



## *Kvika ESG Report 2019*

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Below is the ESG report of Kvika banki hf. (“Kvika” or “the bank”) for the operating year of 2019. The information is based on Nasdaq’s common ESG reporting guide for the Nordic countries. The standards in the guidelines are divided into three categories: E for environmental factors, S for social factors and G for governance. Kvika follows this classification in its report below.

The purpose of Nasdaq’s ESG guidelines is to serve as an informal guide for companies for the reporting of non-financial information. Each company has to base its ESG reporting on the factors that are relevant to its operations. The information provided below may therefore differ from the information mentioned in the guide or, as the case may be, not be applicable. In those cases, Kvika endeavours to give an appropriate explanation.

*The report forms part of the non-financial information of Kvika, in accordance with the Act on Annual Accounts.*

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(E)

## *Environmental Factors*

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### *E1. – E2. GbG Emissions and Intensity*

Due to the nature of Kvika's operations, the bank has estimated that the biggest factors in its activities that may have an impact on the environment, are the air travels of its employees and driving to and from work. To offset this, employees are encouraged as much as possible to use eco-friendly modes of transport and making use of teleconferencing equipment instead of travelling to meetings. Kvika offsets the carbon emissions of all the air travel undertaken by its employees on behalf of the group and has established a transport policy to promote the use of eco-friendly, cost-effective and healthy modes of transport. However, Kvika has not set any special measurable criteria in this regard.

### *E3. – E6. Energy and Water Usage*

Kvika emphasises minimising any possible negative effects that its operations may have on the environment and utilising various means to save energy in the headquarters of the bank, limiting unnecessary printing and encouraging recycling when possible. Due to the nature of Kvika's operations, the bank has not set any special measurable criteria in this regard.

### *E7. Environmental Operations*

Part of Kvika's company values is long-term thinking and this entails having a positive long-term impact on the community. Therefore, Kvika's environmental policy forms an integral part of the bank's values and corporate social responsibility.

### *E8. – E10. Climate Oversight*

Kvika has not established any special monitoring by the board of directors or management of risks related to climate issues. However, environmental and climate issues are constant factors in the board and management's discussions relating to the values of the bank, corporate social responsibility and policy-making in general.

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*Social Factors*

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*S1. – CEO Pay Ratio*

Kvika's CEO wage was ISK 3,250,000 per month in 2019 and the average wage of other Kvika employees was ISK 1,288,000 per month. Thus, the ratio was 2.52.

*S2. – Gender Pay Ratio*

The median wage of full-time male employees was ISK 1,668,000 in 2019 and the median wage of full-time female employees was ISK 1,091,000. The median wage of female employees is therefore 65.4% of the median wage of males. This percentage does not take into account differences in the nature and level of responsibility of the jobs.

By law, Kvika must have completed its gender pay equity certification no later than 31 December 2020, but the bank aims to complete it by the end of the first quarter of 2020.

*S3. – Employee Turnover*

In 2019, Kvika had an average of 107 full-time employees. Three employees left the bank during the year and six employees transferred to subsidiaries of the bank due to restructuring.

*S4. – Gender Diversity*

Kvika had 8 executive directors, 7 men and 1 woman, including the CEO and Deputy-CEO. The percentage was therefore 14% women and 86% men. There were 19 directors employed at the bank, 8 of whom were women and 11 men. The percentage was therefore 42% women and 58% men.

*S5. – Temporary Worker Ratio*

In 2019, 96% of the employees were full-time staff. The staff who were temporarily employed were either on a probationary period or part-time substitutes for full-time employees who were on either sick or parental leave.

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### *S6. – Non-Discrimination*

Kvika has a non-discrimination policy designed to guarantee the staff of the bank equal opportunities by preventing any kind of discrimination based on gender, race, national or social origin, religion, lifestyle choices, disabilities, limited working abilities, age, sexual orientation, gender identity or any kind of bias. The policy is based on Kvika's human resources policy and the bank's value of long-term thinking. Kvika also has set rules regarding the bank's employer contributions for parental leave to balance the gender gap, compensate for any potential loss in employees' income and encourage all parents to take parental leave, irrespective of gender.

Kvika has also established a policy and response plan for cases of harassment, bullying and violence in the workplace. The purpose of the policy is to prevent harassment, bullying and violence in the workplace and ensure that resources are in place for people who feel they have been subject to violations of this kind.

### *S7. – Injury Rate*

None of Kvika's staff suffered injuries in the workplace in 2019.

### *S8. – Global Health and Safety*

Kvika has not established any special health policy, but with reference to the bank's human resources policy, employees are offered annual health check-ups and regular workstation assessments in the office. In addition to this, there are annual exercise stipends available to Kvika employees as well as lunch-time workouts in the Kvika headquarters at least twice a week.

### *S9. – Child & Forced Labour*

Kvika has not set any special policies regarding child labour. The bank respects the human rights of both children and adults, in accordance with Icelandic laws and international obligations.

### *S10. – Human Rights*

Kvika respects human rights in accordance with Icelandic law and international obligations. Moreover, the bank has established a human resources policy and non-discrimination policy that are intended to guarantee specific human rights of the staff and prevent discrimination based on bias factors.

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**Governance**

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- G1. – Board Diversity** Kvika's board of directors is comprised of 3 women and 2 men. The percentage was therefore 60% women and 40% men. The chairperson of Kvika is a woman.
- G2. – Board Independence** The majority of the Board of Directors is independent of the bank and no managing directors sit on the board.
- G3. – Incentivised Pay** There is no system in place at Kvika that offers financial incentives to executives for performance based on ESG metrics.
- G4. – Collective Bargaining** In 2019, an average of 50 Kvika employees were trade union members.
- G5. – Supplier Code of Conduct** Due to the nature of Kvika's business, the bank has not set any special policies regarding code of conduct for suppliers.
- G6. – Ethics & Anti-Corruption** Kvika has established a code of conduct that employees are obliged to familiarise themselves with and observe in their work.
- G7. – Data Privacy** Kvika has a personal data protection policy in place that was established in accordance with the Act on Data Protection and the Handling of Personal Information.
- G8. – Sustainability Reporting** Kvika does not generally produce special sustainability reports.
- G9. – Sustainability Data** Kvika does not generally provide special sustainability data.
- G10. – External Assurance** This report was prepared by Kvika employees and has not been certified by external parties.
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