills and transition assistance programs	Human resources Arion Bank seeks to ensure people leave the Bank on the best possible terms and the Bank's procedures aim to provide various levels of support to employees when they leave.
GRI: 404-3	Percentage of employees receiving regular performance and career development reviews	Human resources All employees of Arion Bank receive regular feedback. Human resources Our stakeholders

Diversity and equal opportunity

GRI: 405-1	Diversity of governance bodies and employees	Non-financial information: Social
GRI: 405-2	Ratio of basic salary and remuneration of women to men	Human resources Non-financial information: Social

Non-discrimination

GRI: 406-1	Incidents of discrimination and corrective actions taken	Non-financial information: Social
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Local communities

GRI: 413-2	Operations with significant actual and potential negative impacts on local communities	CEO's address
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Supplier social assessment

GRI: 414-1	New suppliers that were screened using social criteria	Responsible buying
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Public policy

GRI: 415-1	Political contributions	Donations to political activities Three political parties applied and received a grant in 2021 in accordance with the Bank's policy on grants for political activities. Each party received ISK 550,000
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Marketing and labeling

GRI: 417-2	Incidents of non-compliance concerning product and information and labeling	No incidents in 2021
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GRI: 417-3	Incidents of non-compliance concerning marketing communications	No incidents in 2021
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Customer privacy

GRI: 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pillar 3 Risk Disclosures
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Socioeconomic compliance

GRI: 419-1	Non-compliance with laws and regulations in the social	No incidents in 2021
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