



Arion banki hf.
Sustainability Statement

2022

Arion banki hf.
Borgartun 19, 105 Reykjavik
Reg. 5810080150

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Assessment Statement by Klappir Green Solutions hf.

Klappir Green Solutions hf. (Klappir) has assisted Arion banki hf. (Arion bank) with its sustainability statement. The sustainability statement contains information on environmental aspects of Arion bank's operations.

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 Arion bank and its suppliers for the company's sustainability statement has been reviewed and assessed by Klappir's sustainability specialists. 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.

The Sustainability Statement of Arion bank is electronically signed by Klappir Green Solution hf.

Statement

Operational Parameters

Operational Parameters	Unit	2015	2019	2020	2021	2022
Total Revenue	billion ISK	86.60	48.00	50.76	58.23	53.68
Total Assets	billion ISK	1,011.0	1,082.0	1,173.0	1,314.0	1,457.5
Number of employees at the end of year	no.		735.0	698.0	681.0	767.0
Number of employees	no.	930.0				

Environmental

Direct and Indirect GHG Emissions (E1 UNGC-P7 GRI: 305-1, GRI: 305-2, GRI: 305-3, GRI: 305-5)	Unit	2015	2019	2020	2021	2022
Scope 1	tCO ₂ e	86.3	65.0	37.5	30.4	28.9
Scope 2 (location-based)	tCO ₂ e	95.2	91.4	100.5	86.3	51.7
Scope 2 (market-based)	tCO ₂ e					
Scope 3 (without financed emissions)	tCO ₂ e	273.4	321.1	350.9	255.0	493.5
Scope 3 (with financed emissions)	tCO ₂ e	-	-	-	279,615	-
Total Emissions Scope 1, 2 (location-based) and 3 (without financed emissions)	tCO ₂ e	454.9	477.5	488.9	371.7	574.1
Total Emissions Scope 1, 2 (location-based) and 3 (with financed emissions)	tCO ₂ e	-	-	-	279,732	-
Total emissions neutralised by carbon offset projects	tCO ₂ e	0.0	476.0	470.0	500.0	600.0
Total Emissions with carbon offsets (scope 1, 2 & 3 - without financed emissions)	tCO ₂ e	454.9	1.5	18.9	-128.3	-25.9
<i>Scope 1 and 2 (location-based) Emissions</i>						
Total Emissions Scope 1 & 2 (location-based)	tCO ₂ e	181.6	156.3	138.0	116.7	80.7
Total emissions neutralised by carbon offset projects	tCO ₂ e		476.0	470.0	500.0	600.0
Net operational carbon emissions Scope 1 and 2	tCO ₂ e	181.6	-319.7	-332.0	-383.3	-519.3

Emissions Intensity Scope 1 & 2 (location-based) (E2 UNGC-P7, P8 GRI: 305-4 SDG 13)	Unit	2015	2019	2020	2021	2022
Emission Intensity per megawatt-hour consumed	kgCO ₂ e/MWh	17.2	15.4	12.7	12.4	14.2
Emission Intensity per employee	tCO ₂ e/no.		0.21	0.20	0.17	0.11
Emission Intensity per total assets	tCO ₂ e/billion	0.18	0.14	0.12	0.09	0.06
Emission intensity of total revenue	tCO ₂ e/billion	2.10	3.26	2.72	2.00	1.50

Emission intensity 1, 2 (Location-based) and 3 without financed emissions (U2 UNGC-P7, P8 GRI: 305-4 SDG 13)	Unit	2015	2019	2020	2021	2022
Emission intensity of energy consumption	kgCO ₂ e/MWh	43.2	46.9	44.8	39.5	101.3
Emission intensity of employees	tCO ₂ e/no.		0.6	0.7	0.5	0.7
Emission intensity of total assets	tCO ₂ e/billion	0.4	0.4	0.4	0.3	0.4
Emission intensity of total revenue	tCO ₂ e/billion	5.25	9.95	9.63	6.38	10.70

Direct & Indirect Energy Consumption (E3 UNGC-P7 GRI: 302-1 SDG 12)	Unit	2015	2019	2020	2021	2022
Total energy consumption	kWh	10,526,575	10,182,293	10,907,642	9,406,148	5,666,754
Of which energy from fossil fuel	kWh	335,087	251,333	150,995	124,408	118,707
Of which energy from electricity	kWh	4,032,727	3,645,543	3,214,296	2,518,111	1,822,163
Of which energy from hot water	kWh	6,158,762	6,285,417	7,542,351	6,763,630	3,725,883

Energy Intensity (E4 UNGC-P7, P8 GRI: 302-3 SDG 12)	Unit	2015	2019	2020	2021	2022
Energy per employee	kWh/no.		13,853	15,627	13,812	7,388
Energy intensity per total asset	kWh/billion	10,412	9,411	9,299	7,158	3,888
Energy intensity per total revenue	kWh/billion	121,554	212,140	214,887	161,534	105,575

Energy Mix (E5 UNGC-P7 GRI: 302-1 SDG 7)	Unit	2015	2019	2020	2021	2022
Fossil Fuel	%	8.1%	2.5%	1.4%	1.3%	2.1%
Renewable Energy	%	85.4%	97.5%	98.6%	98.7%	97.9%
Nuclear Energy	%	3.5%	0.0%	0.0%	0.0%	0.0%

Water Management (E6 UNGC-P7 GRI: 303-5 SDG 6)	Unit	2015	2019	2020	2021	2022
Total water consumption	m ³	169,855	173,907	177,904	171,893	106,748
Cold water	m ³	63,670	65,538	47,863	55,279	42,508
Hot water	m ³	106,186	108,369	130,041	116,614	64,239

Environmental Operations (E7 GRI: 2.23)	Unit	2015	2019	2020	2021	2022
Environmental Policy approved by the board	yes/no	-	Yes	Yes	Yes	Yes
Company follows specific waste, water, energy, and/or recycling policies	yes/no	-	Yes	Yes	Yes	Yes
Company uses a recognised energy management system	yes/no	-	No	No	No	No

Climate Oversight / Board (E8 GRI: 2.12)	Unit	2015	2019	2020	2021	2022
Does your Board of Directors oversee and/or manage climate-related risk?	yes/no	-	-	No	Yes	Yes

Climate Oversight / Management (E9 GRI: 2.13)	Unit	2015	2019	2020	2021	2022
Does your Senior Management Team oversee and/or manage climate-related risks?	yes/no	-	Yes	Yes	Yes	Yes

Climate Risk Mitigation (E10)	Unit	2015	2019	2020	2021	2022
Total annual investment in climate-related infrastructure, resilience, and product development	billion ISK	-	-	-	-	-

Paper Management	Unit	2015	2019	2020	2021	2022
Total amount of printed paper	pages	2,394,280	1,167,709	725,468	403,945	150,495
of which color print	pages	913,333	518,808	413,074	222,014	82,430
of which black/white print	pages	2,315,060	1,109,586	525,535	293,161	107,618
Duplex	pages	1,668,220	935,820	542,209	295,520	103,830

Waste Management (UNGC-P7 GRI: 306-3, 306-4, 306-5)	Unit	2015	2019	2020	2021	2022
Total waste generated	kg	119,992	135,236	225,048	137,284	137,743
Of which sorted waste	kg	49,068.0	93,318.5	104,701	72,909.8	110,389
Of which unsorted waste	kg	68,404.0	41,917.0	120,347	64,374.5	27,371.0
Recycled/recovery	kg	48,558.0	64,664.5	100,947	72,024.4	126,528
Landfill/disposal	kg	71,434.0	70,571.0	124,101	65,259.9	11,232.0
Percentage of sorted waste	%	40.9%	69.0%	46.5%	53.1%	80.1%
Percentage of recycled waste	%	40.5%	47.8%	44.9%	52.5%	91.9%

Emission in Scope 3 (GRI: 305-3)	Unit	2015	2019	2020	2021	2022
Category 1 - Purchased goods and services	tCO ₂ e					57.4
Category 5 - Waste from operations	tCO ₂ e	34.7	27.6	61.4	30.0	7.5
Category 6 - Business trips	tCO ₂ e	238.6	293.5	91.5	37.1	180.7
Flights	tCO ₂ e	238.6	284.6	88.6	33.7	178.2
Taxi	tCO ₂ e		8.9	2.9	3.4	2.5
Category 7 - Emissions from employee commuting	tCO ₂ e			198.0	187.9	220.9
Category 8 - Emissions from upstream leased assets	tCO ₂ e					22.3
Category 13 - Downstream leased assets	tCO ₂ e					4.7
Category 15 - Investments	tCO ₂ e				279,360	

Carbon Offset (GRI: 305-5)	Unit	2015	2019	2020	2021	2022
Total emissions offset	tCO ₂ e	0.0	476.0	470.0	500.0	600.0
Does a third party verify carbon offset projects?	yes/no	-	No	No	No	Yes

Total Fuel Consumption (UNGC-P7 GRI: 302-1)	Unit	2015	2019	2020	2021	2022
Total fuel consumption in litres	litres	33,457.2	24,939.6	15,339.8	13,048.8	12,507.6
Petrol	litres	2,916.1	534.1	4,120.5	7,762.6	8,010.8
Diesel oil	litres	30,541.1	24,405.5	11,219.3	5,286.2	4,496.8

Organizational and Operational Boundaries

Organizational boundaries

The "Operational Control" methodology has been chosen in order to define the organizational scope of Arion bank'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:

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Operational boundaries

Scope 1

Mobile fuel consumption:	<i>Fully included</i>
Stationary fuel combustion:	<i>Fully included</i>
Fugitive emissions:	<i>Not applicable</i>
Industrial processes:	<i>Not applicable</i>

Scope 2

Electricity:	<i>Fully included</i>
Heating:	<i>Fully included</i>
Cooling:	<i>Not applicable</i>
Steam:	<i>Not applicable</i>

Scope 3

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

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.