

Non-financial Information 2021

Stefnir Asset Management Company is a well-established Icelandic fund manager with assets of approximately ISK 290 billion under active management at the end of 2021. Stefnir caters for both retail and professional clients with the aim of managing its clients' assets as best serves their interests. Stefnir has about 20 specialists in four teams managing a diverse collection of mutual, investment and institutional alternative investment fund marketed towards the public. Stefnir is Arion bank's subsidiary. Stefnir publishes its non-financial information for the first time in 2021. Stefnir wants to inspire others to do the same to alliterate transparency in operations regarding environmental, social and governance factors.

Policy on sustainability, responsible investments and due diligence assessment

Policy on sustainability and social responsibility was confirmed by the board in the beginning of 2022. The policy highlights Stefnir's long term sustainability commitments and how Stefnir integrates sustainability into its operations when managing financial assets according to company's fiduciary duty. The policy can be found on company's website. Stefnir has a policy on responsible investments. The policy aims to manage the financial assets of Stefnir's clients, as best serves their interests, regarding environmental, social and governance factors.

Stefnir receives its scope 2 and 3 data from Arion bank's Annual and Sustainability Report 2021. Stefnir's scope 2 and 3 emissions are estimated from the Stefnir's ratio of square meters within the bank's headquarters against the total square meters of the bank's headquarters.

Stefnir receives its data regarding human resources from its parent company. Data regarding governance factors are based on Stefnir's Corporate Governance Statement. Deloitte has provided an opinion with limited assurance on non-financial reporting by Stefnir in 2021 which is presented in accordance with the Nasdaq ESG Reporting Guide.

Results on policy on responsible investments

In 2020, Stefnir participated in signing a declaration of intent for investments for a sustainable recovery. Capital is an important motive power in shaping the economy and creating jobs. Decisions made today will have a major impact on the development of societies in the coming years, and it is important that they are made with sustainability in mind. By utilizing capital through targeted measures, it is possible to maintain sustainable development and at the same time strengthen the competitiveness of nations and the future of posterity.

Stefnir has been a leading force in offering funds in the field of responsible investments. In 2021 Stefnir established three fund that specifically consider sustainability when investing. The funds are „Stefnir - Scandinavian Fund - ESG“, „Stefnir – Sustainable Fixed Income Fund“ and „Stefnir – Green Selection“. Stefnir – Scandinavian Fund ESG has received MSCI's AAA-grade and is the first Icelandic fund that receives this grade. The fund, has therefore, joined the foremost funds considering ESG factors. MSCI's report states that „Stefnir – Scandinavian Fund ESG“ rates higher than 94% of the 34 thousand funds it rates worldwide.

Within Stefnir operates an ESG committee that works in accordance with rules of procedure, provides support on asset allocation and assurance that Stefnir works in accordance with the established criteria on responsible investment. Stefnir employees who serve on the ESG committee are the torchbearers for implementing the responsible investment methodology throughout Stefnir. The board and employees of Stefnir have all completed courses at PRI Academy in the methodology of responsible investment. PRI

Academy is the global leader for people who want to gain an insight into how environmental, social and governance issues affect companies' performance and increase value of all stakeholders.

Impacts of climate change on Stefnir and main risks

Non-financial targets and performance indicators, that have been set by Stefnir's board and management team, are regularly monitored and results are published in an annual sustainability report. Stefnir will continue to refine how the main sustainability risks are defined and implemented in its operations. Climate risk is twofold, real risk and transformation risk, but it is also accompanied by reputational risk and legal risk. Climate risks may prevent Stefnir from achieving its goals, but climate change and the process of counteract it will have a significant impact on the economy and, consequently, on the value of investments.

Impact of Covid-19 on non-financial goals

Risk due to the Covid-19 epidemic have decreased, the Icelandic economy has recovered and the outlook for the company is bright. The pandemic had little effect on Stefnir's non-financial performance indicators last year.

Key performance indicators

G2. Board Independence: Independent board members were two against one dependent board member in 2021.

G5. Supplier Code of Conduct: All Stefnir's suppliers must follow the Supplier's Code of Conduct.

G6. Ethics & Anti-Corruption: The Board of Directors confirmed the Code of Conduct in 2021 that reflects the ethical standards that the Board of Directors and employees follow, but other criteria on the same subject can also be found in staff employment contracts, conflicts of interest policy and the Board of Directors' rules of procedure. The Board also approved Stefnir's rules on measures against money laundering and terrorist financing in 2020.

G7. Data Privacy: Stefnir has a Data Protection Policy that can be found on the company's website.

S4. Gender Diversity: The ratio of women in executive-level positions was 40% in 2021, while within the company the ratio of women was 30%. The board's goal of increased diversity is for the proportion of women among the company's employees to be 40% by the end of 2024.

Confirmed by the board of Stefnir

17th of February 2022



Environment	2021
E1. GhG Emissions	
Total amount, in CO2 equivalents	6,2
For Scope 1	0
For Scope 2	1,5
For Scope 3	4,7
Total emissions offset	-3
E2. Emissions Intensity	
Emission intensity (kgCO2e/MWh)	37,49
Emission intensity per total assets (tCO2e/ ISK bn.)	1,9
Emission intensity per employee (tCO2e/no)	0,3
E3. Energy Usage	
Total energy consumption (kWh)	165.505
Of which energy from electricity	41.663
Of which energy from hot water	123.842
E4. Energy Intensity	
Energy per full-time equivalent (FTEe) employee (kWh/FTEs)	7.881
Energy intensity per total asset (kWh/ISK bn.)	51.113
E5. Energy Mix	
Renewable Energy (%)	100
E6. Water Usage	
Total amount of water consumed (m3)	3.161
E7. Environmental Operations	
Does your company follow a formal Environmental Policy? (Yes/No)	No
Does your company follow specific waste, water, energy, and/or recycling polices? (Yes/No)	Yes
Does your company use a recognized energy management system? (Yes/No)	No
E8. Climate Oversight / Board	
Does your Board of Directors oversee and/or manage climate-related risks? (Yes/No)	No
E9. Climate Oversight / Management	
Does your Senior Management Team oversee and/or manage climate-related risks? (Yes/No)	No
E10. Climate Oversight / Management	
Total amount invested, annually, in climate-related infrastructure, resilience, and product development.	-



Social factors	2021
S1. CEO Pay Ratio	
Ratio: CEO total compensation to median FTE total compensation	1,77
Does your company report this metric in regulatory filings? (Yes/No)	Yes
S2. Gender Pay Ratio	
Ratio: Median male compensation to median female compensation	1,003
S3. Employee Turnover	
Year-over-year change for full-time employees (%)	5
Year-over-year change for part-time employees (%)	5
Year-over-year change for contractors and/or consultants (%)	0
S4. Gender Diversity	
Total enterprise headcount held by women (%)	30
Entry- and mid-level positions held by women (%)	35
Senior- and executive-level positions held by women (%)	40
S5. Temporary Worker Ratio	
Total enterprise headcount held by part-time employees (%)	10
Total enterprise headcount held by contractors and/or consultants (%)	0
S6. Non-Discrimination	
Does your company follow a sexual harassment and/or non-discrimination policy? (Yes/No)	No
S7. Injury Rate	
Frequency of injury events relative to total workforce time (%)	0
S8. Global Health & Safety	
Does your company follow an occupational health and/or global health & safety policy? (Yes/No)	No
S9. Child & Forced Labor	
Does your company follow a child and/or forced labor policy? (Yes/No)	No
If yes, does your child and/or forced labor policy See also: cover suppliers and vendors? (Yes/No)	No
S10. Human Rights	
Does your company follow a human rights policy? (Yes/No)	No
) If yes, does your human rights policy See also: cover suppliers and vendors? (Yes/No)	No



Governance	2021
G1. Board Diversity	
Total board seats occupied by women (%)	67
Committee chairs occupied by women (%)	100
G2. Board Independence	
Does company prohibit CEO from serving as board chair? (Yes/No)	Yes
Total board seats occupied by independents (%)	67
G3. Incentivized Pay	
Are executives formally incentivized to perform on sustainability? (Yes/No)	No
G4. Collective Bargaining	
Total enterprise headcount covered by collective bargaining agreement(s)	100
G5. Supplier Code of Conduct	
Are your vendors or suppliers required to follow a Code of Conduct? (Yes/No)	Yes
G6. Ethics & Anti-Corruption	
Does your company follow an Ethics and/or Anti-Corruption policy? (Yes/No)	Yes
If yes, what percentage of your workforce has formally certified its compliance with the policy?	100
G7. Data Privacy	
Does your company follow a Data Privacy policy? (Yes/No)	Yes
Has your company taken steps to comply with GDPR rules? (Yes/No)	Yes
G8. ESG Reporting	
Does your company publish a sustainability report? (Yes/No)	Yes
Is sustainability data included in your regulatory filings? (Yes/No)	Yes
G9. Disclosure Practices	
Does your company provide sustainability data to sustainability reporting frameworks? (Yes/No)	Yes
Does your company focus on specific UN Sustainable Development Goals (SDGs)? (Yes/No)	No
Does your company set targets and report progress on the UN SDGs? (Yes/No)	No
G10. External Assurance	
Are your sustainability disclosures assured or validated by a third party? (Yes/No)	Yes