

# **Stefnir's Sustainability Report 2024**

## **Non-financial Information 2024**

Stefnir Asset Management Company is a well-established Icelandic fund manager with assets of approximately ISK 336 billion under active management at the end of 2024. 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 fourth time in 2024. Stefnir wants to inspire others to do the same to alliterate transparency in operations regarding environmental, social and governance factors.

Stefnir's role is to manage its clients' assets as best serves their interests. Responsible and diverse investment options and thorough disclosure of information are central to the corporate social responsibility that Stefnir aspires to maintain. By paying due attention to environmental and social issues and good corporate governance we believe the company can have a positive influence on our society, to the benefit of fund members and other stakeholders. Non-financial reporting pursuant to Article 66 d of Act No. 3/2006 can be seen on the company's website, and Stefnir records nonfinancial information in accordance with the Nasdaq ESG reporting guide.

The board of directors of Stefnir is committed to good corporate governance and endeavours to promote responsible behaviour and corporate culture within Stefnir for the benefit of all the company's stakeholders. Since 2012 Stefnir has been recognized as a company which has achieved excellence in corporate governance by the Center for Corporate Governance. The company is continuously working on maintaining and developing corporate governance and re-attaining this recognition on a regular basis is part of this effort.

### **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 that changed considerably in 2023 from its previous version. The policy aims to manage the financial assets of Stefnir's clients, as best serves their interests, regarding environmental, social and governance factors. The policy clearly describes the methodology used by different asset classes when making investment decisions. The policy also includes a definition of sustainability risk that can affect the value of an investment. Active ownership is also a part of the policy. Stefnir follows special rules regarding proxy voting and applies shareholder rights in accordance with an assessment of the funds' interests, i.a. during voting at shareholder meetings.

Key elements in integrating ESG issues into investment decisions are screening according to ethical constraints and active ownership. There is a great development in the methodology for integrating ESG issues with investments, and it is important to approach the subject with humility.

Stefnir receives information regarding environmental factors from KPMG, they are calculated based on the percentage of staff at the end of the year within the headquarters of Arion Bank where Stefnir is housed. When calculating scope 3, data on air travel, taxi rides and transportation of the organization's employees was used as well as data the consumption of the establishment.

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.

## **Results on policy on responsible investment**

In the year 2024, the financed emission of greenhouse gases of funds' assets in Stefnir's operation was compiled and a related report was published. The report includes information on the emission strength of the investment for each ISK 1 m. invested in a specific funds. The methodology used for the calculation is based on the methodology of the Partnership for Carbon Accounting Financials (PCAF), an international cooperation platform of financial companies whose main goal is to harmonize the assessment of the extent of greenhouse gas emissions.

KF Global Equity, an international equity fund managed by Stefnir, was defined according to Article 8 of the European Parliament's and of the Council's regulation on sustainability-related disclosures in the financial services sector (e. SFDR) in 2022. The fund thus provides information on how the impact of sustainability is taken into account in its investment decisions. This is the first fund managed by a domestic entity that has defined itself in this way. Four other funds were classified as a part of Article 8 at the beginning of 2024. The funds Stefnir - Scandinavian Fund - ESG, Stefnir - Sustainable Fixed Income Fund, Stefnir – Green Selection and Stefnir - Sustainable Arctic Fund will now disclose the change consider the impact on sustainability in their investment decisions, and it is hoped that the changes will be well suited to the wishes of Stefnir's customers.

Stefnir – Scandinavian Fund ESG has received MSCI's AA-grade. The fund, has therefore, joined the foremost funds considering ESG factors. MSCI's report states that „Stefnir – Scandinavian Fund ESG“ rates higher than 99% of the 34 thousand funds it rates worldwide. Along with Stefnir – Scandinavian Fund ESG have eight other funds been rated by MSCI and all of them received „A“ or higher.

In 2023 Stefnir also started a collaboration with SoGreen, which produces the carbon units in collaboration with the aid organization FAWE ([www.fawe.org](http://www.fawe.org)) in Zambia. The project involves ensuring a full five-year secondary school education for girls in the Monze region of Zambia. SoGreen is a good example of Icelandic entrepreneurial activity in the field of sustainability, where a social project is used to avoid carbon emissions for the future.

It is important that Stefnir's human resources possess the knowledge and support needed to achieve success for the owners of Stefnir's funds in the field of ESG issues, and the board has specifically adapted the company's remuneration policy and bonus system to that goal. The bonus system is supposed to encourage employees to create sustainable long-term results in a transparent way, where measures are defined for financial and non-financial aspects, including the progress of ESG issues within the company.

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.

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 Stefnr and main risks**

Non-financial targets and performance indicators, that have been set by Stefnr's board and management team, are regularly monitored and results are published in an annual sustainability report. Stefnr 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 Stefnr 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.

### **Key performance indicators**

**G2. Board Independence:** Independent board members were two against one dependent board member in 2024.

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

**G6. Ethics & Anti-Corruption:** The Board of Directors confirmed the Code of Conduct in 2022 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 Stefnr's rules on measures against property crime in 2024.

**G7. Data Privacy:** Stefnr 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 33% in 2024, while within the company the ratio of women was 35%. 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. That goal was not achieved at the end of the year, but both the awareness and the will of management ensure that a diverse group of individuals works for the company that reflects the society and the customers we serve. The goal of gender diversity will be reviewed in parallel with the review of the aforementioned policy in 2025.

Confirmed by the board of Stefnr

19<sup>th</sup> of February 2025



Environment	2024
<b>E1. GhG Emissions</b>	
Total amount, in CO2 equivalents	16.3
For Scope 1	0
For Scope 2 location based	1.0
For Scope 2 market based	0.7
For Scope 3	15.3
Total emissions offset	16.3
<b>E2. Emissions Intensity</b>	
Emission intensity (kgCO2e/MWh)	139.09
Emission intensity per total assets (tCO2e/ ISK bn.)	4.11
Emission intensity per employee (tCO2e/no)	0.82
<b>E3. Energy Usage</b>	
Total energy consumption (kWh)	117,206
Of which energy from electricity	41,948
Of which energy from hot water	75,258
<b>E4. Energy Intensity</b>	
Energy per full-time equivalent (FTEe) employee (kWh/FTEs)	5,860
Energy intensity per total asset (kWh/ISK bn.)	29,565
<b>E5. Energy Mix</b>	
Renewable Energy (%)	100
<b>E6. Water Usage</b>	
Total amount of water consumed (m3)	2,736
<b>E7. Environmental Operations</b>	
Does your company follow a formal Environmental Policy? (Yes/No)	No
Does your company follow specific waste, water, energy, and/or recycling policies? (Yes/No)	Yes
Does your company use a recognized energy management system? (Yes/No)	No
<b>E8. Climate Oversight / Board</b>	
Does your Board of Directors oversee and/or manage climate-related risks? (Yes/No)	No
<b>E9. Climate Oversight / Management</b>	
Does your Senior Management Team oversee and/or manage climate-related risks? (Yes/No)	No
<b>E10. Climate Oversight / Management</b>	
Total amount invested, annually, in climate-related infrastructure, resilience, and product development.	-



Social factors	2024
<b>S1. CEO Pay Ratio</b>	
Ratio: CEO total compensation to median FTE total compensation	1.80
Does your company report this metric in regulatory filings? (Yes/No)	Yes
<b>S2. Gender Pay Ratio</b>	
Ratio: Median male compensation to median female compensation	0.95
<b>S3. Employee Turnover</b>	
Year-over-year change for full-time employees (%)	22.7
Year-over-year change for part-time employees (%)	2.3
Year-over-year change for contractors and/or consultants (%)	0
<b>S4. Gender Diversity</b>	
Total enterprise headcount held by women (%)	35
Entry- and mid-level positions held by women (%)	33
Senior- and executive-level positions held by women (%)	33
<b>S5. Temporary Worker Ratio</b>	
Total enterprise headcount held by part-time employees (%)	5
Total enterprise headcount held by contractors and/or consultants (%)	0
<b>S6. Non-Discrimination</b>	
Does your company follow a sexual harassment and/or non-discrimination policy? (Yes/No)	Yes
<b>S7. Injury Rate</b>	
Frequency of injury events relative to total workforce time (%)	0
<b>S8. Global Health &amp; Safety</b>	
Does your company follow an occupational health and/or global health & safety policy? (Yes/No)	Yes
<b>S9. Child &amp; Forced Labor</b>	
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
<b>S10. Human Rights</b>	
Does your company follow a human rights policy? (Yes/No)	Yes
If yes, does your human rights policy See also: cover suppliers and vendors? (Yes/No)	Yes



Governance	2024
<b>G1. Board Diversity</b>	
Total board seats occupied by women (%)	67
Committee chairs occupied by women (%)	100
<b>G2. Board Independence</b>	
Does company prohibit CEO from serving as board chair? (Yes/No)	Yes
Total board seats occupied by independents (%)	67
<b>G3. Incentivized Pay</b>	
Are executives formally incentivized to perform on sustainability? (Yes/No)	Yes
<b>G4. Collective Bargaining</b>	
Total enterprise headcount covered by collective bargaining agreement(s)	100
<b>G5. Supplier Code of Conduct</b>	
Are your vendors or suppliers required to follow a Code of Conduct? (Yes/No)	Yes
If yes, what percentage of your suppliers have formally certified their compliance with the code?	100
<b>G6. Ethics &amp; Anti-Corruption</b>	
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
<b>G7. Data Privacy</b>	
Does your company follow a Data Privacy policy? (Yes/No)	Yes
Has your company taken steps to comply with GDPR rules? (Yes/No)	Yes
<b>G8. ESG Reporting</b>	
Does your company publish a sustainability report? (Yes/No)	Yes
Is sustainability data included in your regulatory filings? (Yes/No)	Yes
<b>G9. Disclosure Practices</b>	
Does your company provide sustainability data to sustainability reporting frameworks? (Yes/No)	No
Does your company focus on specific UN Sustainable Development Goals (SDGs)? (Yes/No)	Yes
Does your company set targets and report progress on the UN SDGs? (Yes/No)	No
<b>G10. External Assurance</b>	
Are your sustainability disclosures assured or validated by a third party? (Yes/No)	Yes