



Statement on the principal adverse impacts of investment decisions on sustainability factors

January 2024

Summary

This statement is designed to describe how the Asset Management division of Arion Bank (i.e. Institutional Asset Management and Private Banking, hereinafter called "Arion Asset Management") is preparing to introduce procedures concerning the assessment of the principal adverse impacts of investment decisions on sustainability factors. Regulation (EU) 2019/2088 of the European Parliament and of the Council (SFDR) has been transposed into Icelandic law through Act No. 25/2023 on sustainable finance disclosure and taxonomy for sustainable investment. Arion Bank is required pursuant to Article 4 (3) of SFDR to publish on its website updated information on how adverse impacts of investment decisions on sustainability factors are taken into account.

Analysis and prioritization of adverse impacts

Arion Asset Management is preparing to introduce procedures into the investment decision process which assess the principal adverse impacts of investment decisions. The Bank is assessing how to gather and monitor data in order to analyze and prioritize the principal adverse impacts of investment decisions on sustainability factors at entity level in the best possible way. Arion Asset Management is preparing to introduce procedures in accordance with regulatory technical standards of delegated regulation (EU) 2022/1288 which, however, had yet to be introduced into Icelandic legislation when this statement was published. Arion Asset Management will refer to and publish 18 key indicators which are divided into environmental factors and social factors. Arion Bank will in addition refer to and publish additional indicators on environmental factors and social factors from a set of additional indicators in accordance with the aforementioned regulatory technical standards.

International standards and rules on responsible business practices

Arion Bank follows various rules on responsible business practices and international recognized standards in connection with adverse impacts of investment decisions on sustainability factors. For example, the Bank is a signatory to the UN Principles for Responsible Banking, UN Principles for Responsible Investment and the UN Global Compact.

Version 1.0

30.01.2024