



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 Non-financial information: Social
GRI: 102-7	Scale of the organization	Human resources Financial statements 2020
GRI: 102-8	Information on employees and other workers	Non-financial information: Social Human resources
GRI: 102-9	Supply chain	Suppliers
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: Commitments and certifications Responsible banking: Commitments and certifications
GRI: 102-13	Membership of associations	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

Ethics and integrity

GRI: 102-16 Values, principles, standards, and norms of behavior

[Strategy and vision](#)

[Code of ethics](#)

Governance

GRI: 102-18 Governance structure

[Governance: Board of Directors and committees](#)

[Responsible banking: Steering committee](#)

GRI: 102-19 Delegating authority

The board of directors has approved the Bank's environment and climate policy and targets but does not directly monitor or control climate-related risk.

[Non-financial information: Environment](#)

GRI: 102-20 Executive-level responsibility for economic, environmental, and social topics

[Responsible banking: Steering committee](#)

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.
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GRI: 102-26	Role of highest governance body in setting purpose, values, and strategy	Rules of Procedures for the Board of Directors
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GRI: 102-32	Highest governance body's role in sustainability reporting	CEO
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GRI: 102-33	Communicating critical concerns	Rules of Procedures for the Board of Directors
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Stakeholders and freedom of association

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

GRI: 102-45	Entities included in the consolidated financial statements	Financial Statements 2020
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GRI: 102-46	Defining report content and topic boundaries	Management approach Our stakeholders
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GRI: 102-47	List of material topics	Management approach Our stakeholders
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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 2020 accounts are compared with previous environmental accounts. Respecting the environment
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GRI: 102-49	Changes in reporting	No fundamental changes have been made to the report from previous year.
GRI: 102-50	Reporting period	2020 unless otherwise specified
GRI: 102-51	Date of most recent report	20.02.2020
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.
		Deloitte has provided an opinion with limited assurance on non-financial reporting by Arion Bank in 2020 which is presented in accordance with the Global Reporting Initiative (GRI) and Nasdaq ESG Reporting Guide.
GRI: 102-56	External assurance	Data on the Bank's environmental impact is prepared in partnership with the Icelandic innovation company Klappir Green Solutions. Data is in most cases streamed directly from the services providers to Klappir Core. Wherever data streaming was not available, accounting data was used. The data is then reviewed by Klappir Green Solutions.
		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 30% 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. In this year's Annual and Sustainability Report we are disclosing the impact of green deposits and vehicle loans. [See here.](#)

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. At the beginning of 2021 a new code of conduct for suppliers was approved. We consider it important to report on these measures and we are trying to gain a better overview of the statistics of buying supplies. 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. Arion Bank has a steering committee on sustainability. The sustainability project manager is an employee of the CEO's Office and manages the work carried out by the committee. The main tasks of the committee are strategic planning in the field of sustainability. The CEO is the person responsible for sustainability at Arion Bank.

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 of Arion Bank](#)

[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](#)

[Rules on Handling Conflicts of Interest](#)

Arion Bank is also signatory to various domestic and international treaties and commitments on responsible banking. For further information [see here](#).

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 2020 which is presented in accordance with the Global Reporting Initiative (GRI) and the Nasdaq ESG Reporting Guide.

The Bank's Internal Audit department audited the publication of non-financial information for 2019 and made five recommendations which have been dealt with for the 2020 Annual and Sustainability report. Arion Bank achieved outstanding results Reitun's ESG rating, scoring 86 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 60 points. [See here](#).

Economic

Economic performance

GRI: 201-1 Direct economic value generated and distributed

[Financial statements 2020](#)

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 2020

Indirect economic impacts

GRI: 203-1 Infrastructure investments and services supported

[Creative economy and innovation](#)

[Corporate and Investment Banking](#)

[Retail Banking](#)

GRI: 203-2 Significant indirect economic impacts

[Creative economy and innovation](#)

[Corporate and Investment Banking](#)

[Retail Banking](#)

Procurement practices

GRI: 204-1 Proportion of spending on local suppliers

[Suppliers](#)

Environment

Energy

GRI: 302-1 Energy consumption within the organization

[Non-financial information:
Environment](#)

[Non-financial information:
Methodology for environmental
accounting](#)

[Respecting the environment](#)

GRI: 302-3 Energy intensity

[Non-financial information:
Environment](#)

Water and effluents

GRI: 303-5 Water consumption

Emissions

GRI: 305-1 Direct (Scope 1) GHG emissions

[Non-financial information:
Environment](#)

[Non-financial information:
Methodology for environmental
accounting](#)

[Respecting the environment](#)

GRI: 305-2 Energy indirect (Scope 2) GHG emissions

[Non-financial information:
Environment](#)

[Non-financial information:
Methodology for environmental
accounting](#)

[Respecting the environment](#)

[Non-financial information: Environment](#)

GRI: 305-3 Other indirect (Scope 3) GHG emissions

[Non-financial information: Methodology for environmental accounting](#)

[Respecting the environment](#)

GRI: 305-4 GHG emissions intensity

[Non-financial information: Environment](#)

GRI: 305-5 Reduction of GHG emissions

[Non-financial information: Environment](#)

Effluents and waste

GRI: 306-2 Waste by type and disposal method

[Non-financial information: Environment](#)

Environmental compliance

GRI: 307-1 Non-compliance with environmental laws and regulations

No violations or fines

Society

Employment

GRI: 401-1 New employee hires and employee turnover

[Non-financial information: Social](#)

[Information on the total number of employees entitled to parental leave and who took leave, specified by gender, can be seen here.](#)

GRI: 401-3 Parental leave

Information on the total number of people who returned to work and were still at the Bank 12 months later is not available.

Occupational health and safety

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

Training and education

GRI: 404-1	Average hours of training per year per employee	Non-financial information: Social Human resources
GRI: 404-2	Programs for upgrading employee skills and transition assistance programs	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. Human resources
GRI: 404-3	Percentage of employees receiving regular performance and career development reviews	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 Human resources
GRI: 405-2	Ratio of basic salary and remuneration of women to men	Non-financial information: Social

Non-discrimination

GRI: 406-1 Incidents of discrimination and corrective actions taken

[Non-financial information: Social](#)

Public policy

GRI: 415-1 Political contributions

No contributions were made to political activities in 2020

Marketing and labeling

GRI: 417-2 Incidents of non-compliance concerning product and service information and labeling

[Compliance and Data Protection](#)

GRI: 417-3 Incidents of non-compliance concerning marketing communications Compliance and Data Protection

Customer privacy

GRI: 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

Compliance and Data Protection

Socioeconomic compliance

GRI: 419-1 Non-compliance with laws and regulations in the social

[Compliance and Data Protection](#)