



KVİKA

Sustainability Statement

2020

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Statement by the CEO

The Sustainability Statement reflects the ESG guidelines issued by Nasdaq Iceland and the Nordic countries in 2019. These guidelines are based on recommendations made in 2015 by the United Nations, the Sustainable Stock Exchange Initiative, and the World Federation of Exchange. Reference is also made to the GRI Standard (Global Reporting Initiative, GRI100-400) and its Reporting Principles (P1-10) of the United Nations Global Compact (UNGC).

The information presented in this statement covers the period January 1, 2019 to December 31, 2020.

Kvika banki hf. (hereafter “Kvika” or “the bank”) uses the environmental software Klappir EnviroMaster to make the Sustainability Statement. The software ensures the traceability, transparency, and efficiency in the collection and dissemination of environmental information. Data on fuel consumption, electricity consumption, and the use of hot and cold water are automatically collected. The origin of data can then be traced back to the supplier.

The Board of Directors and the CEO hereby confirm the Company’s Sustainability Statement for the period from January 1, 2019 to December 31, 2020.

Reykjavík, February 12, 2021.

Marinó Örn Tryggvason
CEO, Kvika

Environmental Assessment Report

Lead verifier: Dr. Jón Ágúst Þorsteinsson

Verifier: Selja Ósk Snorradóttir

Technical data expert: Höskuldur Þór Arason

The Board of Directors and the Managing Director of Kvika are responsible for the preparation and presentation of the statement in accordance with international standards. We have reviewed the Sustainability Statement (ESG) for Kvika for the period January 1, 2019 to December 31, 2020.

Kvika uses Klappir EnviroMaster, as an environmental management system, to collect environmental data both automatically and manually.

All data received by the EnviroMaster is collected as securely as the technology allows from the origin of data. The greenhouse gas emissions emitted from all accounted assets are calculated in tCO₂e and aggregated into one overall environmental statement.

I hereby confirm the data provided by Kvika and its suppliers for the company's Sustainability Statement have been reviewed and assessed through the Klappir platform to the best of my knowledge during the period from 1 January, 2019 to 31 December 2020 with my signature. The social and governance data was not reviewed by Klappir Green Solutions.

Reykjavík, February 12, 2021.

Klappir Green Solutions

About

About the Company

Kvika is a specialized bank focusing on asset management and investment services. The bank places emphasis on developing long term partnerships with clients through responsive and versatile services. Kvika focuses on specific groups and clients, emphasizing exceptional, tailor-made services. The bank's size enables it to adapt to its environment with the aim of maintaining profitability and customer service. The bank is prepared to make use of its infrastructure and balance sheet to generate income, e.g. by utilizing its loan processes to loan in tandem with other lenders. Corporate Banking finances enterprises and the investments of the bank's clients. Corporate Banking also makes use of the bank's expertise and network to broker loans to other institutional investors. Asset and Fund Management emphasizes offering clients a broad range of services for investing in Iceland as well as on foreign markets. The aim is to provide the best asset and fund management services, guided by clients' long-term interests. Capital Markets offers clients comprehensive securities brokerage and FX market services. Corporate Finance provides various types of advisory services in connection with investments and financing. The principal focus is on corporate acquisitions and divestments, as well as initial public offerings.

Kvika's subsidiaries are Kvika Asset Management., GAMMA Capital Management, Kvika Securities Ltd. and Kvika Advisory Ltd.

Organizational Boundaries

The "Operational Control" methodology has been chosen to report on Kvika's emissions. 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 operation covered by the emission inventory are:

- The headquarters of Kvika and the subsidiaries located in Iceland*
- Vehicles owned or operated by Kvika in Iceland

Kvika's subsidiaries in England are not included in this statement. Sublet properties are also not included.

Operational Boundaries

Included in Kvika's operational boundaries for Scope 1 and Scope 2 emissions are the following business units: Kvika's headquarters and vehicles owned and/or operated by Kvika. The operations included in Scope 3 emissions are: International flights, emissions from printed paper.

Base Year

Kvika's base year is 2019.

Highlights

Greenhouse Gas Emissions (E1):

Kvika's 2019 - 2020 ESG Statement is the company's first ESG statement. Therefore, 2019 is Kvika's base year.

Total emissions for Kvika were 56.1 tCO₂e in 2019 and 25.5 tCO₂e in 2020. Scope 1 and 2 emissions were 24.6 tCO₂e in 2019 and 22.1 tCO₂e in 2020. Scope 3 emissions were 31.5 tCO₂e in 2019 and 3.4 tCO₂e in 2020.

Energy Usage (E3):

Kvika's total energy usage was 848,226 kwh in 2019 and 1,266,882 kwh in 2020. Energy usage includes electricity, hot water and fuel usage. In 2020, the bank's headquarters moved from Katrínartún to Borgartún.

Water Usage (E6):

Kvika's total hot water usage was 9,117 m³ in 2019 and 17,741 m³ in 2020.

Flights:

Kvika's total emissions from international flights were 30.6 tCO₂e in 2019 and 2.5 tCO₂e in 2020.

Carbon Offsets:

Kvika has fully offset the bank's emissions for 2019 and 2020 through the Icelandic Carbon Fund.

Operational Parameters

<i>Operational Parameters</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Total Revenue	thousand ISK	7.062.999	9.061.162
Total Assets	thousand ISK	108.427.903	129.472.390
Total Equity	thousand ISK	15.548.916	19.181.465
Number of full time equivalent employee	FTEs	128,0	136,0
Total space for own operation	m ²	2.099,0	3.554,0

<i>Key performance indicators</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
GHG emissions per FTE	kgCO _{2e} /FTEs	438,3	187,6

Environmental

<i>Greenhouse Gas Emissions</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Scope 1	tCO ₂ e	17,5	11,1
Scope 2 (location-based) [2] [3]	tCO ₂ e	7,1	11,0
Scope 3	tCO ₂ e	31,5	3,4
Gross operational carbon emission	tCO ₂ e	56,1	25,5
<i>Total emissions neutralized by carbon offset projects</i>	<i>tCO₂e</i>	<i>56,1</i>	<i>25,5</i>
Net operational carbon emissions	tCO ₂ e	0,0	0,0

E1|UNGC: P7|GRI 305-1,305-2,305-3|SASB: General Issue / GHG Emissions|TCFD: Metrics & Targets

<i>Emissions Intensity</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
GhG emissions per megawatt-hour consumed	kgCO ₂ e/MWh	66,1	20,1
GhG emissions per full-time equivalent (FTEe) employee	tCO ₂ e/FTEs	0,44	0,19
GhG emissions per unit of revenue	kgCO ₂ e/thous	0,01	0,00
GhG emissions per unit of space (m ²)	kgCO ₂ e/m ²	26,73	7,18

E2|UNGC: P7, P8|GRI 305-4 |SDG: 13|SASB: General Issue / GHG Emissions, Energy Management

<i>Energy Usage</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Total energy consumption	kWh	848.226	1.266.882
<i>Of which energy from bio fuel</i>	<i>kWh</i>	<i>0</i>	<i>0</i>
<i>Of which energy from fossil fuel</i>	<i>kWh</i>	<i>68.302</i>	<i>43.792</i>
<i>Of which energy from electricity</i>	<i>kWh</i>	<i>251.139</i>	<i>194.133</i>
<i>Of which energy from hot water</i>	<i>kWh</i>	<i>258.785</i>	<i>1.028.957</i>
<i>Of which energy from heating</i>	<i>kWh</i>		
Direct Energy Consumption	kWh	68.302	43.792
<i>Indirect Energy Consumption</i>	<i>kWh</i>	<i>779.924</i>	<i>1.223.090</i>

E3|UNGC: P7, P8|GRI 302-1, 302-2|SDG: 12|SASB: General Issue / Energy Management

<i>Energy Intensity</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Energy per full-time equivalent (FTEe) employee	kWh/FTEs	6.627	9.315
Energy per unit of revenue	kWh/thousand	0,1	0,1
Energy per square meter	kWh/m ²	404,1	356,5

E4|UNGC: P7, P8|GRI 302-3|SDG: 12|SASB: General Issue / Energy Management

<i>Energy Mix</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Fossil Fuel	%	8,1%	3,5%
Nuclear Energy	%		
Renewable Energy	%	91,9%	96,5%

E5|GRI 302-1|SDG: 7|SASB: General Issue / Energy Management

<i>Water Usage</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Total water consumption	m ³	16.877	35.146
Cold water	m ³	7.760	17.405
Hot water	m ³	9.117	17.741
Recycled water (if applicable)	m ³		
Reclaimed water (if applicable)	m ³		

E6|GRI: 303-5|SDG: 6|SASB: General Issue / Water & Wastewater Management

<i>Environmental Operations</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Does your company follow a formal Environmental Policy?	yes/no	no	yes
Does your company follow specific waste, water, energy, and/or recycling policies?	yes/no	no	yes
Does your company use a recognized energy management system?	yes/no	no	yes

E7|GRI: 103-2|SASB: General Issue / Waste & Hazardous Materials Management

<i>Climate Oversight / Board</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Does your Board of Directors oversee and/or manage climate-related risk?	yes/no	no	yes

E8|GRI: 102-19, 102-20, 102-29, 102-30, 102-31|SASB: General Issue / Business Model Resilience, Systematic Risk Management|TCFD: Governance (Disclosure A)

<i>Climate Oversight / Management</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Does your Senior Management Team oversee and/or manage climate-related risks?	yes/no	no	yes

E9|GRI: 102-19, 102-20, 102-29, 102-30, 102-31|SASB: General Issue / Business Model Resilience, Systematic Risk Management|TCFD: Governance (Disclosure B)

<i>Climate Risk Mitigation</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Total annual investment in climate-related infrastructure, resilience, and product development	thousand ISK		

E10|UNGC: P9|SASB: General Issue / Physical Impacts of Climate Change, Business Model Resilience|TCFD: Strategy (Disclosure A)

<i>Waste Management</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Total waste generated	kg		0,0
<i>Of which sorted waste</i>	<i>kg</i>		
<i>Of which unsorted waste</i>	<i>kg</i>		0,0
Recycled/recovery	kg		
Landfill/disposal	kg		0,0
Percentage of sorted waste	%		
Percentage of recycled waste	%		

<i>Waste Intensity</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Total waste per full-time equivalent (FTEe) employee	kg/FTEs	0,0	0,0
Total waste per unit of revenue	kg/thousand	0,0	0,0

<i>Business Trips</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Emissions from business trips	tCO ₂ e	30,6	2,5
<i>Flights</i>	<i>tCO₂e</i>	<i>30,6</i>	<i>2,5</i>
<i>Taxi</i>	<i>tCO₂e</i>		<i>0,0</i>

<i>Commuting</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Emissions from employee commuting	tCO ₂ e		
Does your company reimburse eco-friendly commuting?	yes/no	yes	yes

<i>Contractors</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Total emissions from contractors	tCO ₂ e		

<i>Transportation of Goods & Services</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Total emissions from the transportation of goods and services	tCO ₂ e	0,0	0,0
Emissions from air transport	tCO ₂ e		
Emissions from sea transport	tCO ₂ e		
Emissions from road transport	tCO ₂ e		

<i>Primary energy source</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Total fuel consumption in litres	litres	6.895,0	4.508,0
<i>Methane</i>	<i>litres</i>		
<i>Petrol</i>	<i>litres</i>	<i>1.399,0</i>	<i>1.826,0</i>
<i>Diesel oil</i>	<i>litres</i>	<i>5.496,0</i>	<i>2.682,0</i>
<i>Hydrogen</i>	<i>litres</i>		
<i>Biodiesel</i>	<i>litres</i>		
Total fuel consumption in kg	kg	5.722,0	3.649,0
<i>Methane</i>	<i>kg</i>		
<i>Petrol</i>	<i>kg</i>	<i>1.050,0</i>	<i>1.369,0</i>
<i>Diesel oil</i>	<i>kg</i>	<i>4.672,0</i>	<i>2.280,0</i>
<i>Hydrogen</i>	<i>kg</i>		
<i>Biodiesel</i>	<i>kg</i>		

<i>Paper Management</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Total weight of printed papers	kg	902,9	953,0
Total amount of printed paper	pages	180.000	190.000
<i>of which color print</i>	<i>pages</i>	<i>138.600</i>	<i>142.500</i>
<i>of which black/white print</i>	<i>pages</i>	<i>41.400</i>	<i>47.500</i>
Duplex	pages	0	0
<i>Color print</i>	<i>%</i>		
<i>Black/white print</i>	<i>%</i>		
Paper emissions	tCO ₂ e	0,83	0,90

<i>Emissions neutralized by carbon offset</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Total emissions offset	tCO ₂ e	56,1	25,5
Emissions offset by forestry	tCO ₂ e	26,6	15,4
Emissions offset by wetland restoration	tCO ₂ e	29,5	10,1

<i>Asset Management</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Number of buildings	no.	1,0	1,0
<i>Office space</i>	<i>no.</i>	<i>1,0</i>	<i>1,0</i>
<i>Production space</i>	<i>no.</i>	<i>0,0</i>	<i>0,0</i>
Number of vehicles and machinery	no.	4,0	4,0
<i>Petrol / Diesel</i>	<i>no.</i>	<i>4,0</i>	<i>4,0</i>
<i>Electrical vehicles</i>	<i>no.</i>	<i>0,0</i>	<i>0,0</i>
<i>Other alternative fuel sources (hybrid, methane, hydrogen, etc)</i>	<i>no.</i>	<i>0,0</i>	<i>0,0</i>

<i>Carbon Taxes</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Carbon tax, gas- and diesel oil	ISK/litre	10,40	11,45
Carbon tax, gasoline	ISK/litre	9,10	10,00
Carbon tax, fuel oil	ISK/kg	12,80	14,10
Carbon tax, crude oil, etc	ISK/kg	11,40	12,55
Total Carbon Tax (ESR)	ISK	69.889,3	48.968,9
Total Carbon Tax (ETS)	ISK		

Social

<i>CEO Pay Ratio</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
CEO Salary & Bonus (X) to median FTE Salary	X:1	2,65	2,87
Does your company report this metric in regulatory filings?	yes/no	yes	yes

S1|UNGC: P6|GRI 102-38

<i>Gender Pay Ratio</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Median total compensation for men (X) to median total compensation for women	X:1	1,08	1,59
Outcome of equal pay certification	%		1,20%

S2|UNGC: P6|GRI: 405-2 | SASB: General Issue / Employee Engagement, Diversity & Inclusion

<i>Employee Turnover</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Full-time Employees			
<i>Year-over-year change for full-time employees</i>	%	5,80%	6,90%
<i>Dismissal</i>	%	1,40%	2,00%
<i>Retirement</i>	%	0,00%	1,50%
<i>Job transition</i>	%	4,40%	2,00%
<i>Death</i>	%	0,00%	0,00%
Part-time Employees			
<i>Year-over-year change for part-time employees</i>	%	0,00%	0,00%
<i>Dismissal</i>	%	0,00%	0,00%
<i>Retirement</i>	%	0,00%	0,00%
<i>Job transition</i>	%	0,00%	0,00%
<i>Death</i>	%	0,00%	0,00%
Contractors and/or consultants			
<i>Year-over-year change for contractors and/or consultants</i>	%		0,60%
<i>Dismissal</i>	%		100,00%
<i>Retirement</i>	%		0,00%
<i>Job transition</i>	%		0,00%
<i>Death</i>	%		0,00%

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Gender

<i>Men</i>	%	37,50%	30,00%
<i>Women</i>	%	62,50%	70,00%
Age			
<20v	%	0,00%	0,00%
20-29	%	25,00%	10,00%
30-39	%	37,50%	10,00%
40-49	%	37,50%	50,00%
50-59	%	0,00%	10,00%
60-69	%	0,00%	20,00%
70+	%	0,00%	0,00%

S3|UNGC: P6|GRI: 401-1b|SDG: 12|SASB: General Issue / Labor Practices

<i>Gender Diversity</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Enterprise Headcount			
<i>Percentage of women in enterprise</i>	%	44,00%	44,00%
<i>Women</i>	no.	60,00	62,00
<i>Men</i>	no.	77,00	79,00
Entry- and Mid-level Positions			
<i>Percentage of women in entry- and mid-level position</i>	%	46,00%	47,00%
<i>Women</i>	no.	51,00	54,00
<i>Men</i>	no.	59,00	60,00
Senior- and Executive-level Positions			
<i>Percentage of women in senior- and executive-level positions</i>	%	33,50%	30,00%
<i>Women</i>	no.	9,00	8,00
<i>Men</i>	no.	18,00	19,00

S4|UNGC: P6|GRI: 102-8, 405-1|SASB: General Issue / Employee Engagement, Diversity & Inclusion

<i>Temporary Worker Ratio</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Full-time positions	no.	2,90	16,60
Total enterprise headcount held by part-time employees	%	100,00%	13,00%
Total enterprise headcount held by contractors and/or consultants	%		87,00%

S5|GRI: 102-8|UNGC: P6

<i>Non-Discrimination</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Does your company follow a sexual harassment and/or non-discriminatory policy?	yes/no	yes	yes

S6|UNGC: P6|GRI: 103-2 (see also: GRI 406: Non-Discrimination 2016)|SASB: General Issue / Employee Engagement, Diversity & Inclusion

<i>Injury Rate</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Total number of injuries and fatalities, relative to the total workforce	%	0,00%	0,00%

S7|GRI: 403-9|SDG: 3|SASB: General Issue / Employee Health & Safety

<i>Global Health & Safety</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Does your Company publish and follow an occupational health and/or global health & safety policy	yes/no	no	yes
Total absence from work (X) to total working hours of all employees	X:1	0,0032	0,0030
Absence from work due to long-term illness (X) to total working hours of all employees	X:1	0,0006	0,0004
Absence from work due to short-term illness (X) to total working hours of all employees	X:1	0,0056	0,0034

S8|GRI: 103-2 (See also: GRI 403: Occupational Health & Safety 2018)|SDG: 3|SASB: General Issue/Employee Health & Safety

<i>Child & Forced Labor</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Does your company follow a child labor policy?	yes/no	no	no
Does your company follow a forced labor policy?	yes/no	no	no
If yes, do your child and/or forced labor policy cover suppliers and vendors?	yes/no	no	no

S9|GRI: 103-2 (See also: GRI 408: Child Labor 2016, GRI 409: Forced or Compulsory Labor, and GRI 414: Supplier Social Assessment 2016)|UNGC: P4, P5|SDG: 8|SASB: General Issue / Labor Practices

<i>Human Rights</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Does your company publish and follow a human rights policy?	yes/no	no	no
If yes, does your human rights policy cover suppliers and vendors?	yes/no	no	no

S10|GRI: 103-2 (See also: GRI 412: Human Rights Assessment 2016 & GRI 414: Supplier Social Assessment 2016)|UNGC: P1, P2|SDG: 4, 10, 16|SASB: General Issue / Human Rights & Community Relations

Governance

<i>Board Diversity</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Total board seats occupied by women (as compared to men)	%	60,00%	40,00%
Committee chairs occupied by women (as compared to men)	%	33,00%	55,60%

G1|GRI 405-1|SDG: 10|SASB: General Issue / Employee Engagement, Diversity & Inclusion (See also: SASB Industry Standards)

<i>Board Independence</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Does the company prohibit CEO from serving as board chair?	yes/no	yes	yes
Total board seats occupied by independents	%	60,00%	80,00%

G2|GRI: 102-23, 102-22

<i>Incentivized Pay</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Are executives formally incentivized to perform on sustainability	yes/no	no	no

G3|GRI: 102-35

<i>Collective Bargaining</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Total enterprise headcount covered by collective bargaining agreements (X) to the total employee population	%	50,00	54,00

G4|UNGC: P3|SDG: 8|GRI: 102-41|SASB: General Issue / Labor Practices (See also: SASB Industry Standards)

<i>Supplier Code of Conduct</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Are your vendors or suppliers required to follow a Code of Conduct	yes/no	no	yes
If yes, what percentage of your suppliers have formally certified their compliance with the code	%		100,00%

G5|UNGC: P2, P3, P4, P8|GRI: 102-16, 103-2 (See also: GRI 308: Supplier Environmental Assessment 2016 & GRI 414: Supplier Social Assessment 2016|SDG: 12|SASB General Issue / Supply Chain Management (See also: SASB Industry Standards)

<i>Ethics & Anti-Corruption</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Does your company follow an Ethics and/or Anti-Corruption policy?	yes/no	yes	yes
If yes, what percentage of your workforce has formally certified its compliance with the policy?	%		94,30%

G6|UNGC: P10|SDG: 16|GRI: 102-16, 103-2 (See also: GRI 205: Anti-Corruption 2016)

<i>Data Privacy</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Does your company follow a Data Privacy policy?	yes/no	yes	yes
Has your company taken steps to comply with GDPR rules?	yes/no	yes	yes

G7|GRI: 418 Customer Privacy 2016|SASB: General Issue / Customer Privacy, Data Security (See also: SASB Industry Standards)

<i>ESG Reporting</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Does your company publish a sustainability report?	yes/no	yes	yes
Is sustainability data included in your regulatory filings?	yes/no	yes	yes

G8|UNGC: P8

<i>Disclosure Practices</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Does your company provide sustainability data to sustainability reporting frameworks?	yes/no	no	yes
Does your company focus on specific UN Sustainable Development Goals (SDGs)?	yes/no	no	no
Does your company set targets and report progress on the UN SDGs?	yes/no	no	no

G9|UNGC: P8

<i>External Assurance</i>	<i>Unit</i>	<i>2019</i>	<i>2020</i>
Are your sustainability disclosures assured or validated by a third party?	yes/no	no	yes

G10|UNGC: P8|GRI: 102-56

Methodology

The calculation methods, constants, and the statement are based on the Greenhouse Gas (GHG) Protocol, which is a standardized methodology used to calculate the environmental footprint of both companies and organizations.

1. Direct & Indirect GHG Emissions (E1)

The GHG Protocol divides emissions into three scopes to effectively set boundaries between direct and indirect emissions:

- Scope 1 accounts for direct GHG emissions from a company's operations. Direct emissions occur from sources that are owned or controlled by the company. In Kvika's case, Scope 1 is limited to emissions from vehicles.
- Scope 2 accounts for indirect GHG emissions relating to electricity consumption and heating. Emissions of this type do not occur within organizational boundaries of the company and are therefore considered to be indirect.
- Scope 3 accounts for indirect GHG emissions from Kvika's value chain. Accounted for are emissions from international flights and paper used for printing.

The GHG emissions are reported in tons CO₂ equivalents (tCO₂e). CO₂ equivalents is a quantity that describes, for a given mixture and amount of GHG, the amount of CO₂ that would have the same global warming potential (GWP), i.e. the ability of a gas to trap heat in the atmosphere when measured over the timescale of 100 years.

2. Net operational carbon emissions

Net operational carbon emissions represent the net emissions of a company with neutralization of emissions by carbon offset projects is taken into account.

3. Emission Intensity (E2)

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.

4. Direct & Indirect Energy Consumption (E3)

The total energy consumption measures all energy consumed by the company, including fuels for the company's vehicles (Scope 1) and energy from electricity and hot water (Scope 2). The energy consumption is reported by source in kilowatt-hours (kWh).

5. Energy Intensity (E4)

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.

Notes

1. The total equity represents the equity of the parent company Kvika banki hf., other operational parameters only represent Kvika's operations in Iceland as the rest of the sustainability statement.
2. Water usage was estimated for December 2020 based on data for 2020.
3. Emissions from electricity usage in Scope 2 were calculated using the emissions factors from the National Inventory Report published by the Environmental Agency of Iceland. Kvika used 100% renewable energy.

