



Arion Bank's Sustainability Policy on Industry, Energy and Manufacturing

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Arion Bank endeavours to work with ambitious companies in industry, energy and manufacturing which help our society grow and at the same time safeguard natural resources for the future.

We want to partner companies which are committed to the responsible use of resources, and which strive to reduce greenhouse gas emissions with the aim of making Iceland carbon neutral by 2040.

We want to work with companies which respect human rights, support equality and place importance on sound and meticulous corporate governance.

We encourage all our customers to act with transparency in terms of their performance in environmental, social and governance issues.





Arion Bank and sustainability in industry, energy and manufacturing

At Arion Bank we want to do things right and make a real contribution to sustainable development. We seek to do business with companies who share this vision with us. We place great importance on environmental and social issues and good corporate governance in our operations. We are involved in extensive partnerships in the field of sustainability and social responsibility, both in Iceland and abroad, and are signatories to numerous treaties and declarations.

Arion Bank supports the UN Sustainable Development Goals and has selected six goals which we intend 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.

Arion Bank's sustainability policy on industry, energy and manufacturing aligns with the Bank's focuses and obligations in the field of sustainability





Incentive for companies in industry, energy and manufacturing

Companies in industry, energy and manufacturing perform a critical role in helping Iceland achieve carbon neutrality so that the country can become a global sustainability leader. Arion Bank wants to work with companies in industry, energy and manufacturing which want to lead value creation in harmony with the environment and society and at the same time want to make the country more competitive.

Examples of positive measures:

- Reduce greenhouse gas emissions from operations so that Iceland can meet its obligations under the Paris Climate Agreement and become carbon neutral by 2040.
- Set quantifiable targets and action plans on the reduction of greenhouse gas emissions and publish environmental accounts
- Increase proportion of renewable energy throughout operations
- Reduce indirect greenhouse gas emissions in areas such as transportation and waste treatment
- Certified commercial property, such as BREEAM, LEED or Swan Ecolabel
- Invest in green technology and equipment where possible
- Pursue and nurture innovation
- Carbon offset activities
- Support the circular economy by reducing waste, recycling, reusing and limiting waste disposal
- Maximize value of raw materials
- Minimize environmental impact and exploit resources sustainably
- Work in accordance with equality policy and strive to achieve greater equality
- Combat corruption and bribery
- Focus on the health and safety of employees
- Take action to maintain and restore biological diversity
- Respect the contractual rights of employees and their right to be trade union members
- Respect human rights
- Show responsibility throughout the value chain





Incentive for companies in heavy industry

The carbon footprint of energy intensive industry is lower in Iceland than many other places in the world, partly due to the use of green energy in the manufacturing process. However, there are numerous opportunities for improvement, for example by using energy and raw materials more efficiently and reducing the use of harmful chemicals. Arion Bank encourages companies in this vital sector to continue towards the goal of carbon neutrality with a focus on sound and meticulous corporate governance characterized by a culture of equality and respect for human rights

Examples of positive measures:

- Reduce emissions under ETS scheme so that the goal set in 2005 of reducing emissions by 43% by 2030 can be reached
- Improve use and management of energy
- Obtain or maintain recognized environmental certification, from the primary processing of the raw material to the final product and recycling, such as ASI certification, ISO 14001
- Reduce the use of toxins and other dangerous chemicals
- Capture and dispose of carbon in manufacturing and carbon offset activities
- Utilize CO₂ generated as by-product, e.g. to produce methanol
- Active pollution prevention and monitoring
- Train employees on environmental, health and security issues
- Certification for health and security management systems, e.g. OHSAS 18001





Incentive for energy and utilities companies

The world is facing enormous challenges posed by climate change, and it is vital to act quickly so that the transition to clean energy can be realized. Iceland is a global leader when it comes to exploiting geothermal and hydropower to produce renewables. Iceland can share this experience and expertise with other countries and be part of the solution. Arion Bank encourages energy and utilities companies to continue towards the goal of carbon neutrality with a focus on sound and meticulous corporate governance characterized by a culture of equality and respect for human rights.

Examples of positive measures:

- Improve use and management of energy
- Capture and dispose of carbon in energy production
- Restore natural resources and improve land
- Diverse and responsible production of green energy
- Utilize CO₂ generated as by-product to produce methanol
- Reach understanding on protection and exploitation of natural resources
- Active pollution prevention and monitoring
- Water protection and responsible consumption
- Training for employees on cyber security
- Obtain or maintain recognized environmental certification, e.g. ISO 14001





Incentive for recycling companies

Significant steps have been taken in recent years in Iceland to improve waste management. We have the opportunity to do even better, such as by improving resources management, waste prevention and taking action to strengthen the circular economy. It is important to improve when it comes to recycling and utilizing raw materials over the next few years in order to reduce waste. Arion Bank encourages recycling companies to continue towards the goal of carbon neutrality with a focus on sound and meticulous corporate governance characterized by a culture of equality and respect for human rights.

Examples of positive measures:

- Enhance value creation by transforming waste into valuable resources
- Reduce landfill as much as possible
- Increase the amount of reusing and recycling
- Improve collection and handling of hazardous waste
- Prioritize waste prevention
- Continue to coordinate waste sorting and labelling systems
- Improve waste management
- Obtain or maintain recognized environmental certification, e.g. Swan Ecolabel or ISO 14001
- Inform the public, companies and authorities of the necessity of reusing, recycling and the importance of strengthening the circular economy





Incentive for companies in other industries and manufacturing

Industry and manufacturing is a diverse field which spans many different sectors. The public and companies are becoming increasingly conscious of responsible manufacturing and consumption. Many of Iceland's leading manufacturing companies have placed a focus on opportunities linked to innovation and development in the field of sustainability, both in their own activities and in manufacturing. Arion Bank encourages manufacturing companies to continue towards the goal of carbon neutrality with a focus on sound and meticulous corporate governance characterized by a culture of equality and respect for human rights.

Examples of positive measures:

- More environmentally friendly coolants and air filtering equipment
- Reduce food waste
- Manufacture wholesome foods which promote public health
- Safeguard animal welfare
- Reduce the use of toxins and other dangerous chemicals
- Choose more environmentally friendly packaging and reduce the use of plastic
- Design and manufacture environmentally friendly products
- Improve labelling of products and encourage consumers to choose more environmentally friendly options
- Obtain or maintain recognized environmental certification, e.g. ISO 14001 or Swan Ecolabel



Successful business relationships

We aim to help our customers make a difference and to develop strong and thriving business relationships. In order to allow our business relationships to prosper, it is important to us that our corporate customers do not have a negative impact on people or the environment

Factors related to industry, energy and manufacturing which may have a negative impact on business relationships:

- Human rights abuses
- Company commits corruption and bribery
- Serious workplace accident due to lapse in security
- Polluting environmental accidents caused by the company due to negligence
- Irresponsible exploitation of natural resources





Financial framework for a green future

Arion Bank has published a Green Financing Framework which addresses the Bank's funding and lending activities. The Framework sets out clearly and transparently the conditions which the Bank's loans need to meet in order to be considered environmentally friendly.

Arion Bank offers green business loans under the Bank's Green Financing Framework. In order for loans to industry, energy and manufacturing companies to be classed as green, more than 90% of operating income needs to be generated by projects which come under the Green Financing Framework. Stricter requirements are also made concerning disclosure of non-financial indicators

In addition to green business loans the Bank offers green car loans, loans for environmentally certified housing and green savings

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Our specialists in Investment & Corporate Banking look forward to talking to you

At Arion Bank we aspire to have strong relationships with our customers and to help them reach their goals and achieve success

