



Arion's equality and human rights policy 2024-2027



The following policy applies to Arion Group, i.e. Arion Bank, Stefnir and Vörður. Together the Arion Group provides comprehensive financial services to the people of Iceland. The policy jointly refers to the three companies as Arion.

Arion's policy is to respect human rights and equality throughout its activities. Arion places importance on creating an environment where people of similar education, work experience and responsibility have equal opportunities and terms, irrespective of origin, ethnicity, religion, view of life, disability, occupational disability, age, sexual orientation, gender identity, sexual characteristics, gender expression or other factors. Any kind of discrimination is contrary to this policy and is prohibited by law¹.

Key focuses at Arion:

- Vacant positions shall be open to all applicants with the requisite education and experience, irrespective of gender or other factors. Specific efforts shall be made to have gender parity in departments, job families and committees at the Bank to elicit more diverse viewpoints.
- We ensure that employees in comparable positions have equal opportunities to pursue continuing education, lifelong learning and vocational training, irrespective of gender or other factors. The learning and development (L&D) courses available under Arion's annual L&D programme take into account the goals in the action plan.
- We ensure that there is no unjustified wage gap. Arion's goal is for all employees to enjoy the same terms for the same or equally valuable jobs². In order to support the equal pay policy, Arion complies with the Icelandic standard ÍST 85:2012 on equal pay management systems. .
- Employees shall be enabled to coordinate their professional duties with their family duties. We offer employees flexibility and at the same time promote a healthy work-life balance.
- Employees are encouraged to use their right to parental leave irrespective of gender. We do our utmost to support employees when they return from parental leave and find ways to bridge the gap between parental leave and daycare.
- Communication at the work place should be based on mutual respect and it should be ensured that employees feel comfortable. There is zero tolerance of bullying, gender-based and sexual harassment or other types of violence and if employees witness any such behaviour, they must report it to the appropriate authority³.
- We place the utmost importance on creating an egalitarian and positive workplace where employees enjoy respect, diverse viewpoints can be expressed and inclusion is a cherished value. The work environment should take into account people's diverse needs so that each and every person gets the opportunity to thrive, both because of and also in spite of their uniqueness.
- We do our utmost to bridge the gender gap on the financial market. Ensuring that all genders participate in their own financial affairs is key to ensuring the successful and equal development of society. By doing so we have an equal impact and an equal voice in the development of society. We place a special emphasis on empowering women when it comes to investment.
- We want Arion's services to be customized to the needs of all customers irrespective of gender, nationality, background or other factors.
- We ensure that international human rights are respected and that equality is safeguarded in the Arion's value chain, including in purchasing, lending to companies and investments.

To advance these focuses Arion works in accordance with an equality and human rights action plan.⁴ In addition to these key focuses we will also strive to safeguard equality in the wording, messages, visuals and marketing from Arion.

¹Act No.150/2020 on Equal Status and Equal Rights Irrespective of Gender (with subsequent amendments) and Act No. 86/2018 on Equal Treatment on the Labour Market. Arion complies with Icelandic law, which is based, among other things, on international obligations and treaties to which the country is party, including International Labour Organization (ILO) conventions under the auspices of the United Nations.²

Equal pay means that salaries are determined in advance using a particular methodology which applies to all employees and ensures that there is no discrimination on the basis of gender or other factors. All salary decisions shall be made in accordance with collective wage agreements. ³The anti-bullying and anti-discrimination action plan and guidelines for employees are available on the intranet.

⁴When devising the plan reference was made to the OECD guidelines for multinationals, UN guiding principles on business and human rights, ILO declarations on fundamental labour rules and rights and the International Bill of Human Rights



Arion's equal pay policy

It is the policy of Arion Bank to pay equal salaries for jobs of equal value. Arion's goal is for all employees to enjoy the same terms for the same jobs or equally valuable jobs and to ensure that no unjustified wage gap exists. Equal pay means that salaries are determined in advance using a particular methodology which applies to all employees and ensures that there is no discrimination on the basis of gender or other factors. It must also be ensured that all decisions on salaries are in compliance with collective wage agreements. In order to support the equal pay policy, Arion complies with the Icelandic standard ÍST 85:2012 on equal pay management systems.

According to the standard, Arion pledges to:

- Implement a documented and certified equal pay management system. The system shall be maintained through monitoring and constant improvement and preventive measures are taken.
- Maintain equal pay certification in accordance with current regulations and respond to anomalies and criticisms as applicable.
- Categorize jobs according to requirements of equal pay management system and carry out a pay audit at least annually.
- Carry out an internal audit and perform regular management review of equal pay management system, equal pay policy and targets.
- Present equal pay policy to employees and publish it on internal and external websites.
- Present the results of the annual equal pay certification to employees.



Equality and human rights action plan 2024-2027

The action plan has been approved by the Group's senior management.

Hiring, job development and continuing education

Vacant positions shall be open to all applicants with the requisite education and experience, irrespective of gender or other factors. We ensure that employees in comparable positions have equal opportunities to pursue continuing education, lifelong learning and vocational training, irrespective of gender or other factors. All managers should set realistic targets on how they aim to achieve equal gender ratios and diversity in their teams over the next three years.

Targets	Actions	Responsibility	Indicators	Timeframe
Aim for equal opportunities for job development and promotion at work.	Ensure that the succession plans and leadership training align with Arion's targets on equality.	Senior management ⁵ and human resources	Gender ratio in succession plan and leadership training.	Annual audit.
	Most vacant positions are advertised with the objective of providing equal opportunities, irrespective of gender or other factors.	Senior management and human resources	Ratio of advertised positions by departments, job families and gender.	Annual audit.
Aim for equal gender ratios in department, job families and committees.	Organize training for new management on equality and the importance of diversity.	Senior management and human resources	Number of participants in L&D programmes.	Annual audit.
	Gender ratios must be taken into account when appointing committees.	CEO of Arion Bank	Gender ratios in committees.	Annual audit.
	Management and human resources consider the current gender ratio and endeavour to hire people of the gender in a minority in the department/job family.	Senior management and human resources	Gender ratio in departments and job families.	Annual audit.
Aim for equal gender ratio of people participating in L&D.	Encourage all employees to participate in L&D, which includes by linking L&D to Arion's KPIs.	Senior management and human resources	Gender ratio of people participating in L&D.	Annual audit.

⁵ Senior management: CEO of Arion Bank, executive committee of Arion Bank, CEO of Vörður and managing director of Stefnir.



Pay equity

We ensure that there is no unexplained wage gap. Arion's goal is for all employees to enjoy the same terms for the same or equally valuable jobs.⁶ In order to support the equal pay policy, Arion complies with the Icelandic standard ÍST 85:2012 on equal pay management systems.

Targets	Actions	Responsibility	Indicators	Timeframe
Employees enjoy the same terms for equally valuable jobs irrespective of gender	Perform regular pay equity analysis and take corrective action in the case of unexplained pay gap.	Senior management and human resources.	Internal pay equity analysis.	Audit at least four times a year.
There is no unexplained pay gap and the total deviation is not more than 1%.	Retain equal pay certification awarded to Arion.	Senior management and human resources.	Unexplained gender pay gap	Annual audit.
The coefficient of determination (R^2) shall not be lower than 95%.	Support constant improvement in accordance with ÍST 85:2012 on equal pay management systems.	Senior management and human resources.	Median total compensation.	Annual audit.
The ratio of median male compensation to median female compensation decreases to below 1.25. (Assuming annual wages).	Consider equal opportunities when changing salaries and in job development.			
Managers know the targets on pay equity in order to be able to take decisions in support of target.	Present action plan and targets to management. Present results of equal pay certification to senior management.	human resources		Review senior management annually.
Participation of management in equality L&D programmes is over 90% at end of period.	Regular L&D for management on pay equity.	Senior management and human resources.	Measure management participation in L&D on equality.	Audit every second year.

⁶ Equal pay means that salaries are determined in advance using a particular methodology which applies to all employees and ensures that there is no discrimination on the basis of gender or other factors. All salary decisions shall be made in accordance with collective wage agreements.



Work-life balance

Employees shall be enabled to coordinate their professional duties with their family duties. We offer employees flexibility and at the same time promote a healthy work-life balance.

Employees are encouraged to use their right to parental leave irrespective of gender. We do our utmost to support employees when they return from parental leave and find ways to bridge the gap between parental leave and daycare.

Targets	Actions	Responsibility	Indicators	Timeline
To be a family-friendly workplace.	<p>Offer flexible working hours and a policy on working from home.</p> <p>Meet employees' need to attend to temporary family duties, e.g. by offering reduced working hours after parental leave or offering leave due to illness or temporary family responsibilities.</p> <p>Support employees when returning from parental leave.</p> <p>Find ways to bridge gap between parental leave and daycare.</p>	Senior management and human resources.	<p>Measure employees' perception of work-life balance.</p> <p>Number of employees working part-time and analyze reasons.</p> <p>Analyze taking of holidays and shortened working week.</p>	Annual audit.
Employees shall be enabled to coordinate their professional duties with their family duties.	Encourage employees to take statutory holidays and to take advantage of the shortened working week.			
The survey on people's perception of their work-life balance scores at least 4.2.				
All employees exercise their right to parental leave and children's sick leave irrespective of gender.	Employees are encouraged to use their right to parental leave irrespective of gender. Inform expectant parents of their rights.	Senior management and human resources.	<p>Analyze how many people exercise right to parental leave.</p> <p>Analyze recording of absences due to child sickness.</p>	Annual audit.
See positive development in gender ratio in terms of taking parental leave.	Ensure that employees generally receive 80% of their salary during parental leave. ⁷			
Support employees who are retiring.	<p>Implement policy on employee retirement by performing regular analysis of age of employees.</p> <p>Offer courses relating to retirement.</p>	Human resources.	Analysis of age of employees.	Regular audits throughout year.

⁷ Up to certain maximum for 6 months, taking into accounts rules of parental leave fund.



Bullying, harassment and violence

Communication at the work place should be based on mutual respect and it should be ensured that employees feel comfortable.

There is zero tolerance of bullying, gender-based and sexual harassment or other types of violence and if employees witness any such behaviour they must report it to the appropriate authority⁸.

Targets	Actions	Responsibility	Indicators	Timeline
To have a culture where there is zero tolerance of bullying, sexual/gender-based harassment or violence.	Anti-bullying and anti-harassment policy and action plan.	Anti-bullying team.		Policy reviewed every third year.
	L&D programmes for employees on symptoms consequences and procedures for dealing with cases of bullying and harassment.	Anti-bullying team, human resources and management.	Number of L&D events and number of participants.	Audit every second year.
	Regular training for management on this topic.	Anti-bullying team, human resources and management.	Number of L&D events and number of participants.	Audit every second year.
	Provide training for new employees and new management on this topic.	Anti-bullying team and human resources.	Number of L&D events and number of participants.	Annual audit.
	Process the results of surveys on bullying, harassment and violence.	Anti-bullying team and human resources.	Percentage of employees experiencing bullying, sexual/gender-based harassment or violence	Annual audit.
	Keep track of the number of reports of bullying, harassment or violence.	Anti-bullying team and human resources.	Number of reports.	Annual audit.
	Perform risk assessment and use results in accordance with regulation No. 1009/2015.	Anti-bullying team.	Number of risk factors.	Performed every third year.
	Create procedure to be used if employees report they are victims of domestic violence.	Human resources.		Procedure ready before the end of 2025.

⁸The anti-bullying and anti-discrimination action plan and guidelines for employees are available on the intranet.



Inclusion and diversity

We create an egalitarian and positive workplace where employees enjoy respect, diverse viewpoints can be expressed and inclusion is a cherished value.

The work environment should take into account people's diverse needs so that each and every person gets the opportunity to thrive, both because of and also in spite of their uniqueness.

Targets	Actions	Responsibility	Indicators	Timeline
Arion's inclusion index scores above average and above the median value nationally in Alda's inclusion survey.	Promote greater awareness among employees.	Senior management and human resources.	Alda's inclusion index.	Annual audit.
Be a workplace which prioritizes inclusion.	Organize L&D for employees and management on inclusion.	Senior management and human resources.	Audit of number of L&D events. Analysis of number of participants.	Annual audit.
	Place of work suitable for everyone irrespective of disability or other factor. Create action plan on potential improvements to premises and improvements made as necessary.	Senior management and human resources.	Alda's inclusion index.	Target reached before the end of 2025.
	Improve access to information and L&D for employees with foreign background who do not speak Icelandic as a native language.	Senior management and human resources.	Ratio of mandatory L&D available in English.	Target reached before the end of 2027.
	Offer employees of foreign background Icelandic language classes.	Senior management and human resources.	Analysis of number of participants.	Target reached before the end of 2025.



Arion as service provider – inclusion and diversity among customers

We want Arion's services to be customized to the needs of all customers irrespective of gender, nationality, background or other factors.

We do our utmost to bridge the gender gap on the financial market. Ensuring that all genders participate in their own financial affairs is key to ensuring the successful and equal development of society. By doing so we have an equal impact and an equal voice in the development of society. We place a special emphasis on empowering women when it comes to investment.

By placing importance on inclusion among our customers we want to reach out to more people and to provide good services to all groups of people, including immigrants. The Bank has issued a sustainable financing framework which incorporates loans to SMEs owned by first-generation immigrants.

Targets	Actions	Responsibility	Indicators	Timeline
Increase participation of women in investment.	Continue long-term initiative Women Invest.	Senior management and head of sales and service.	Number of custody portfolios owned by men and women.	Annual audit.
Growth in women's asset portfolios is double that of men's at Arion.			Number of fund trades by men and women.	
Positive growth in loans to companies owned by women.			Assets owned by men and women in funds.	
			Assets owned by men and women in regular savings.	
			Loans to companies owned by women.	
Place importance on inclusion among Arion customers.	Make information on Arion products available on website in at least one foreign language.	Senior management.		Annual audit.
	Review product offering in connection with sustainable financing framework which, among other things, applies to first-generation immigrants.			



Human rights in the value chain

We ensure that international human rights are respected and that equality is safeguarded in Arion's value chain, including in purchasing, lending to companies and investments.

Targets	Actions	Responsibility	Indicators	Timeline
Assess risk of human rights violations in connection with loans and investments on behalf of customers.	Integration of ESG factors into investment process at Asset Management and in active ownership. ESG assessment in loans according to credit rules.	Senior management, head of institutional asset management, heads of corporate & investment banking, credit officer and sustainability officer.	Ratio of assets under management which have undergone ESG analysis. Ratio of loans which have undergone ESG assessment as defined in credit rules.	Annual audit.
Minimize likelihood of Arion doing business with organizations which enable or cause human rights violations. At least 90% of suppliers under agreement with Arion have undergone the supplier assessment and the same percentage agree to the code of ethics for suppliers.	Performance of supplier assessment and signing of code of ethics for suppliers.	Senior management and head of operations.	Ratio of new suppliers who have undergone supplier assessment. Ratio of new suppliers who have agreed to code of ethics for suppliers.	Annual audit.

Period of validity

The equality and human rights policy and action plan come into effect on 22 October 2024. The results of actions are reviewed annually and the plan is updated as required. The policy and plan are reviewed at least every three years.

