

**KVIKA BANKI HF. BANKING | IS | 540502 -2930****B2 | 78 / 100**

A1 - A3	<b>B1 - B3</b>	C1 - C3	D
Excellent	Good	Medium	Poor

**RATING**

Kvika banki scores well on its ESG rating, with 78 points out of a possible 100, placing it in category B2.

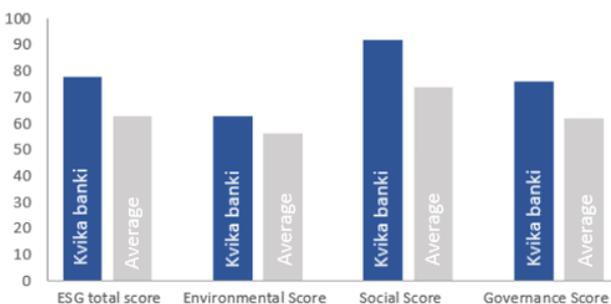
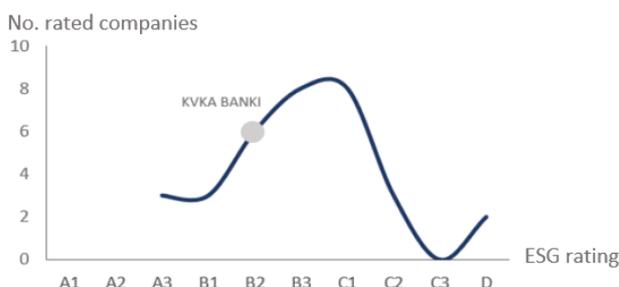
**ESG RATING RESULTS**

	Weight	Score	Rating
<b>Environmental</b>	<b>15.0%</b>	<b>78</b>	<b>B2</b>
E.1 Eco - Efficiency	7.5%	42	C2
E.2 Environmental Management & Oversight	7.5%	83	B1
<b>Social</b>	<b>25.0%</b>	<b>92</b>	<b>A2</b>
S.1 Working Environment	7.5%	97	A1
S.2 Employee Welfare & Customer Satisfaction	17.5%	90	A3
<b>Governance</b>	<b>60.0%</b>	<b>76</b>	<b>B2</b>
G.1 Corporate Governance & Supplier Chain	9.0%	91	A3
G.2 Corporate Practices	21.0%	84	B1
G.3 Products & Services	30.0%	65	B3

**SHORT SUMMARY OF RESULTS**

Kvika banki has been working on improving its ESG performance, which is reflected in an ESG rating by Reitun that places it 14 points higher than in September 2020. The improvement can be attributed to a more formal ESG governance framework and measures undertaken by the bank. Financial institutions in Iceland operate under strict regulatory and supervisory control; for this reason no significant risk is generally considered to exist in this sector and the bank meets the standards applying to corporate governance.

One of the major risks relating to governance is whether ESG factors have been incorporated into the decision-making process relating to investments and lending. The Kvika Group has taken steps to minimise this risk by implementing responsible policies and processes. At the end of 2020 Kvika became a signatory member of the UN Principles for Responsible Investment (UN PRI); earlier, in September, Kvika Asset Management approved a policy on responsible investment. Kvika banki has established a policy on responsible lending and investment, which was approved in December 2020. Work is in progress on implementing these policies and updating the bank's credit rules in accordance. Kvika banki has also established a policy on responsible product and service offering, the main aim of which is to support and further develop a range of products and services that support sustainability and uphold the bank's vision of long-term thinking.

**COMPARISON****ESG RATING DISTRIBUTION**

The bank has established a code of conduct for its most important suppliers to improve responsibility within its operations. All suppliers covered by the code have undertaken to abide by it. Information security is a very significant risk factor for financial undertakings, which is well managed by Kvika banki. The bank scores excellent on the social factor. Reitun's view is that its workplace culture and environment are good and that the bank makes great efforts to make a positive contribution to the community through grants and donations to charities. Kvika banki has improved its performance in the environmental sector. A new environmental policy has been adopted and management of its impact on the environment has been improved. It measures the environmental impact of operations in quantifiable terms through an environmental management system and offsets the carbon emissions caused by flights and the automobile fleet. Reitun's assessment is that Kvika banki has managed, through its policymaking efforts, to gain firm control of key ESG factors in its operations, and that it has earned the bank good result.

**COMPARISON WITH DOMESTIC ISSUERS**

Kvika banki's overall score is 78, placing it in category B2. This is well above the average in terms of Icelandic issuers: the market average is 63 points out of a possible 100. In all risk categories, Kvika banki scores above the average of those issuers that have undergone assessment by Reitun (34 to date).

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