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Sustainability accounts

2025

Main abbreviations

Abbreviation	Name	Description
CSRD	Corporate Sustainability Reporting Directive	An EU legislation that requires large and listed companies to report on environmental, social, and governance (ESG) impacts, enhancing transparency and accountability.
ESRS	European Sustainability Reporting Standards	Are comprehensive rules adopted by the European Commission to standardize environmental, social, and governance (ESG) reporting for companies under the Corporate Sustainability Reporting Directive (CSRD).
EU Taxonomy		A science-based classification system established to define environmentally sustainable economic activities, aiming to direct capital towards a net-zero, sustainable economy by 2050. It helps prevent greenwashing by providing standardized criteria, requiring companies to disclose the percentage of their turnover, capital expenditures (CAPEX), and operating expenses (OPEX) that align with six environmental objectives.
GRI	Global Reporting Initiative	An independent, international non-profit organization that provides the world's most widely used standards for sustainability reporting.
PBAF	Partnership for Biodiversity Accounting Financials	An international collaborative of financial institutions (banks, investors) that developed a standardized, open-source framework to measure, assess, and disclose the impact and dependencies of loans and investments on biodiversity.
PCAF	Partnership for Carbon Accounting Financials	A global, industry-led coalition of financial institutions that provides a standardized methodology to measure and disclose greenhouse gas (GHG) emissions associated with loans and investments, known as "financed emissions".
PRB	Principles for Responsible Banking	Was developed in 2019 through a partnership between the United Nations Environment Programme Finance Initiative (UNEP FI) and a founding group of 30 banks.
PRI	UN Principles for Responsible Investment	A leading international network of financial institutions, supported by the United Nations, dedicated to embedding environmental, social, and governance (ESG) factors into investment decision-making and ownership practices.
SBTi	Science Based Targets initiative	A global body enabling businesses and financial institutions to set ambitious greenhouse gas emission reduction targets in line with climate science and the 1.5°C net-zero pathway.
SFDR	Sustainable Finance Disclosure Regulation	Is a set of mandatory European regulations in effect since March 2021, designed to increase transparency, prevent greenwashing, and standardize sustainability disclosures for financial market participants and advisors.
TCFD	Task Force on Climate-related Financial Disclosures	A framework established to improve and standardize corporate reporting of climate-related financial risks and opportunities.
TNFD	Task Force on Nature-related Financial Disclosures	A market-led, science-based global initiative providing a framework for organizations to report and act on evolving nature-related dependencies, impacts, risks, and opportunities.
UNGC	United Nations Global Compact	Voluntary corporate sustainability initiative, encouraging businesses worldwide to adopt sustainable, socially responsible, and ethical policies.

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Sustainability goals

Objective 1

Emphasise responsible lending and green financing

Lending

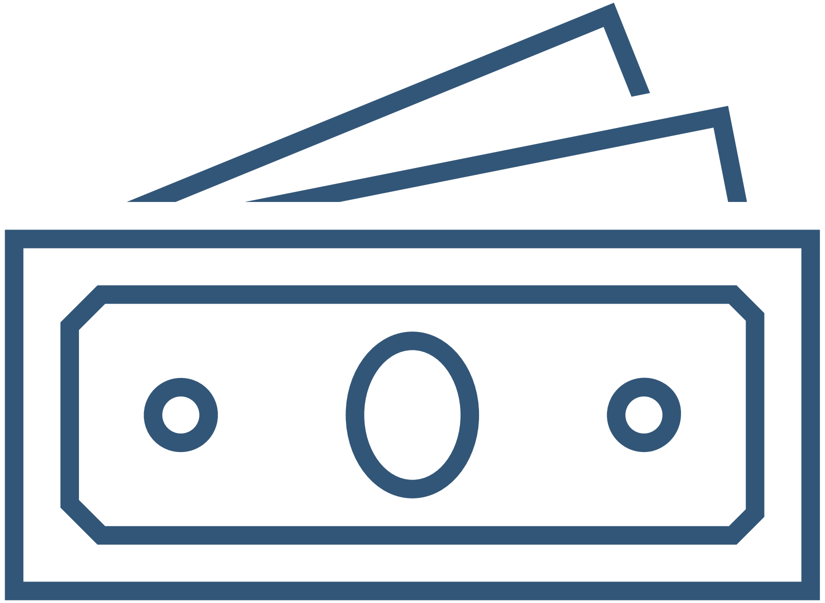
Landsbankinn sets itself goals to increase responsible lending that alings with the criteria set forth in the Bank's Sustainable Finance Framework.

In 2026, the Bank's goal is to increase lending by 10%, or ISK 28 billion.

Financing

Our goal is that 50% of all outstanding borrowing by the Bank be green by year-end 2027.

At the end of 2025, 38% of outstanding green borrowing is green.



Objective 2

Achieve a reduction in GHG emissions

We aim to reduce emissions under Scope 1 by 80% by 2028 and by 95% in 2030 compared with the year 2018. Landsbankinn will maintain its carbon neutral status under CarbonNeutral from 2020 onwards.

As of 1 January 2025, the Bank will cease purchasing vehicles solely fuelled by fossil fuels.

As of 1 January 2027, the Bank will only purchase vehicles that are fuelled by renewable energy sources, such as electricity.

Status at year-end 2025:

46% reduction from the reference year 2018

In 2022, we applied to join SBTi.

In 2023, Landsbankinn adopted goals to reduce indirect emissions using the SBTi guide for financial institutions and applied to have them verified. The Bank's goal was verified by SBTi in early 2024. The key goal applies to financed emissions under PCAF and we are also adopting goals to reduce indirect emissions from the Bank's operation.

The goal the Bank adopted for own operations was to reduce indirect emission by 50% before 2030 as compared with 2019. The goals for financed emissions are sector-specific and SBTi discusses each category in its summary.

Status at year-end 2025:

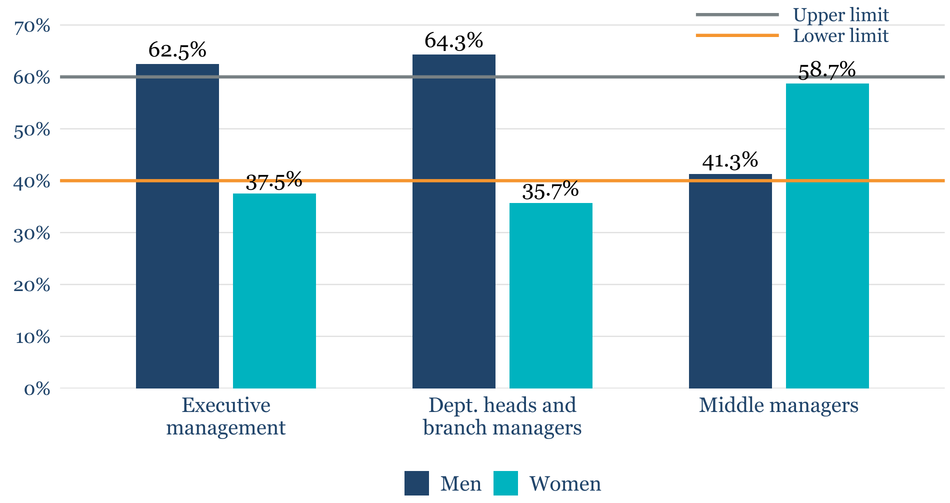
Total Scope 3 emissions for 2025 were 27% lower than in 2019.

In 2025, we intend to begin working on updating the Bank's SBTi goal and align it with the new Financial Institutions Net-Zero Standard published by SBTi in July 2025.

Objective 3

Attain a set gender ratio among executives

By 2030, we want the gender ratio of top management to maintain a balance of no more than 60% representation by any gender and aim to maintain that ratio once it is achieved. Top management breaks down into three groups: Managing directors, department heads and branch managers and other middle managers.



Objective 4

Direct business to responsible suppliers

Our aim is that 80% of the cost of purchased services and goods will be paid to suppliers who have committed to the Bank's code of conduct for suppliers by 2025 or who have adopted comparable rules. **Current status:** A code of conduct for suppliers was implemented at year-end 2021 and the 80% goal reached in 2022. We are now aligning this goal with directing business to responsible suppliers and ensuring that the goal is upheld each year. The supplier code of conduct is reviewed regularly to assess whether updates are needed and it is drafted based on the ten core principles of the UN Global Compact.

Objective 5

Measures to counteract discrimination - share information about EKKO

We intend to do more to show how we use the Bank's EKKO policy to counteract bullying, sexual or gender-based harassment, and violence.

Our sustainability report will contain information about events reported to Human Resources and number of events measured in the Bank's workplace audit.

The results show that employees have experienced EKKO events in 2025. Some of these events were reported to Human Resources and were handled appropriately yet no formal process was initiated, as per the reporters' wishes.

EKKO events	2025	2024	2023
Number of incidents reported to Human Resources			
Formal	0	0	0
Informal	3	2	2
Workplace audit			
Percentage of employees who experienced:			
Bullying	2%	2%	2%
Sexual harassment	1%	0%	1%
Gender-based harassment	1%	1%	2%
Violence	1%	0%	1%

Objective 6

Be informed and inform about the Bank's impact on sustainability

We intend to be leading in disclosure on sustainability. This requires that we:

- Comply with established sustainability regulations as they enter into force, with appropriate disclosure.
- We publish sustainability information with reference to the European Sustainability Reporting Standards (ESRS).
- We address climate risk in the Pillar III risk disclosure report in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- We publish greenhouse gas emissions data, including emissions from the loan portfolio, in accordance with the methodology of the Partnership for Carbon Accounting Financials (PCAF).
- We address the impact of operations on nature in line with the guidance of the Task Force on Nature-related Financial Disclosures (TNFD).
- We disclose information on progress toward the Bank's Science Based Targets initiative (SBTi) emissions reduction targets.

Objective 7

Sustainability disclosures should be attested by third parties

All financial and sustainability information will be attested by a third party to the proper extent.

Current status

- Part of the sustainability reporting (ESRS/GRI) and the climate accounting is verified with limited assurance by Deloitte.
- PCAF reports are audited with limited assurance.
- Landsbankinn’s Sustainable finance Framework has been issued a second party opinion.
- The allocation and impact report for green bonds is verified with limited assurance.

ESRS

General disclosures (ESRS 2)

Basis for preparation of the sustainability statement (BP-1)

The Bank's sustainability accounts reference the ESRS draft that was published in November 2025, this is a step in the process of meeting the ESRS requirements in the future. The Bank's sustainability accounts cover the group on the same basis as the Bank's annual financial statements. The climate accounting includes the operations of the subsidiary Landsbréf in terms of office space and vehicles, employee commutes and business travel. HR figures apply to Landsbankinn's employees only. Landsbréf publishes its own sustainability information alongside its annual financial statement. The same applies to financed emissions, as Landsbréf publishes its own PCAF report on emissions financed by its funds as part of its sustainability accounts. These emissions are not included in Landsbankinn's PCAF report on financed emissions. Information in sustainability accounts are all based on data from the period 1 January 2025 to 31 December 2025, with the exception of PCAF information. The PCAF reports of both entities are published one year after other sustainability disclosures, as the previous year's data only becomes available at the end of the current year. Therefore, the PCAF report for 2024 will be published alongside the 2025 sustainability report.

Certain information, in particular data relating to the value chain, financed emissions and environmental impact, is prepared using estimates, proxies, sector averages, or other methodologies, which are explained where data is unavailable or unreliable. Landsbankinn uses the most reliable data available and describes areas for improvement in the text where appropriate. Efforts are continuously made to improve sustainability disclosures and supporting work through the implementation and updating of processes, the use of available databanks such as Vera, and the application of recognised methodologies such as the Greenhouse Gas Protocol, PCAF and others. Over time, this will result in the Bank's sustainability disclosures becoming more accurate and reliable, and moving closer to meeting the requirements of ESRS.

In 2025, Landsbankinn acquired a new subsidiary, insurance company TM tryggingar hf. TM's sustainability report is published in a dedicated section of Landsbankinn's sustainability report and covers the period from 28 February to 31 December 2025, which is the period during which TM has been part of the Landsbankinn Group. It can be assumed that TM will be included in Landsbankinn's group-level climate accounting in the future, much as Landsbréf. As Landsbankinn, Landsbréf and TM have each conducted an independent double materiality assessment, no group-wide alignment has been carried out for aspects other than climate accounting. There is reason to consider conducting a new double materiality assessment of the entire group in 2026 and follow the ESRS 1 guideline.

Some of the information presented in the sustainability accounts is confirmed with limited or reasonable assurance by Deloitte. This information is specifically marked in the report and the IRO-2 table and stated if they have limited or reasonable assurance.

No information is disclosed that could violate laws or the Bank's internal rules. Data protection and bank secrecy legislation is among the laws and rules the Bank complies with.

Specific information if the undertaking uses phasing-in options (BP-2)

The European Union's adoption of the Omnibus proposal, designed to simplify its sustainability regulatory framework, has created uncertainty regarding its continued implementation in Iceland. For this reason, Landsbankinn is now publishing sustainability information for the second time prepared with reference to ESRS.

The role of administrative, management and supervisory bodies in relation to sustainability (GOV-1)[1]

Governance of sustainability at Landsbankinn is as follows: **Board of Directors**

- Landsbankinn's Sustainability Policy is determined by the Board of Directors. It is regularly updated to reflect the Bank's sustainability priorities and its sustainability goals are defined based on this Policy.
- The Board of Directors is responsible for discussing the importance and status of sustainability in the Bank's operational platform and for reviewing and approving its Sustainability Policy. The Audit Committee deliberates on disclosure and communication of sustainability information.
- The Board of Directors of Landsbankinn is elected at the Annual General Meeting (AGM) for a one-year term and consists of 7 regular members and 2 alternates. All Directors of the Board are independent of the Bank and of major shareholders.
- Reception and training of new Directors Landsbankinn shall devote adequate funds and resources to acquaint new Directors with the Bank's operation and ensure that they receive appropriate training to serve on the Board.
- Further information is presented in Rules of Procedure for the Board of Directors and on individual Directors here.

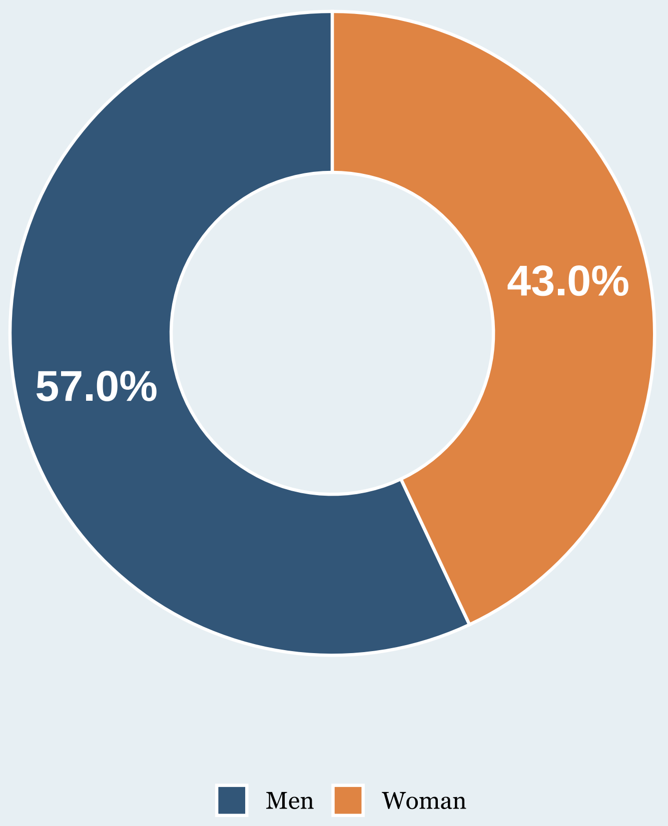
Further information on employee composition is presented in chapter ESRS S1 on p. 39.

Sustainability subgroup:

- Landsbankinn's Risk & Finance Committee operates a subgroup that monitors the Bank's Sustainable Finance Framework and its associated activities. This subgroup oversees eligible financing under the Framework, drafts an annual proposal for the allocation of funds tied to outstanding green bonds for the Risk & Finance Committee, monitors market requirements and ensures the Framework remains compliant, and handles other responsibilities related to the Framework.

[1] Limited assurance by Deloitte.

Gender ratio of the Board of Directors



Finance and the Sustainability department:

- Sustainability is part of the Finance division, and the department is responsible for overseeing the Bank's responsibilities and commitments in sustainability matters, both those the Bank has voluntarily undertaken and those arising from the regulatory framework that applies to the Bank. In addition, the Sustainability department supports other sustainability-related projects within the Bank.

Sustainability risk:

- Landsbankinn has defined sustainability risk as a material risk, including risk related to ESG factors, environment, social and governance. Risk Management evaluates and communicates sustainability risk in the Bank's risk report.

The Bank's Executive Board is comprised of 8 individuals, the CEO and seven Managing Directors. All other employees (non-executives) number 873. The employees' association FSLÍ protects the interests of Landsbankinn's employees.

Landsbankinn's sustainability efforts are integrated into its organisational structure, as described above, to ensure quality and continuity. The Bank complies with laws and has adopted regulations on sustainability as appropriate. The Bank provides updates on its sustainability status to stakeholders through its Annual Sustainability Report and participates in numerous sustainability projects. Landsbankinn's sustainability disclosure is confirmed by a third party in so far as possible.

The Bank's Sustainable Finance Framework includes an external opinion from Sustainalytics. Landsbankinn has also received an ESG risk rating from Reitun in 2025 regarding its management of ESG issues.

Sustainability initiatives in which the Bank is a member:

- UNEP-FI
- UN Global Compact
- Festa, Centre for Sustainability
- UN Principles for Responsible Investment.
- Climate Goals of Festa and the City of Reykjavík.
- IcelandSIF - Iceland Sustainable Investment Forum
- UN Sustainable Development Goals
- Principles for Responsible Banking (PRB)
- Partnership for Carbon Accounting Financials (PCAF)
- Task Force for Climate-related Financial Disclosures (TCFD)
- Task Force for Nature-related Financial Disclosures (TNFD)
- Science Based Targets initiative (SBTi)
- Nordic Swan ecolabled canteen

The Bank evaluates the impacts, risks, and opportunities related to sustainability factors through a double materiality analysis in accordance with the ESRS), its sustainability risk assessment, and during the development of its policies. The results are utilised in various ways, with the goal of leveraging these analyses to improve the Bank's operations.

Integration of sustainability-related information in incentive schemes (GOV-2)

There are no bonus systems in the Bank and therefore no sustainability-linked bonus payments or other such payments.

Statement on due diligence (GOV-3)

The Bank is constantly evolving and improving the processes and due diligence procedures that apply to various sustainability factors. They can be categorised as follows:

- **Due diligence:** The Bank is required to perform due diligence on customers, upon the establishment of a business relationship, as part of regular control and/or for individual transactions. See also chapter G1-2 on measures against money laundering and terrorist financing on p. 52.
- **Code of conduct for suppliers:** See also chapter G1-2 on relations with suppliers, p. 52.
- **Sustainability risk assessment for large exposures:** Sjá nánar í E1-3, p. 31.
- **Landsbankinn Investment & Pension Service:** Responsible for disclosure, advice and all transactions in Landsbréf funds. Governance of Landsbréf responsible investment and sustainability risk is based on the following methodology:
  - The integration of ESG factors in analysis and investment decisions, including through ESG due diligence and third-party assessments.
  - Active engagement in accordance with the ownership policy.
  - The application of screening in the assessment and limitation of investment options.
- **Own employees:** See chapter SBM-2 on p. 19 and chapter S1 on p. 39.

During the year, Landsbankinn completed its participation in the UN Global Compact Business and Human Rights Accelerator. The Business and Human Rights Accelerator is a training programme for UN Global Compact participants across industries and regions.This practical programme supports companies in moving from commitment to action on human rights and labour rights by leveraging their own data and conducting due diligence. Four representatives from the Bank from different departments participated in developing an action plan to identify and prioritise human rights risks and subsequently improve practices. Engagement with stakeholders plays a key role in achieving the greatest possible impact in reducing both the likelihood and the impact of potential human rights violations.

Iceland is in a highly privileged position and there is a risk that human rights are taken for granted. Landsbankinn's long-term sustainability objectives primarily focus on managing the Bank's impacts where they are greatest. To date, the emphasis has been on financed emissions, but the impacts of the Bank's operations on society are broader. Part of this involves addressing human rights matters appropriately and in a manner suited to different groups at various points in the value chain. The Accelerator supports this work and enables the Bank to continue being a trusted Bank for a successful future.

Risk management and internal controls over sustainability reporting (GOV-4)

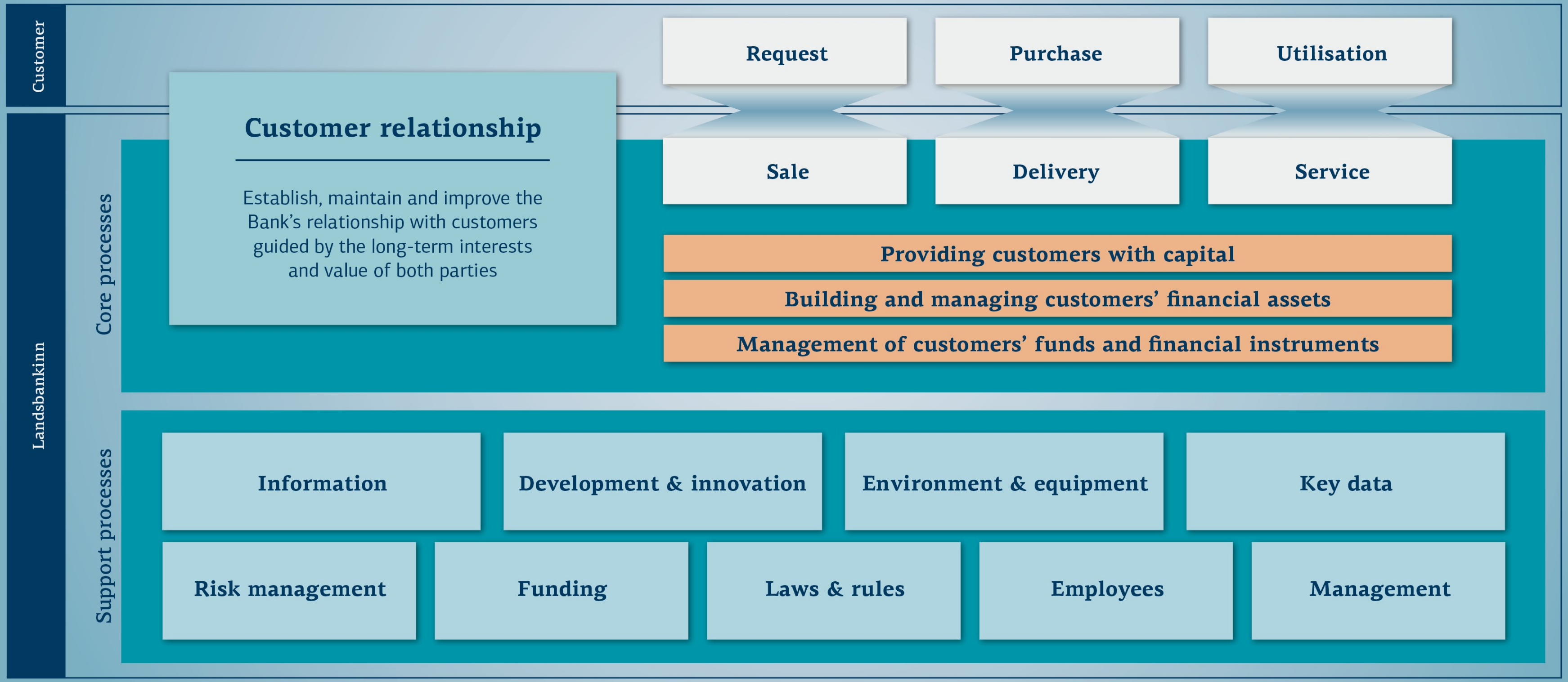
The Bank's Sustainability Policy sets out aims for sustainability and describes the Bank's methods of implementing these in its operation. The Board of Directors approves the Policy and the CEO is responsible for its implementation and realisation. The CEO is also responsible for monitoring implementation of the Policy and reports to the Board of Directors annually. Authority to approve and amend key points and principles lies with the Executive Board. The Managing Director of Finance is responsible for shaping, maintaining and presenting the Sustainability Policy.

Climate risk has been defined as a relevant risk factor in the Bank's Risk Policy. The Risk Management division is responsible for assessing, measuring and developing risk measures for relevant risk factors in the Policy. The Bank has implemented sustainability risk into its risk appetite.

In 2024, the Bank implemented rules on sustainability risk into its risk management framework. The purpose of the rules is to prevent instability or unexpected losses due to sustainability risk. The goal of the rules is to enable the Bank to manage its exposure to sustainability risk in an efficient manner, according to the Bank's risk policy and risk appetite. The rules define a framework on the assessment, measurement and management of sustainability risk and its sub-factors and set benchmarks regarding the execution of sustainability risk management within the Bank. The rules are based on requirements laid out in CRR, guidelines from EBA on loan origination and monitoring, as well as on a report from EBA on management and supervision of ESG risks for credit institutions and investment firms.

The Bank's Risk & Finance Committee has formed a sustainability subgroup under its auspices. The subgroup's role is to oversee the Bank's sustainability framework and compliance of the Bank's green financing schemes to the framework. The Bank produces annual public reports on various sustainability-related factors, such as carbon emissions (PCAF and Pillar III additional disclosures) and the Bank's progress on sustainability in a report.

Landsbankinn process model



Strategy, business model and value chain (SBM-1)

Landsbankinn is a service company that places customers first. In its simplest form, the Bank's customers fall into two categories: those with capital and those in need of capital. The top part of the process model illustrates the Bank's interactions with these stakeholders, focusing on professional sales, efficient delivery and excellent service.

The Bank's core processes (income-generating process) are three:

1. **Providing customers with capital**
   A comprehensive process (sub-processes include the Bank's lending processes) that begins when a customer applies for a loan and concludes when the loan is either fully repaid or resolved through other means (e.g., write-offs).
2. **Strengthen and safeguard the financial assets of customers**
   Customers entrust the Bank with assets for investment (sub-processes include deposit processes, asset management, portfolio management, and pension fund operations).
3. **Management of customer funds and financial instruments**
   The Bank acts as an intermediary or facilitator, arranging funding from third parties, providing payment services (funds, payment cards, and transactions to facilitate payments for goods and services), conducting market transactions (buying and selling securities, foreign exchange, and derivatives), and mediating mergers, acquisitions, or company sales.

Landsbankinn's operating model also reflects the Bank's value chain. Core processes are revenue-generating and deliver value to customers, reflecting the Bank's strategy as a universal bank with a comprehensive range of products and services. Supporting processes underpin the core processes and are a prerequisite for efficient, responsible and stable operations, without being revenue-generating in themselves.

In this context, Landsbankinn has an impact on the allocation of capital and access to financing for households and businesses. Sustainability relates, among other things, to the framework the Bank sets for lending, product offerings and procurement, as well as other key aspects of its operations, and is integrated into the Bank's business model and activities.

"A trusted bank for a successful future" captures Landsbankinn's strategy as an ever-smarter bank. It is fair to state that sustainability must be addressed properly in order to promote a successful future and positive impacts on society. Companies that take sustainability seriously and pursue it with integrity are also using it to build trust with customers.

See chapter IRO-2 for further discussion of the key sustainability factors considered material to the Bank's operation.

Products that promote sustainability

Landsbankinn offers sustainable investment options and loans to both corporate and retail customers. Below is an overview of the sustainable financial services offered by the Bank.

- **Sustainable savings:** Sustainable savings allow customers to grow their savings in a way that contributes to sustainable development. Deposits to a sustainable savings account are earmarked for sustainable lending, meaning that they are invested in sustainable projects. Loans to purchase electric cars are an example of sustainable lending.
- **Eignadreifing sjálfbær:** The objective of Eignadreifing sjálfbær sustainable asset allocation fund is to achieve a good rate of return and risk diversification, guided by sustainability. The fund invests solely in financial instruments, such as equities, bonds and unit shares in issuer who operate on a sound sustainability platform.
- **Green vehicle loans:** Landsbankinn supports the energy transition. Electric cars are an important aspect of the transition as their emission factor is lower and their operation more efficient, especially in Iceland. We offer a discount on the borrowing charge on electric cars and an interest-rate discount on their financing.
- **Sustainable Finance Framework:**The Corporate Banking division promotes the Sustainable Finance Framework on the Bank's website. Potential borrowers are informed that Landsbankinn's Framework assigns sustainable projects into 11 categories.

More about the Bank's sustainable products here. All these products support the Bank's Sustainability Policy and advance its sustainability goals.

Landsbankinn does not profit from the production of fossil fuel, chemicals, weapons or tobacco.

Interests and views of stakeholders (SBM-2)

Stakeholder	Type of communication	Frequency
Employees	Workplace Audits	Three to four times per year
	Anonymous comments	As needed
	Performance reviews	At least once per annum
	Education and learning	Regular
Customers	Customer Service Centre	Daily
	Branches and outlets	Daily
	Fraud hotline	As needed
	Email, phone, web chat	Daily
	App and online banking	Daily
	Self-service equipment	Daily
	Knowledge building and meetings	Regular
Suppliers	Contract control and management	Regular/as needed
	Security and quality appraisal of selected suppliers	Annually
	Review of security and quality appraisal	Annually
Investors	Annual and interim financial statements	Quarterly
	Sustainability report	Annually
	IPs	Regular/as needed
Society	Partnerships, including Skólahreysti, KSÍ, Menningarnótt, Hinsegin dagar	Regular
	Funds: Scholarships and community grants	Annually
	Material from Landsbankinn Economic Research and other publications	Annually

Interaction of material impacts, risks and oppurtunities with strategy and business models, and financial effects (SBM-3)

The outcome of the 2024 double materiality assessment was that the materiality factors were either so distant in time that, under current assumptions, they could not be managed, or that they were already being managed through the Bank's Risk Management, Human Resources, Compliance, Legal Services or other departments responsible for the matters raised in the discussions.

This gives reason to revisit the double materiality assessment for Landsbankinn and, at the same time, to carry out a more detailed analysis of the financial impacts of the materiality factors in accordance with ESRS guidance.

The table below in IRO-2 discusses the results of the double materiality assessment in terms of impact, risks and opportunities, where the topics are located in the value chain and when their impacts are expected to materialise.

Description of the process to identify and assess material impacts, risks and opportunities and material information to be reported (IRO-1)

A materiality assessment was performed in 2024 and is discussed in detail on ps. 9-15 in the appendix to Landsbankinn's sustainability report for that year. In February 2025, the so-called Omnibus proposal on simplifying the regulatory framework on sustainability was adopted by the European Union.

With regard to the EU sustainability regulatory framework, Landsbankinn has taken the initiative to begin implementation sooner rather than later, both to ensure comparability with other banks, as the Bank issues green bonds in euros on international markets, and to set a good example by following standardised guidelines in the preparation of sustainability disclosures so that comparable data is available to stakeholders. The Omnibus proposal had a direct impact on the potential implementation of the CSRD into Icelandic law. It was therefore decided to wait and see how the final version of the ESRS would be reflected in the Omnibus proposal before reworking the double materiality assessment in accordance with ESRS. As the final outcome was not available at the end of 2025, the results of the double materiality assessment2 carried out in 2024 continued to be used in this sustainability disclosure. That materiality assessment does not fully comply with the guidance in ESRS 1; however, as it is described in considerable detail in the aforementioned appendix, it is considered clear how the conclusions on material topics were reached. It should be noted that the following chapters, which were listed in the 2024 index, scored lower than other materiality factors in relation to the impact of the Bank's operations and are therefore not included in this report.

- S1-7 Collective bargaining coverage and social dialogue
- S1-11 Persons with disabilities
- S1-13 Health and safety metrics

See IRO-2 for material impacts, risks and opportunities included in this report.

It may also be noted in this context that the bank has published sustainability disclosures since 2011 in accordance with the Global Reporting Initiative (GRI) guidelines, until the implementation of ESRS began in 2024. This also included a materiality analysis and assessed financed emissions as the area where the Bank has the greatest impact. It is important to follow the ESRS 1 guidelines on double materiality analysis in order to obtain standardised and comparable results for the market. This process is planned for 2026 and the results are expected to be published in the Bank's next sustainability report.

Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement (IRO-2)

Disclosure Requirements included in the scope of external assurance are marked with a dot for limited assurance and a star for reasonable assurance.

ESRS	DR	Name of disclosure requirement	Page	Assurance[1]
General Disclosures				
ESRS 2	BP-1	Basis for preparation of the sustainability statement	13	
	BP-2	Specific information if the undertaking uses phasing-in options	13	
	GOV-1	The role of administrative, management and supervisory bodies in relation to sustainability	14	•
	GOV-2	Integration of sustainability-related information in incentive schemes	15	
	GOV-3	Statement on due diligence	15	
	GOV-4	Risk management and internal controls over sustainability reporting	16	
	SBM-1	Strategy, business model and value chain	18	
	SBM-2	Interests and views of stakeholders	19	
	SBM-3	Interaction of material impacts, risks and opportunities with strategy and business models, and financial effects	20	
	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities and material information to be reported	20	
	IRO-2	Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement	21	
Climate Change				
ESRS E1	E1-1	Transition plan for climate change mitigation	31	
	E1-2	Climate-related risks and scenario analysis	31	
	E1-3	Resilience in relation to climate change	31	
	E1-4	Policies related to climate change	32	•
	E1-5	Actions and resources in relation to climate change	33	
	E1-6	Targets related to climate change	33	

ESRS	DR	Name of disclosure requirement	Page	Assurance[1]
	E1-7	Energy consumption and mix	36	⋆
	E1-8	Gross Scopes 1, 2, 3 GHG emissions	37	⋆
	E1-8	Gross scope 3 GHG financed emissions PCAF report	63	•
	E1-9	GHG removals and GHG mitigation projects financed through carbon credits	38	•
	E1-10	Internal carbon pricing	38	
	E1-11	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	38	
Own Workforce				
ESRS S1	S1-1	Policies related to own workforce	39	•
	S1-2	Engagement with own workforce and workers' representatives, existence of channels for own workforce to raise concerns or needs and approaches to remedy	40	
	S1-3	Actions and resources related to own workforce	41	
	S1-4	Targets related to own workforce	42	
	S1-5	Characteristics of the undertaking's employees	43	•
	S1-6	Characteristics of non-employees in the undertaking's own workforce	44	•
	S1-8	Diversity metrics	45	•
	S1-9	Adequate wages	46	
	S1-10	Social protection	46	
	S1-12	Training and skills development metrics	47	•
	S1-14	Work-life balance metrics	48	•
	S1-15	Remuneration metrics	49	•
	S1-16	Incidents of discrimination and other human rights incidents	50	
Business Conduct				

ESRS	DR	Name of disclosure requirement	Page	Assurance[1]
ESRS G1	G1-1	Policies related to business conduct	51	●
	G1-2	Actions related to business conduct	52	
	G1-3	Targets related to business conduct	55	
	G1-4	Metrics related to incidents of corruption and bribery	56	●
	G1-5	Metrics related to political influence and lobbying activities	56	
	G1-6	Metrics in relation to payment practices	56	

IRO analysis: Assessment of impacts, risk and opportunities

Instead of the heat map published in the 2024 sustainability report showing the results of the double materiality assessment, the approach taken here is to present the key items in a table.

The materiality assessment revealed that E1, S1 and G1 are the most significant for the Bank's operations, although not all topics falling under each category were deemed material. This section reviews and links together the outcomes of workshops with internal and external stakeholders for these three sections, discusses the impacts, risks, and opportunities for each topic and positions them within the value chain and the timeframe in which they are considered likely to materialise. Finally, the response is addressed, in the sense that it describes how the Bank currently responds to each topic within its operations.

ESRS chapter	Impacts	Risk	Opportunity	Value chain	Time	Response
E1 Climate Change	The Bank's primary impacts are through its loan portfolio and financed emissions			Downstream	Impact materialises over the long term	Lending is monitored to companies that fall under the definitions of the Sustainable Finance Framework and are considered to be working towards sustainability.
		The Bank's climate risk is embedded in its loan portfolio, either as physical risk or transition risk. If customers are adversely affected by climate change - for example through damage or changes to their business models as a result of regulatory or tax changes - particularly where many industries depend on natural resources, there is a risk that repayment capacity may be reduced and/or cease entirely. In such cases, the Bank would incur significant financial losses.		Downstream	Impact materialises over the long term	Managed through Risk Management, which monitors sustainability risk, including physical and transition risks.

ESRS chapter	Impacts	Risk	Opportunity	Value chain	Time	Response
			Landsbankinn has the opportunity to exert a positive impact on companies and society as a whole through its product offering and lending decisions. The Bank is in a position to provide incentives for its customers to address climate-related issues, including by adopting an environmental policy and setting targets. Through its own procurement, the Bank can impose certain requirements that suppliers must meet and thereby have positive, cascading effects further down the supply chain. It is particularly important in this context to act as a role model in the Bank's own operations and to encourage awareness among others.	Entire value chain	Now	Landsbankinn has a supplier code of conduct and aims to direct its business toward responsible suppliers. The Bank is also subject to strict requirements, for example regarding a Swan-certified canteen, and seeks to set a good example in its operations. The Bank's headquarters are also BREEAM-certified, and most of the Bank's vehicles are electric.

ESRS chapter	Impacts	Risk	Opportunity	Value chain	Time	Response
S1 Own Workforce	Landsbankinn is one of the largest employers in Iceland is responsible for creating a healthy and professional work environment.			Own activities	Now	Landsbankinn works continuously to create a healthy and professional working environment. Further information can be found in the Bank's Human Resources Policy and in the human resources section of the Bank's sustainability report.
		If Landsbankinn were to treat its own employees poorly and fail to comply with laws and regulations, there would be an increased risk of human rights violations and associated reputational damage. It is therefore important that defined and documented measures are in place to address violence, human trafficking and other issues related to occupational health and safety, both for the Bank's own employees and for suppliers.		Own activities	Now	The Human Resources department is responsible for enforcing this for the Bank's employees.

ESRS chapter	Impacts	Risk	Opportunity	Value chain	Time	Response
		A lack of diversity among staff can lead to the formation of echo chambers, which reduces the Bank's ability to address challenges and to develop products for all segments of society.		Own activities	Now	Landsbankinn's Human Resources Policy includes a section on diversity.
			By setting a good example, the Bank promotes employee well-being and is thereby able to attract and retain strong talent.	Own activities	Now	The Human Resources department is responsible for enforcing this for the Bank's employees.
			There are opportunities in employee training, as it raises awareness of the key factors and ensures that the Bank's procedures and policies are consistently followed.	Own activities	Now	Education & Career development is a unit within Human Resources. The department handles instruction and courses for employees.

ESRS chapter	Impacts	Risk	Opportunity	Value chain	Time	Response
			The Bank is in a key position to strengthen the financial literacy of its employees and the wider community. Strong financial education results in more resilient individuals and better customers, thereby reducing credit risk and the likelihood of defaults.	Own activities and downstream	In the longer term	The Bank provides strong external and internal financial education that enhances financial literacy. Examples include articles on the Bank's website and other channels, as well as various educational events for customers and employees. Nevertheless, there is always room for further improvement.
G1 Business Conduct	When it comes to governance, corporate culture plays a key role in shaping risk appetite, the culture of learning, and ethical business practices. The Bank hosts and processes sensitive and personal customer data and therefore bears responsibility for ensuring data security.			Value chain	In the longer term	Compliance, Legal Services, the Data Protection Officer and the Bank's policies and rules contribute to the safeguarding of data.

ESRS chapter	Impacts	Risk	Opportunity	Value chain	Time	Response
		The increased frequency of cyberattacks highlights the importance of cybersecurity. Conflict of interest is a risk factor, especially in a small community like Iceland.		Value chain	In the short term	Information security is taken seriously; the ISO 27000 information security standard is in place and is regularly audited and certified.
		Diversity in board composition is not solely a matter of gender balance but also encompasses a broad range of knowledge, experience, age and other factors. A homogeneous board poses risks, as it can be more difficult to adapt to change.		Own activity	In the short term	The Bank has sustainability targets relating to diversity among senior management, a human resources policy in which diversity is addressed, and requirements regarding the composition of the board as set by the owner.

ESRS chapter	Impacts	Risk	Opportunity	Value chain	Time	Response
			There are significant benefits to complying with regulations, as compliance not only prevents fines but also supports the Bank's competitive advantage. Diversity in the composition of the board strengthens the bank's ability to identify blind spots from multiple perspectives.	Own activity	In the long term	Diversity among senior management is pursued, among other things, through the Bank's sustainability targets.

Climate change (E1)

Transition plan for climate change mitigation (E1-1)

Landsbankinn has obtained validated science-based targets for reducing greenhouse gas emissions (SBTi). The target is aligned with the objectives of the Paris Agreement to limit global warming to below 1.5°C and applies to both the Bank's direct and indirect emissions, including the majority of financed emissions, with 2028 as the target year.

At present, the bank has not implemented a transition plan, as its approach to achieving reductions in greenhouse gas emissions has focused on the SBTi framework since 2022. Consequently, the bank has also not implemented formal processes or mechanisms in its operations to specifically finance pathways aimed at halting or reducing greenhouse gas emissions. The bank's Executive Board monitors progress toward the SBTi target through the bank's sustainability goals. As discussed in Landsbankinn's sustainability goals on p. 4 the Bank intends to align its SBTi targets to the newly published guidelines from SBTi for financial undertakings (FINZ), issued in July 2025.

Climate-related risks and scenario analysis (E1-2)

For corporate lending, the Bank has set itself sustainability guidelines. These guidelines influence the assessment of risk and compliance with the Bank's sustainability goals in credit decisions, applying both generally to corporate customers and specifically to certain sectors. These guidelines cover issues such as sound business practises, choice of suppliers, effect of climate change, waste management and more. The Bank has developed and implemented a sustainability risk assessment tool to be used for large corporate loans.

The Bank has established a green financing framework and included the ratio of eligible green assets, according to the framework, in the Bank's risk appetite.

The Bank has assessed sustainability risk in relation to other material risks for the Bank. The largest impact of sustainability risk is on credit risk, funding risk and operational risk.

The effect of sustainability risk on financial risk factors, regarding capital and liquidity, is assessed in the Bank's Internal Capital/Liquidity Adequacy Assessment Process (ICAAP/ILAAP). No additional capital was allocated due to sustainability risk in the Bank's operation at year-end 2024.

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When assessing sustainability risk, defining metrics and integrating sustainability risk into its risk management framework, the Bank emphasises the collection of readily available, accurate and high-quality data. This data can either be from external data vendors, collected internally or directly from the Bank's customers. Going forward, the Bank expects data on sustainability risk to become more available, more accurate and increase in quality. This will in turn lead to a more accurate assessment of sustainability risk.

Resilience in relation to climate change (E1-3)

In the assumptions section of the business plan, an analysis of the external environment is carried out using the PESTEL framework, where environmental factors are assessed in cooperation with Landsbankinn's Sustainability Department. The results are taken into account in the plan itself through appropriate measures where relevant. The bank's divisions are responsible for the implementation and follow-up of these measures.

The bank has developed and implemented a sustainability risk assessment tool for use in large corporate lending. The tool supports the assessment of sustainability risk and relevant sub-risk factors on a case-by-case basis for large corporate loans.

Policies related to climate change (E1-4)[1]

Sustainability Policy

Landsbankinn's Sustainability Policy applies to Landsbankinn hf. Landsbankinn can in its operation be affected by or impact sustainability, ESG factors and transition and physical risk.

Goals

This Policy sets out aims for sustainability and describes the Bank's methods of implementing these in its operation. The Policy supports the aims of "Landsbankinn, an ever-smarter bank" by describing how the Bank intends to approach the changes modern thinking on sustainability require. These changes are intended to further the interests of the Bank, its customers, and society in general, for the future. The Bank's sustainability objectives are divided into environmental factors, social issues and governance practices. The Bank includes biodiversity under environmental factors. The Bank intends to show initiative in disclosing information about sustainability.

Custodians of the Policy

The Board of Directors approves the Sustainability Policy of Landsbankinn. The Policy is reviewed and updated annually. The CEO is responsible to the Board of Directors for the implementation and realisation of this Policy. The CEO is also responsible for monitoring implementation of the Policy and reports to the Board of Directors annually. Authority to approve and amend key points and principles lies with the Executive Board. The CFO is responsible for shaping, maintaining and presenting the Sustainability Policy. Landsbankinn's Sustainability Policy is updated annually.

Environment

Landsbankinn endeavours to protect the environment in its operation and increase environmental awareness among stakeholders. The Bank practices responsible resource management and seeks to reduce GHG emission and waste from its operation. The Bank assesses GHG emission from its operation and indirect emission from its loan portfolio, using the Partnership for Carbon Accounting Financials (PCAF) method. By knowing the scope of emission from its loan portfolio and monitoring developments, Landsbankinn is able to assess climate-related risk (transformation and physical risk) and to undertake appropriate stress testing, scenario analysis and implement action, as needed.

Code of conduct for suppliers

To implement its Sustainability Policy, the Bank issues a code of conduct to its suppliers. Landsbankinn is a signatory of the UN Global Compact and as such obligated to work towards the UN's 10 Sustainable Development Goals (SDGs). The Bank is responsible for contributing to sustainable business practices in its supply chain, through business with suppliers and service providers. Landsbankinn requires that its suppliers adhere to responsible business practices that promote sustainability. The Bank's key suppliers and their suppliers in turn are thus required to work towards the fundamental objectives of the Global Compact and be able to demonstrate their efforts, either by becoming signatories or by detailing their work towards the goals, if requested.

The Supplier Code of Conduct also supports the Bank's sustainability objectives by directing business toward responsible suppliers. The Supplier Code of Conduct is updated regularly.

Further discussion of the Code of Conduct and engagement with suppliers can be found in section G1-2 on p. 52.

[1] Limited assurance by Deloitte.

Actions and resources in relation to climate change (E1-5)

Landsbankinn's climate actions aim to manage and mitigate significant impacts related to climate change, in particular those associated with financed emissions. These actions are aligned with the Bank's science-based emission reduction targets, as validated by the Science Based Targets initiative (SBTi), and support the Paris Agreement objective of limiting global warming to 1.5°C.

Key actions

1. Emissions measurement and reference years
   a. Implementation and ongoing follow-up of emissions measurement covering direct and indirect emissions, including financed emissions.
2. Science-based target setting
   a. Harmonised emission reduction targets across scopes 1, 2 and 3, validated by SBTi.
3. Portfolio and credit policy
   a. To achieve defined temperature alignment scores across relevant sectors in the loan portfolio and in the equity and bond portfolio.
   b. Maintain the emissions intensity of its real estate investment/loan portfolio at or below 1.0 $kgCO_2e/m^2$ from 2019 through 2030 and only finance 1.5°C aligned real estate assets.
   c. Continue providing corporate loans in the power sector for only renewable electricity through 2030.
4. Disclosure and education
   a. Increased customer education and support to promote emissions measurement and science-based target setting.

The actions directly support the Bank's objectives of:

- reducing greenhouse gas emissions in line with SBTi targets,
- improving the management of climate-related risks in the loan portfolio, and
- increasing transparency and reliability in climate-related disclosures.

Performance and expected emissions reductions

- Landsbankinn's SBTi targets are based on the following expected emissions reductions:
  - a 95% reduction in scope 1 and 2 emissions by 2030 compared to the 2019 base year;
  - a 50% reduction in scope 3 emissions (categories 1–14) by 2030 compared to the 2019 base year.

Amounts related to climate targets

Landsbankinn does not have specific financial amounts directly allocated to climate targets. However, financial obligations arise from the Bank's sustainability commitments, including membership fees to sustainability-related non-profit organisations. In addition, operating costs are incurred by the sustainability department, which is responsible for managing and implementing the Bank's sustainability commitments, including climate-related targets.

Targets related to climate change (E1-6)

Clear and measurable goals are essential for effective sustainability management. Landsbankinn sets ambitious sustainability goals, which are reviewed regularly and are based on the Bank's sustainability policy. The Bank's disclosures are closely linked to these goals and are guided by principles of transparency and education, including communication on progress achieved.

Landsbankinn currently has seven sustainability goals, which are grouped into the following categories: environmental, social and governance matters, as well as overarching sustainability.

1. Promote responsible lending and green financing
   a. Lending
      i. Landsbankinn aims to increase responsible lending that qualifies under the Bank's Sustainable Finance Framework.
      ii. By 2026, the Bank aims to increase such lending by 10%, corresponding to approximately ISK 28 billion.
   b. Financing
      i. The Bank aims for 50% of its outstanding debt financing to be classified as green by the end of 2027.
      ii. Status at the end of 2025: 38% of the Bank's outstanding debt financing was

classified as green.

2. Reduce greenhouse gas emissions
   a. Direct emissions (scope 1)
      i. Landsbankinn aims to reduce scope 1 emissions by 80% by 2028 and by 95% by 2030 compared to the 2018 base year. The Bank has maintained carbon neutrality in accordance with the CarbonNeutral standard since 2020
      ii. From 1 January 2025, the Bank will no longer purchase vehicles powered solely by fossil fuels.
      iii. From 1 January 2027, the Bank will only purchase vehicles powered solely by renewable energy sources, such as electricity.
      iv. Status at the end of 2025: a 46% reduction in scope 1 emissions compared to the 2018 base year.
   b. Indirect emissions (scope 3)
      i. In 2022, Landsbankinn applied for membership in the Science Based Targets initiative (SBTi).
      ii. In 2023, the Bank set targets for the reduction of indirect emissions in accordance with SBTi's standard for financial institutions and applied for validation. These targets were confirmed by SBTi in early 2024. The primary focus of the targets is on financed emissions, calculated in line with the PCAF methodology, while an additional target was set for indirect emissions from the Bank's own operations.
      iii. The target for the Bank's own operations is a 50% reduction in indirect emissions by 2030 compared to the 2019 base year. Financed emissions targets are defined by sector; further details are available in SBTi's published target summary.
      iv. Status at the end of 2025:
         1. Total scope 3 emissions were 28% lower than in 2019.
         2. In 2025, the Bank plans to initiate work on updating its SBTi targets and aligning them with the Financial Institutions Net-Zero Standard published by SBTi in July 2025.

Further information on Landsbankinn's sustainability targets is available in the section Sustainability targets in full.

Scientifically validated emission reduction targets (SBTi)

Decarbonisation lever	Base year(2019)	Target year (2030)
Gross emissions (scope 1, 2, 3)	100	50
Own operations (scope 1 & 2)	100	5
Financed emissions (scope 3)	100	50

Asset class	Target	Status
Mortgages	Landsbankinn hf. commits to maintain the emissions intensity of its real estate investment/loan portfolio at or below 1.0 $kgCO_2e/m^2$ from 2019 through 2030 and only finance 1.5°C aligned real estate assets.	1,26 $kgCO_2e/m^2$*
Corporate loan: electricity generation	Landsbankinn hf. commits to continue providing corporate loans in the power sector for only renewable electricity through 2030.	Landsbankinn hf. continues to provide corporate loans in the power sector exclusively for renewable electricity generation.
Corporate loan: commercial real estate	Landsbankinn hf. commits to align its **scope 1+2** portfolio temperature score within commercial real estate from 3.2°C (2019) to 2.47°C by 2028.	Portfolio temperature score as of today: 3.19 °C
	Landsbankinn hf. commits to align its **scope 1+2+3** portfolio temperature score within commercial real estate from 3.2°C (2019) to 2.47°C by 2028.	Portfolio temperature score as of today: 3.14 °C
Corporate loan: aviation, shipping, fisheries, other long-term debt	Landsbankinn hf. commits to align its **scope 1+2** portfolio temperature score from 2.17°C (2019) to 1.88°C by 2028.	Portfolio temperature score as of today: 2.22 °C
	Landsbankinn hf. commits to align its **scope 1+2+3** portfolio temperature score from 2.73°C (2019) to 2.20°C by 2028.	Portfolio temperature score as of today: 2,01 °C
Listed equity, ETFs, REITs, corporate bonds	Landsbankinn hf. commits to align its **scope 1+2** portfolio temperature score from 1.92°C (2019) to 1.70°C by 2028.	Portfolio temperature score as of today 1.74 °C
	Landsbankinn hf. commits to align its **scope 1+2+3** portfolio temperature score from 1.96°C (2019) to 1.72°C by 2028.	Portfolio temperature score as of today: 2.45°C

* Since the target was set, the methodology for calculating emission factors for heat and electricity has changed. Previously, all emissions from geothermal power plants were allocated to electricity generation, with none attributed to heat production; emissions are now allocated to both electricity and hot water. In addition, electricity shortages in recent years led to curtailment of renewable electricity supply to district heating utilities, requiring temporary use of fossil fuels and resulting in higher emissions. Similar situations are expected to be limited going forward, as district heating utilities have transitioned to priority energy sources that are not subject to the same risk of curtailment. Further information about Landsbankinn's SBTi targets..

Energy consumption and mix (E1-7)[1]

Landsbankinn's energy consumption is for Landsbankinn and Landsbréf. Total energy consumption for the operations of Landsbankinn and Landsbréf consists of electricity and hot water for space heating of buildings, as well as fuel consumption from the Bank's own vehicles. Energy consumption is largely based on renewable energy sources, in line with Iceland's energy mix. Information on energy consumption and its composition is presented in the accompanying tables.

[1] Reasonable assurance by Deloitte.

Location-based	2024	2025
Energy consumption and mix (MWh)		
Fossil sources	259	217
Nuclear sources	0	0
Renewable sources	14.768	11.402
Total energy consumption	15.027	11.619
Share of fossil sources	**1,7%**	**1,9%**
Share of nuclear sources	0,0%	0,0%
Share of renewable sources	98,3%	98,1%

Market-based	2024	2025
Energy consumption and mix (MWh)		
Fossil sources	276	235
Nuclear sources	2	5
Renewable sources	14.748	11.379
Total energy consumption	15.027	11.619
Share of fossil sources	**1,84%**	**2,02%**
Share of nuclear sources	0,02%	0,04%
Share of renewable sources	98,15%	97,94%

Gross Scopes 1, 2, 3 GHG emissions (E1-8)[1]

	2024	2025	% Change
Scope 1 GHG emissions			
Gross scope 1 GHG emissions (tCO_2eq)	67,9	57,0	-16,0%
a. Mobile combustion	67,9	55,1	-18,9%
b. Stationary combustion	0	1,9	+100,0%
Percentage of scope 1 GHG emissions from EU ETS (%)	0,0%	0,0%	
Scope 2 GHG emissions			
Gross location-based scope 2 GHG emissions (tCO_2eq)	74,3	80,2	+ 8,1%
Gross market-based scope 2 GHG emissions (tCO_2eq)	86,2	94,2	+ 9,3%
Significant scope 3 GHG emissions			
Total gross indirect (scope 3) GHG emissions (tCO_2eq)	378.630*	387.796**	+ 2,4%
1. Purchased goods and services	16,3	15,1	-7,0%
a. Cloud computing and data centre services	2,7	0,03	-98,8%
2. Capital goods	212,1	120,2	-43,3%
3. Fuel and energy-related activities (not included in scope 1 or scope 2)	23,7	25,0	+ 5,7%
5. Waste generated in operations	4,9	3,9	-20,1%
6. Business traveling	219,1	256,7	+ 17,1%
7. Employee commuting	256,9	230,9	-10,1%
15. Investments	377.897*	387.144**	+ 2,4%
Total GHG emissions			
Gross location-based scope 2 GHG emissions (tCO_2eq)	378.772*	387.933**	+ 2,4%
Gross market-based scope 2 GHG emissions (tCO_2eq)	378.784*	387.947**	+ 2,4%
Total GHG emissions w/o Investments			
Gross location-based scope 2 GHG emissions (tCO_2eq)	875,2	789,0	-9,8%
Gross market-based scope 2 GHG emissions (tCO_2eq)	887,1	803,0	-9,5%
Direct biogenic scope 1 emissions	5,2	4,9	-6,6%

* Figures that include financed emissions calculated in accordance with the PCAF methodology have been verified with limited assurance by Deloitte. Further information on financed emissions is provided on page 57.

** Figures that include estimates of financed emissions for the year 2025 have not been verified and are based on projections. See further details on page 57.

[1] Reasonable assurance by Deloitte.

The climate accounting is prepared using the methodology of the Greenhouse Gas Protocol (GHG) and covers Landsbankinn and Landsbréf.

Direct greenhouse gas emissions (scope 1) Key parameters for direct greenhouse gas emissions are presented in the accompanying table.

Scope 1 emissions comprise fuel consumption from the Bank's own vehicles. Activity data are obtained from accounting records of the Bank's fossil fuel supplier. Emissions are calculated using emission factors published by the UK Department for Environment, Food and Rural Affairs (DEFRA).

Other indirect greenhouse gas emissions (scope 2)

Key parameters for indirect greenhouse gas emissions are presented in the table alongside.

Scope 2 emissions include purchased electricity and hot water for space heating of the Bank's premises. Emissions calculations are based on data from energy distribution companies and the Bank's internal systems.

Since the beginning of the year, entities in Iceland are required to purchase guarantees of origin for electricity in order for it to be classified as renewable. Landsbankinn purchases guarantees of origin for all electricity consumption, with the exception of its subsidiary Landsbréf, which does not. Accordingly, the market-based electricity emissions of Landsbréf are calculated using the emission factor published by the National Energy Authority (Orkustofnun), which annually determines the origin and environmental impact of electricity and publishes the results in a standardised declaration. **Other indirect greenhouse gas emissions (scope 3)**

Scope 3 emissions include all indirect emissions of the Bank other than those reported under scope 2, including financed emissions, which are described in more detail in the PCAF section of the sustainability accounts.

Emissions from paper consumption, data transmission, fuel production, waste management, taxi use and hotel accommodation are calculated using emission factors from DEFRA and Reykjavík Energy, based on a combination of internal and external data sources.

Emissions associated with the production of computer equipment are calculated based on manufacturer-reported carbon footprint data.

Carbon emissions related to wastewater are estimated based on the results of the employee homeworking questionnaire. The calculation is based on the number of working hours spent in the Bank's premises and the wastewater emission factor published by Reykjavík Energy

Emissions from homeworking and employee commuting are estimated using employee survey data. Homeworking emissions are calculated based on estimated annual working hours and full-time equivalents, combined with technical specifications of work equipment and electricity emission factors published by the Environment Agency. Employee commuting emissions are calculated using DEFRA emission factors by transport mode, vehicle type and energy source.

Emissions from air travel are calculated using the Atmosfair flight calculator, which takes into account aircraft type, route characteristics, flight altitude profiles and the increased climate impact of emissions at higher altitudes.

Scope 3 emissions data only cover parts of the value chain. Within categories 1 and 2, only selected aspects are reported and the published figures therefore do not reflect total emissions. The distribution between categories in indirect emissions is as follows: Category 1 (purchased goods and services). Distribution of drinking water, paper consumption and data transmission. Category 2 (capital goods). Manufacturing of computer equipment. Category 3 (fuel and energy-related activities). Distribution of electricity, distribution of hot water and production of fuels. Category 5 (waste generated in operations). Waste and sewage treatment. Category 6 (business traveling). Flights, taxis and hotel accommodation. Category 7 (employee commuting). Employee travel to and from work including working from home. Category 15. (Investments). Financed emissions according to PCAF.

GHG removals and GHG mitigation projects financed through carbon credits (E1-9)[1]

Landsbankinn offsets its emissions from its operations (Scope 1, 2, and 3, excluding financed emissions) through internationally certified projects recognised by the International Carbon Reduction and Offset Alliance (ICROA). Carbon removal has already been carried out. Landsbankinn has been CarbonNeutral® certified since 2020.

For 2025, the Bank purchased 951 $tCO_2$to offset its operations (excluding financed emissions), with all credits coming from carbon removal projects. Landsbankinn purchases only carbon credits where sequestration has already taken place and the project has received international certification and been recognised by ICROA. Any leakage that may occur within a project is defined and monitored by the project owners and verified through the project's certification. No reversals were reported during the reporting period in connection with Landsbankinn's carbon credits.

Landsbankinn will continue to maintain its CarbonNeutral® certification for emissions from the bank's operations or offset its operations using other carbon credits with comparable certification that are recognized by ICROA. The volume is not predetermined; instead, a plan is prepared at the beginning of each year based on emissions from the previous year, and credits are purchased in accordance with that plan. When the climate accounting is finalised, it becomes clear whether there is a surplus or a shortfall, which is then settled; over the past six years, there has been little variance around year-end.

Support extended to Katla Carbon

During the year, Landsbankinn extended its support to the Katla Carbon project (formerly SoGreen) through a new five-year agreement. The Bank purchases pre-produced carbon credits to support the education of girls in Africa. Katla Carbon supports the bank's sustainability objectives, which are based on Sustainable Development Goal 5 on gender equality and Goal 13 on climate action. The project is expected to prevent 21,896 tonnes of emissions over the coming years.

Internal carbon pricing (E1-10)

Landsbankinn does not have an internal carbon price and is therefore unable to disclose its type, price range or use.

Anticipated financial effects from material physical and transition risks and potential climate-related opportunities (E1-11)

Landsbankinn has not assessed or disclosed the financial effects of material physical or transition risks, nor potential climate-related opportunities, during the reporting period. Further information on the assessment and management of sustainability risks can be found in the bank's Risk Report.

[1] Limited assurance by Deloitte.

Own workforce (S1)

Policies related to own workforce (S1-1)[1]

Landsbankinn is a desirable workplace where a strong team thrives on a positive and success-driven corporate culture. The Bank cares about the welfare and well-being of its employees and emphasise mutual trust and flexibility that enables a balance between work and private life. The knowledge, ambition and drive of everyone who works here is key to sound operation of the Bank for the future.

The Bank places strong emphasis on equality and diversity. In the workplace, each individual is assessed on their own merits and shall have equal opportunities and the same rights in employment and career development. Any form of discrimination, whether direct or indirect, on the grounds of gender, race, ethnic origin, nationality, religion, beliefs, disability, reduced work capacity, age, sexual orientation, gender identity, sex characteristics or gender expression will not be tolerated. The Bank works actively against stereotypes, prejudice, and bias, both conscious and unconscious, among other things in marketing and promotional materials, with a focus on equality and inclusion.

The Landsbankinn's policies on human resources apply to all employees of the Bank, whether in permanent positions, part-time roles, temporary employment, or internships. They also apply to individuals working for the Bank under recruitment agency agreements or similar arrangements, unless otherwise stated. The policies are based on international standards and the bank's commitments, including the United Nations Guiding Principles on Business and Human Rights and the core conventions of the International Labour Organization (ILO). These policies are communicated to employees upon hiring, during onboarding of new staff, and through training and continuing education throughout their careers. The Bank regularly monitors the effectiveness and implementation of its policies through employee satisfaction and engagement surveys, equal pay audits, analysis of employee turnover, gender representation at management levels, and other key indicators reflecting human capital and well-being. The Executive Board and the HR manager share responsibility for ensuring that the policies are implemented, reviewed at least every three years, and that the outcomes of such reviews are used for improvements. Landsbankinn ensures that employees have access to secure channels for complaints and suggestions, both regarding matters related to bullying, gender-based or sexual harassment, and violence in accordance with the Bank's EKKO standards, and regarding other work-related grievances or communication issues. All reports are taken seriously, handled confidentially and without discrimination and protection against retaliation is ensured in line with the Bank's policy on a healthy and safe working environment.

HR policy

The HR Policy defines priority areas relating to the working environment, communication and culture of the Bank, as well as the responsibilities and roles of management and employees in matters concerning equality and diversity. The CEO is the owner of the policy, and the HR Manager is responsible for its implementation and reports to the CEO. Managers and employees of the Bank are responsible for complying with and enforcing the policy. The Executive Board approves the policy and reviews it at least every three years.

Landsbankinn's HR Policy states that remuneration from the Bank for equally valuable work shall be equal. The objective of the equal pay system is to ensure that women and men receive equal pay and the same terms and conditions for work of equal value. Salaries and other employment terms are based on objective criteria and reflect responsibility, competence, results and performance. The Bank complies with the Icelandic standard ÍST 85:2012 on equal pay systems and commits to setting equal pay objectives and conducting annual internal and external audits, as well as pay analyses, to ensure equality and fairness in the Bank's remuneration system. Employees of Landsbankinn are paid equal and fair wages in accordance with applicable collective agreements and legislation, and the Bank ensures that all employees enjoy terms and conditions that meet standards for a decent livelihood and fair working conditions.

[1] Limited assurance by Deloitte.

Further information about the implementation of equal pay goals and the results of remuneration analyses are provided in Landsbankinn's HR Policy.

EKKO, preventative and response plan

Landsbankinn places strong emphasis on creating an environment in which employees feel safe and well. Bullying, gender-based and sexual harassment, as well as other forms of violence (EKKO), are not tolerated under any circumstances and all reports of such behaviour are taken seriously. The Bank's EKKO standards define bullying as repeated behaviour that is generally likely to cause distress to the person subjected to it, such as belittling, insulting, offending, threatening or causing fear. Sexual harassment is any form of sexual behaviour that is unwelcome to the person subjected to it and has the purpose or effect of violating that person's dignity, particularly when the behaviour results in a threatening, hostile, degrading, humiliating, or offensive environment. Gender-based harassment or violence is behaviour related to the gender of the person subjected to it, is unwelcome and has the purpose or effect of violating that person's dignity or creating an environment that is threatening, hostile, degrading, humiliating or offensive. Violence is any behaviour that results in, or could result in, physical or psychological harm or suffering, coercion or arbitrary deprivation of liberty.

The Bank has a clear response plan for EKKO-related matters. Responses may follow either a formal or an informal process, depending on the nature of the case. In a formal process, the procedure includes a report, an impartial review by a qualified professional, information gathering and analysis, case handling and conclusion and finally follow-up. In an informal process, the procedure involves raising the issue or holding a discussion, analysis of the incident, support or counselling for the parties involved, intervention if requested and follow-up. Employees can turn to their superiors, HR or directly to Occupational Health Services at tilkynningar@vinnuverd.is.

Remuneration Policy

The aim of the Remuneration Policy is to make Landsbankinn a desirable workplace for qualified employees to ensure the Bank's competitiveness, continued development and acceptable profitability. Remuneration to executives of the Bank shall be competitive yet moderate and not leading. The arrangement of wages and other benefits shall be as simple and transparent as possible. The Bank's Remuneration Committee serves in an advisory capacity to the Board of Directors and the CEO on the remuneration of the Bank's senior executives and the Bank discloses the remuneration of board members, the CEO and managing directors in its annual financial statements.

Engagement with own workforce and workers' representatives, existence of channels for own workforce to raise concerns or needs and approaches for remedy (S1-2)

Workplace audits

Workplace audits are carried out three to four times per year. The results of the workplace audits are not personally identifiable and results are not published for teams with fewer than four responses. Employees may submit comments (written text) at the end of the audit. These comments are accessible to Human Resources. Managers also have access to the comments related to their respective divisions. Following the audits, HR reviews the results, and managers present the findings to their teams to ensure ownership of the outcomes. HR intervenes either proactively and/or when managers identify the need for improvements. The HR Manager is responsible for overseeing these workplace audits.

Anonymous comments to HR

Employees may also submit comments anonymously to Human Resources; see further discussion on the handling of EKKO-related matters in section S1-3.

Union shop stewards – FSLÍ & SSF

In an organisation as extensive as Landsbankinn, it is essential that employees have the opportunity to raise inquiries and complaints in a simple and accessible manner when needed.

SSF and FSLÍ have a designated contact person, referred to as a shop steward, at all workplaces in order to reach all their members. The shop steward is regarded as one of the most important links in all union activities. The shop steward ensures that collective agreements are upheld and that employees' rights are respected in all respects, in particular with regard to leave, occupational protection, safety and health. The shop steward also makes every effort to create and maintain good cooperation within the company and seeks to resolve any potential disputes.

Actions and resources related to own workforce (S1-3)

Landsbankinn places emphasis on being an attractive employer characterised by trust, professionalism and equal opportunities for all employees. Well-being, equality and flexibility are fundamental prerequisites for success and form part of a holistic approach to ensuring that human capital is supported and given opportunities to grow and develop in the workplace.

Equality and diversity

Equality and diversity are at the core of Landsbankinn's human resources policy. The aim is for all employees, regardless of gender or other personal characteristics, to have equal access to opportunities and rights and to be assessed on their own merits. The Bank complies with the equal pay standard ÍST 85:2012 and holds a valid equal pay certification through 2026. An annual regression analysis of the gender pay gap is conducted, along with an audit by an independent certification body. The objective is to maintain equal pay and equal terms for work of equal value and to promote balanced gender representation in management positions at a 40/60 ratio. The equality action plan sets out measurable targets, responsibilities and timelines, which are followed up by the Executive Board and the HR Manager. Further information on the gender pay gap can be found in section S1-4.

Well-being and security

Landsbankinn places strong emphasis on a health-promoting workplace and employee safety. Cooperation with Occupational Health Services includes health assessments, psychological support, training and advisory services for managers and employees. Employees are entitled to two psychology sessions within each 12-month period at no cost and may also contact Occupational Health Services directly in cases of trauma or harassment. These measures support mental and physical well-being and a healthy working environment.

There is zero tolerance for bullying, gender-based or sexual harassment and violence at Landsbankinn. The Bank operates in accordance with a prevention and response plan designed to promote a safe working environment and clear procedures. All reports of EKKO matters (bullying, gender-based and sexual harassment, and violence) are taken seriously, and responses to reports are initiated within five working days. Employees may report cases through both formal and informal channels and confidentiality is always ensured. The process includes receipt of the case, an impartial review, case handling and follow-up. Occupational Health Services provides advice and assistance as needed, including in the form of facilitated counselling sessions. Training for managers in psychological first aid and awareness-raising for employees are a regular part of preventive measures, and new employees receive an introduction to the subject through the electronic learning management system. HR monitors the progress of cases and includes questions on EKKO matters in the workplace analysis to support continuous improvement.

Training and professional development

Training and professional development are key pillars of Landsbankinn's HR Policy. The Bank emphasises that training should be accessible, diverse and targeted in order to strengthen professionalism and future skills among employees. All employees have access to the electronic learning platform, Torgið, where they can enrol in courses, complete e-learning modules and track their own progress. Training activities cover job-related skills, personal development skills and mandatory training related to legal or internal requirements, risk assessments or audit requirements from supervisory authorities. Participation is measured and followed up by managers, with the objective that 95% of employees complete each mandatory training course and that average participation over the year reaches 90%. Training and professional development support employee satisfaction, professionalism and competence. Average participation in mandatory training in 2025 was 98%. The effectiveness of mandatory training is assessed by comparing statistical results year-on-year, for example with regard to the frequency of EKKO cases.

The latest results of the 2025 workplace audit show that employees are highly satisfied with the workplace and perceive strong opportunities for development and growth. The Bank conducts four workplace audits each year: three shorter surveys and one comprehensive Q12 survey. Participation in the September 2025 survey was 89% and overall satisfaction was 4.49, one of the highest results since measurements began. The score for the question on opportunities to learn and grow at work increased from 4.19 to 4.34, reflecting employees' positive assessment of the training offerings. Overall, 95% of employees are satisfied with the workplace, and an equally high proportion feel that their manager or colleagues care about them as individuals. 84% feel they have opportunities at work to learn and grow, 94% feel they succeed in their tasks and 95% experience positive care and consideration in workplace interactions. Despite these strong results, there are opportunities for improvement in areas related to recognition and feedback.

Implementation and follow-up

The Executive Board and HR regularly monitor the progress of initiatives related to human resources and equality. Each year, a comprehensive review is prepared on the status of human capital initiatives, including the results of workplace surveys, measurements of training participation, pay equality, gender ratios, absenteeism figures and information on EKKO matters. The results are used to review initiatives and improve policies in line with developments in the working environment and progress is disclosed publicly in the Bank's annual report.

Landsbankinn has developed a comprehensive framework of policies, actions and metrics that integrates equality, well-being, safety and professional development into daily operations. Through cooperation with external experts, targeted training and continuous follow-up, the Bank fosters a workplace culture based on respect, trust and equal opportunities for all employees.

Targets related to own workforce (S1-4)

Landsbankinn has set measurable and clear targets related to its own workforce that support the Bank's overall strategy on equality, diversity, professional development and well-being. The targets reflect the belief that human capital is a key prerequisite for success and that the Bank's performance is built on ensuring that employees have equal opportunities, feel safe and are given opportunities to develop in their roles. **Objectives and metrics**

The Bank's equality action plan states that the objective is to achieve balanced gender representation in management positions within a 40/60 ratio and to ensure that no gender-based pay gap exists. Each year, a regression analysis of the gender pay gap is conducted and equal pay certification is maintained in accordance with the ÍST 85:2012 standard. The aim is to maintain the certification and renew it at the end of each certification period. This supports professional practices and ensures that the Bank's equal pay system is robust and transparent. The gender pay gap measured 1.1% in September 2025, to the disadvantage of women (the target is 0%, but never more than 2.5%). Gender representation in management positions in 2025 was within the 40/60 ratio; further details can be found in section S1-8.

The Bank's HR Policy sets out health promotion initiatives and the objective is to foster a healthy and safe working environment. Through cooperation with Occupational Health Services, employees are ensured access to health assessments, advisory services and psychological support within two weeks. The goal is to improve well-being and reduce sickness-related absence. Guidelines on absence and return to work are designed to support a successful return to work and to create a framework for managers and employees to work together on solutions.

Results and follow-up

The Bank's targets are set and reviewed in consultation with employees. Employee participation in annual workplace audits, in a working group on equality matters, and through employee associations provides valuable insight into employees' situation and expectations. The outcomes of these consultation processes are used to assess performance and to refine policies and targets in human resources matters.

Progress against targets is reviewed annually by HR and the Executive Board. Indicators such as gender ratios, training participation, absenteeism, workplace survey results and the effectiveness of EKKO prevention measures are used to monitor status and improvements. Where appropriate, targets are revised or raised in line with developments and employee attitudes.

By setting clear targets and following them up through regular employee participation and transparency in performance measurement, Landsbankinn fosters a culture of continuous improvement in which well-being, equality and professional development are central. The Bank's targets reflect a holistic strategy that places human capital at the forefront, with continuous progress as a shared objective of employees and management.

Frequency of EKKO cases The results of the EKKO survey below show the proportion of employees who experienced bullying, sexual harassment, gender-based harassment and/or violence during the year. The Bank's objective is that the number of such cases be zero.

*The results show that employees have experienced EKKO events in 2025. Some of the incidents identified in the workplace analysis were reported to HR or Occupational Health Services and were addressed in an appropriate manner; however, no formal process was initiated, in accordance with the wishes of those who reported them.

Characteristics of the undertaking's employees (S1-5)[1]

All disclosures on the number of employees at Landsbankinn include individuals with an active employment relationship with the Bank. Gender categories other than male and female are not disclosed, as the number of employees in other categories is below the threshold required for publication. A minimum of five employees within a category is required for information to be disclosed.

All employee data presented in Landsbankinn's sustainability report relate to Landsbankinn hf. only and do not cover the wider group. Climate accounting is conducted for Landsbankinn hf. and the Landsbréf Group, while human resources data and other social sustainability information are presented in more detail in the appendix.

Landsbankinn considers Iceland to be its sole operating area and therefore operates within a single geographical region.

Employee turnover - all positions	2025	2024	2023
Women <30	1.15%	1.41%	0.82%
Men <30	1.49%	1.29%	1.29%
Women 30-50	1.15%	1.41%	1.88%
Men 30-50	1.84%	1.52%	1.41%
Women >50	3.45%	1.99%	2.58%
Men >50	0.80%	1.29%	1.17%
Total	**9.89%**	**8.91%**	**9.15%**

Type of employment	2025	2024	2023
Permanent employees (count)	**808**	**779**	**769**
Women	440	428	423
Men	368	351	346
Temporary employees (count)	**72**	**81**	**76**
Women	45	47	39
Men	27	34	37
Full-time employees (count)	**801**	**757**	**742**
Women	421	394	379
Men	380	363	363
Part-time employees (count)	**79**	**103**	**103**
Women	64	81	83
Men	15	22	20

[1]Limited assurance by Deloitte.

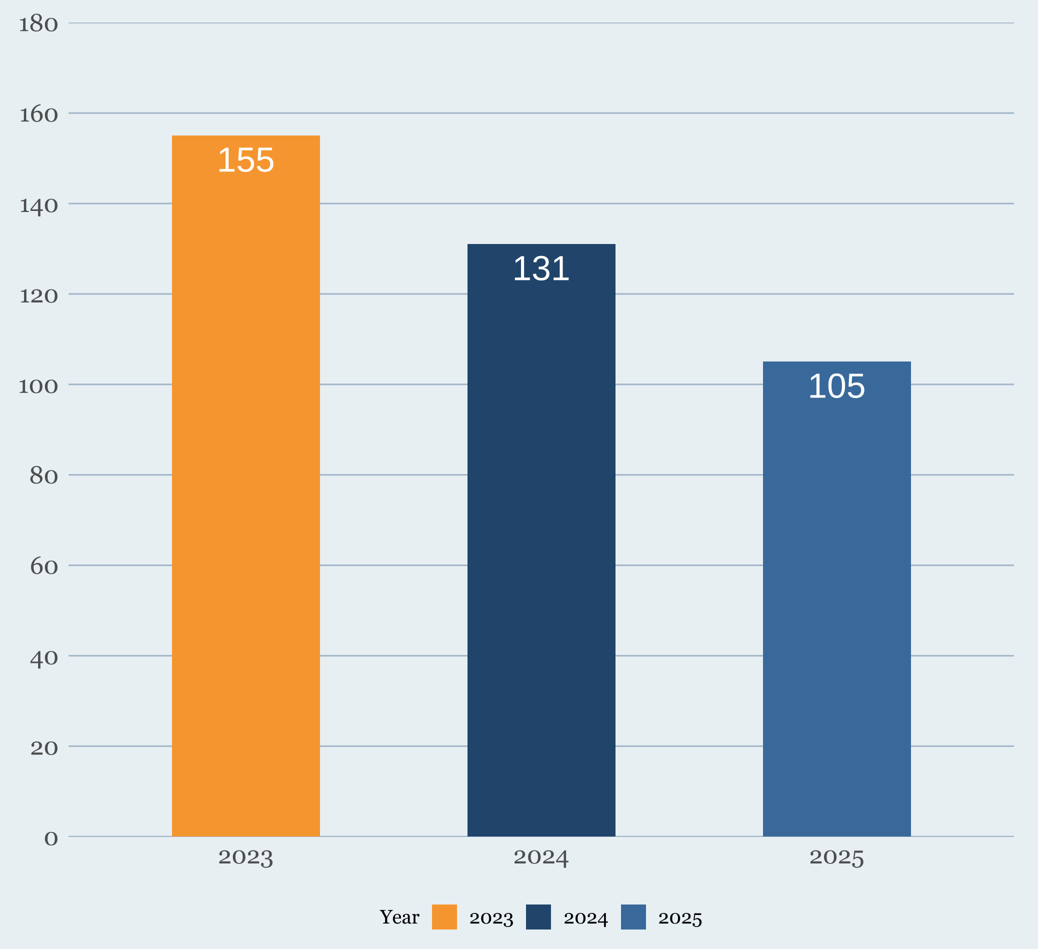
Characteristics of non-employees in the undertaking's own workforce (S1-6)[1]

Non-employee workers comprise contractors engaged by Landsbankinn during the reporting period. Contractors provide temporary, confidential and/or specialist services to the Bank.

The number of contractors is determined based on confidentiality agreements in force during the 2025 reporting year. Accordingly, the figures represent the number of individual contractors engaged during the year and do not reflect full-time equivalents or man-years.

[1] Limited assurance by Deloitte.

Total number of contractors



Diversity metrics (S1-8)[1]

Landsbankinn's job classification framework was updated in 2024. Gender distribution is disclosed by job category based on this framework. The Chief Executive Officer is not included in the job categories. **Job classification framework** The framework comprises six job families, each containing between two and seven job categories, resulting in a total of 17 job categories. One job family includes both managing directors and directors; this family is therefore further disaggregated into the two underlying job categories for disclosure purposes. Job families are defined based on factors that determine the relative value of roles within the Bank, including the demands placed on employees in terms of responsibility, knowledge and skills. Job categories are determined using the following criteria:

- **Knowledge** – work experience and education
- **Scope of work** – communication requirements and task complexity
- **Responsibility** – managerial responsibility and responsibility for values
- **Stress** – level of workload and pressure associated with the role

[1]Limited assurance by Deloitte.

S1-8 Diversity metrics

* The CEO is included with executives in this table.

Adequate wages (S1-9)

Landsbankinn pays equal wages to men and women for equally valuable work. Salaries and other employment terms are based on objective criteria and reflect responsibility, competence, results and performance. The Bank complies with the Icelandic standard ÍST 85:2012 on equal pay systems and commits to setting equal pay objectives and conducting annual internal and external audits, as well as pay analyses, to ensure equality and fairness in the Bank's remuneration system. Employees of Landsbankinn are paid equal and fair wages in accordance with applicable collective agreements and legislation and the Bank ensures that all employees enjoy terms and conditions that meet standards for a decent livelihood and fair working conditions. Further information about the implementation of equal pay goals and the results of remuneration analyses are provided in Landsbankinn's HR Policy.

See the HR Policy for more details.

Social protection (S1-10)

- **Sickness pay (paid by the Bank):** Collective bargaining agreement of SSF and SA - 1 February 2024 - 1 February 2028. Depends on length of employment. Agreement between union and employer.
- **Unemployment / unemployment benefits (from the State):** Information on Atvinnuleysisbætur | Ísland.is.
- **Occupational accidents (Icelandic Health Insurance, the State):** The Bank pays a contribution to Icelandic Health Insurance. All employees carry around the clock life insurance and are insured against permanent disability as a result of accident. The Bank is required to provide such insurance.
- **Parental leave:** By law, everyone is entitled to a wage during parental leave. The State and employer pay wages during parental leave and the Bank guarantees 80% of wages. The Bank pays a contribution against the State. Jointly 12 months or 6 months each, with 1.5 months transferable between the parties. Information on faedingarorlof.is.
- **Retirement due to age:** Employees who retire due to age receive severance pay based on employment contracts (from the Bank).
- **Pension:** There is a legal obligation to pay to pension funds (both employees and employers, total 15%). Employers may also pay to supplementary pension savings up to 4%, with a 2% counter contribution from the employer.

Training and skills development metrics (S1-12)[1]

Following strong growth in training activities in recent years, Landsbankinn made a deliberate decision to reduce the number of individual training offerings. At the same time, the Bank increased the number of longer courses and repeated popular workshops in response to high participation. Training continued to cover specialised, job-related skills, personal development and intermediate competencies. Delivery formats varied and included short lectures, workshops, courses and digital learning.

Training programmes are developed in line with the Bank's strategy, key objectives and business plans, and are designed to address operational needs. Emphasis is placed on adapting training to a changing work environment and the increasing demand for new skills.

In 2025, 71 elective training events were scheduled, comprising 38 events in the spring semester and 33 in the autumn semester. A total of 128 training events were delivered during the year, including events offered multiple times.

Employees attended an average of 11.9 training hours during the year. On average, women attended 13.8 hours of training and men attended 9.6 hours.

[1]Limited assurance by Deloitte.

	Total (%)	Females (%)	Males (%)
Performance reviews	79%	No data exists	No data exists

External learning events	Number of events
Individual learning events	71
Total number of events	128

Average number of training hours	Hours
Average per individual	11.9
Women	13.8
Men	9.6

Work-life balance metrics (S1-14)[1]

All employees are legally entitled to maternity leave. The tables below present the number of employees eligible for maternity leave, the proportion who took maternity leave, and the proportion who returned to work following maternity leave and remained employed one year after their return.

[1] Limited assurance by Deloitte.

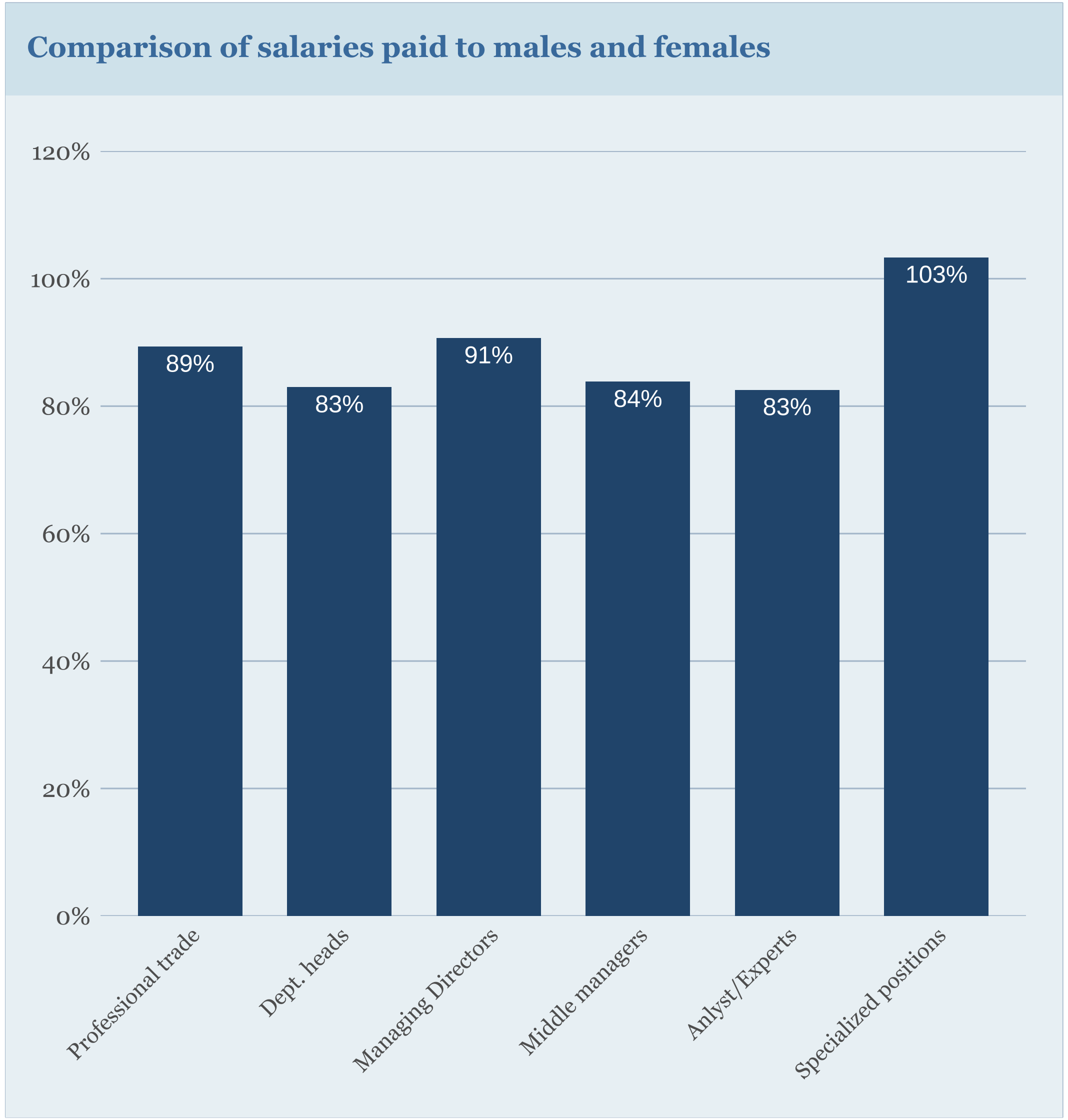
Parental leave	2025	2024	2023
Number of employees entitled to parental leave*	**63**	**62**	**54**
Women	29	29	20
Men	34	33	34
Number of employees who took parental leave		**59**	**53**
Women	29	29	20
Men	34	30	33
Proportion of employees who took parental leave			
Women	1	1	1
Men	1	1	1
Number of employees who returned to work following parental leave*	**57**	**57**	**51**
Women	28	28	20
Men	29	29	31
Number of employees who returned to work following parental leave and were still employed 12 months later*	**47**	**52**	**54**
Women	19	22	22
Men	28	30	32
Employees who did not return to work after parental leave	**5**	**2**	**2**
Women	1	1	
Men	4	1	2
Proportion of employees who returned to work			
Women	96.5%	95.0%	83.3%
Men	96.7%	93.9%	77.5%
Retention rate (employed 12 months after parental leave)			
Women	96.5%	95.0%	95.7%
Men	86.7%	90.3%	86.5%

* In Iceland, entitlement to maternity leave extends over a two-year period. Accordingly, the figures for 2025 reflect employees with children born between 2023 and 2025; the figures for 2024 reflect children born between 2022 and 2024; and the figures for 2023 reflect children born between 2021 and 2023.

Remuneration metrics (S1-15)[1]

All salaries are calculated on the basis of a 100% employment rate. Median salary levels are calculated for each job family and compared by job category and gender.

[1] Limited assurance by Deloitte.



Incidents of discrimination and other human rights incidents (S1-16)

Metric	Result
Number of incidents of discrimination	No incidents of discrimination have occurred. For more details, see sustainability goals.
Number of human rights incidents	No human rights violations or related incidents have occurred.
Total amount of fines, penalties and compensation for damages	No fines, settlement payments, or compensation have been paid due to human rights violations, as no such violations have taken place.

Business conduct (G1)

Policies related to business conduct (G1-1)[1]

Háttsemisstefna

The objective of the Code of Conduct is to reduce conduct and compliance risk by meeting the requirements and expectations placed on the Bank and preventing the financial and non-financial losses that inappropriate conduct can entail. This applies to all employees of the Bank.

Violation of rules and other inappropriate conduct is always a serious matter as such action can have detrimental impact on customers, the Bank and other stakeholders. Anyone can make mistakes and the Bank handles such matters fairly in accordance to its internal processes, yet repeated or serious violations may result in termination of employment. HR maintains dedicated processes for such cases.

The Bank applies a risk-based approach to reduce conduct and compliance risk and regularly assesses the identified risks and the effectiveness of the methods used to mitigate such risks. The following factors are considered most important for reducing conduct and compliance risk:

- Risk culture
- Internal regulatory framework, training and advice
- Internal control
- Reporting about deviations and suspicions
- Communication with public authorities

The Board of Directors bears ultimate responsibility for the Bank's operation and governance and for ensuring an effective system of internal control. It is the responsibility of the CEO to ensure that this policy is respected and implemented with appropriate rules and procedures.

Managers are responsible for ensuring that the operations of their units align with this policy. They are expected to lead by example, remain alert to operational risk, and take appropriate action to address deviations and identified weaknesses. Managers are responsible for ensuring that their employees are qualified to perform their duties and are familiar with the requirements and risks associated with their work.

Employees are responsible for their own competence and conduct and must report any mistakes and suspicions.

The Compliance Officer is responsible for second-line monitoring of this policy. The Data Protection Officer monitors adherence to the Bank's data protection priorities. Both officers regularly provide the Board of Directors, the Risk Committee, and the Executive Board with reports on their activities under this policy, at least annually. The Board of Directors addresses any comments and follows up to ensure that measures are taken as appropriate.

Rules on the protection of whistleblowers

The Bank has special rules on the protection of whistleblowers which are based on domestic laws and EU Regulation No. 2019/1937. These rules are intended to encourage individuals to come forth with information about possible misconduct in Landsbankinn's operation by offering effective solutions to advance such information and supporting and protecting those who blow the whistle in good faith. The purpose of the rules is to prevent misconduct and minimise damages misconduct can cause to customers, the community, the Bank and other stakeholders. The rules apply to all employees.

As a general rules, Landsbankinn's employees are obligated to report information on possible misconduct they may become aware of in the Bank's operation. A person who reports such information in accordance with law is afforded special protection from unfair retaliation that can be traced back to such whistleblowing. To enjoy such protection, the whistleblower must show good faith and report the information as described in the Act and these Rules. Good faith shall mean that the whistleblower had legitimate reason to consider the information accurate at the time of reporting.

Landsbankinn encourages people to come forward with information about possible misconduct to the Bank's Compliance Officer and/or Chief Audit Executive under whistleblower protocols.

[1] Limited assurance by Deloitte.

Information may also be communicated to other employees who are in a position to take action based on the information, such as nearest supervisor, Risk Management, Legal Services or Human Resources.

The Compliance Officer or Chief Audit Executive are responsible for the handling of internal whistleblowing. Others who are the recipients of internal whistleblowing shall refer the case to the Compliance Officer and/or Chief Audit Executive for handling, alternatively to the CEO. No formal demands are made as regards the presentation of information communicated in internal whistleblowing cases yet the Bank recommends that the information is in writing and as detailed as possible.

Information may be communicated:

- In writing through Landsbankinn's internal communication platform Vitinn.
- Via email to the Compliance Officer (regluvordur@landsbankinn.is) and/or Chief Audit Executive (innriendurskoðun@landsbankinn.is).
- With a letter addressed to the Compliance Officer or Chief Audit Executive, Landsbankinn hf., Reykjastræti 6, 101 Reykjavík.
- Orally to the Compliance Officer and/or Chief Audit Executive, such as via phone call or in a meeting.

Policy on Action Against Financial Crime The Bank also has in place a Policy on Action Against Financial Crime approved by the Board of Directors of Landsbankinn. Under the Policy, financial crime means money laundering, terrorist financing, violations of trade sanctions, internal fraud, fraud that targets customers, bribery and corruption, market abuse and other crimes of enrichment.

Landsbankinn places great emphasis on full compliance with all legal requirements and on contributing to an environment that combats financial crime. It is Landsbankinn's goal to construct its defences in accordance with best practice for financial undertakings, both on an international level and domestically, and further cooperation between the Bank, authorities and regulators as appropriate. The Executive Board is responsible for ensuring the effectiveness of action to mitigate risk and combat financial crime, such as by actively participating in risk analysis, regularly assessing the adequacy of systems and processes in their functions, contributing to a healthy corporate culture, ensuring that employees complete mandatory training and immediately informing the Compliance Officer or Chief Audit Executive of any suspicion of financial crime in the Bank's operation.

All of these policies and rules are reviewed and updated every two years.

Actions related to business conduct (G1-2)

Relations with suppliers

One of the Bank's sustainability goals is to direct business to responsible suppliers. Landsbankinn's aim is that at least 80% of the cost of purchased services and goods will continue to be paid to suppliers who have committed to the Bank's ethical guidelines or who have adopted comparable rules.

The Code of conduct for suppliers supports the Bank's obligation to work towards the UN's 10 Sustainable Development Goals (SDGs). The Bank is responsible for contributing to sustainable business practices in its supply chain, through business with suppliers and service providers. Landsbankinn requires that its suppliers and service providers adhere to responsible business practices that promote sustainability. The Bank's key suppliers and their suppliers in turn are thus required to work towards the fundamental objectives of the Global Compact and be able to demonstrate their efforts, either by becoming signatories or by detailing their work towards the goals, if requested. The Code of conduct is divided into the following stages:

- Human rights
- Labour market
- Work environment
- Anti-corruption

For essential services, a designated account manager within the Bank is responsible for supplier communications and ensuring that the provided service aligns with the terms of the agreement between the parties. The Operational Risk department conducts an annual security and quality survey among key suppliers and performs on-site audits of these suppliers. During these audits, suppliers are asked to confirm their responses to the security and quality survey, as well as their compliance with data protection laws and the Bank's Supplier Code of Conduct, provided they have agreed to it or otherwise adhere to comparable sustainability standards. For critical outsourced services, an annual risk assessment is conducted on the supplier and the services they provide. When the Bank conducts formal procurement evaluations for products or services, sustainability is one of the factors influencing supplier selection.

During the year, Landsbankinn completed the UN Global Compact Business and Human Rights Accelerator. Procedures and processes related to suppliers were assessed and revised to reduce the risk of human rights violations in the supply chain. Assessing, prioritising and addressing human rights risks is an ongoing process and it is therefore important to maintain open communication with suppliers and other stakeholders to ensure follow-up and to seize opportunities for further improvement.

Action against financial crime

Measures to reduce the risk of financial crime in Landsbankinn's operation are organised in accordance with the Bank's Policy on Internal Control. Rules and procedures based on this Policy at a minimum contain provisions on:

- The performance of due diligence;
- The performance of risk assessment;
- Ongoing monitoring of transactions and business relationships;
- Monitoring of trade sanction and freezing of assets;
- The obligation to report suspicious customer behaviour and connected measures;
- Monitoring of market abuse;
- Whistle-blowing on corruption and fraud; and,
- Requirements for hiring and training personnel.

The Compliance Officer of Landsbankinn is the second line of defence for the purposes of implementing this Policy and, together with the Bank's Executive Board, ensures that rules and procedures that contribute to coordinated work processes and good implementation of current laws, regulations, internal rules and procedures relating to financial crime are maintained. The Compliance Officer reports to the Board of Directors on the implementation of this Policy as frequently as required yet no less frequently than once yearly. Landsbankinn ensures that employees receive dedicated training in the Bank's action against financial crime at the beginning of employment and regularly throughout the period of employment. This ensures that employees have appropriate knowledge of current laws and rules as well as the internal rules and procedures the Bank has adopted based on such laws and rules.

Further details in the Policy on Action Against Financial Crime.

Action against money laundering and terrorist financing

The Bank operates in accordance with the Act on Measures Against Money Laundering and Terrorist Financing, as subsequently amended. The Bank is required to perform due diligence on customers, upon the establishment of a business relationship, as part of regular control and/or for individual transactions. To perform due diligence, the Bank calls for, among other details, personal information about a customer, including name, Id. No., legal domicile, job title/position, telephone number, email address, place of birth and nationality, in addition to financial information. Legal entities shall provide information about name, Reg. No., legal address, legal form, board of directors, executive board and person authorised to sign, as well as information about the beneficial owners of the legal entity and persons authorised to oblige the entity. The Bank also gathers information about the origin of the funds customers intend to use in transactions with the Bank, whether transactions are undertaken on behalf of a third party and information about the nature and purpose of the intended business relationship and/or transaction.

The Bank uses risk-based monitoring of contractual relationships with customers and gathers updates to information as and when necessary, at any time during a business relationship. Under certain circumstances and in addition to the above, the Bank is required to apply enhanced due diligence in certain sensitive cases. In such cases, the Bank reserves the right to request additional information, including personal data, about the customer to carry out enhanced due diligence. If the Bank suspects that the funds the customer intends to funnel into the Bank's systems are earnings from illegal activity and/or linked to terrorist financing, the Bank reserves every right to halt requested transactions without any notice. If the Bank has legitimate grounds or reason to suspect certain transactions of being suspicious with regard to money laundering and/or terrorist financing, the Bank is obliged to report the transaction to the relevant law enforcement authorities and provide all necessary information in connection with the case. Customers are obligated to inform the Bank of any changes to the details submitted to the Bank in relation to due diligence.

For further information on measures against money laundering, terrorist financing and due diligence, see the Bank's General Terms and Conditions, chapter 2.3.

Targets related to business conduct (G1-3)

The Bank's objective is for 95% of employees to complete each mandatory training course and for average participation over the year to be 90%. Average participation in mandatory training in 2025 was 98%. Further discussion of training priorities can be found in the human resources section S1, beginning on page 39.

- "At risk jobs" refers to all employees who received training as mandatory.
- For the "Test on action against financial crime": All employees of Landsbankinn who were actively working when the test was presented, excepting employees on leave. Canteen staff was excluded.
- "Instruction on money laundering" and "Due diligence and scams" - at risk jobs that were offered training (this is on-going training and other groups will be invited later in the year).
- Management: Department Director / Head and Team Leaders.
- Executive Board: managing directors (Board of Directors is not included under "all employees").
- Optional - participation is optional and not mandatory.
- Scam talks: All employees had the opportunity to participate.

The 2025 workplace analysis covering EKKO matters and risk culture shows that 95% of Landsbankinn's employees strongly or somewhat agree that they have access to training on risk and regulations within their area of work. This represents an increase of one percentage point from 2024, while the figure was 93% in 2023.

The results indicate that employees' access to training on rules and risk is very good and improving year on year, reflecting a strong learning culture and positive development in risk awareness within the Bank. 93%.

Participation in learning	At risk jobs	Directors and management	Executive Board	Optional (all employees)
Test on action against financial crime				
Total	839	90	8	80
Total participants	818	90	8	41
Completion rate	98%	100%	100%	51%
Scam talks				
Total	839	90	8	881
Total participants	818	90	8	321
Completion rate	98%	100%	100%	36%
Education on money laundering				
Total	839	90	8	80
Total participants	818	90	8	41
Completion rate	98%	100%	100%	51%
Due diligence and scams				
Total	839	90	8	
Total participants	818	90	8	
Completion rate	98%	100%	100%	

Training medium	Duration in minutes
Online(total)	25
On site (total)	50
Optional online	225

Anti-corruption and anti-bribery (G1-4)[1]

Disclosure requirement	Results
Number of convictions and the total amount of fines for violation of anti-corruption and anti-bribery laws during the reporting period	Neither Landsbankinn nor its employees have been convicted of, or fined for, bribery or corruption offenses.
The number and nature of the confirmed incidents of corruption or bribery that occurred during the reporting period	Neither Landsbankinn nor its employees have been convicted of, or fined for, bribery or corruption offenses.

Metrics related to political influence and lobbying activities (G1-5)

According to the third paragraph of Article 6 of the Act on Political Organisations political organisations and candidates are prohibited from accepting donations from companies that are majority-owned or controlled by the state or municipalities. There is no risk, as Landsbankinn is not authorised to donate funds to political organisations.

For this reason, Landsbankinn does not disclose a total amount of contributions, as there were none. Furthermore, no members of the Board of Directors, Executive Board, or supervisory bodies have held comparable positions in public administration over the past two years.

[1] Limited assurance by Deloitte.

Metrics in relation to payment practices (G1-6)

Landsbankinn's policy is to pay all invoices on their due date, with an average payment term of 20 days.

The Bank does not classify suppliers separately, whether as small and medium-sized enterprises (SMEs) or otherwise. All invoices are recorded in the accounting system upon receipt and are sent electronically to the relevant department for approval. Most invoices are paid immediately after approval, but high-value invoices are held until the due date. Such payment deferrals rarely apply to SMEs and almost always involve larger payments to the government or major suppliers. On average, invoices take 8 days from registration to final approval for payment. In 2025, the proportion of invoices that took more than 20 days for approval was 2,5% of all invoices, representing 4.5% of total costs. Landsbankinn is not involved in any legal disputes regarding unpaid debts to suppliers and is not engaged in litigation related to expense claims.

The Bank does not split invoice payments, they are either paid in full or rejected. If a payment split is requested for goods or services, suppliers must issue multiple invoices accordingly.

PCAF

Landsbankinn's Financed Carbon Emissions

Landsbankinn is a member of the Partnership for Carbon Accounting Financials (PCAF) and calculates its financed emissions in accordance with the organisation's recognised methodology. The purpose of the methodology is to establish consistent, transparent, and reliable approaches for assessing the carbon emissions associated with the lending and investment portfolios of financial institutions. The methodology is based on the Greenhouse Gas Protocol (GHG) and has been approved as such by the GHG. According to the GHG methodology, emissions are defined under three scopes: direct emissions (Scope 1), indirect emissions from purchased energy (Scope 2), and other indirect emissions in the value chain (Scope 3).

Methodology and scope

PCAF divides the credit and asset portfolios of financial undertakings into seven asset classes:[1] Listed equities and corporate bonds, business loans and unlisted equities, project finance, commercial real estate, mortgages, motor vehicle loans, and sovereign debt. The methodology is applied to these categories in so much as possible. Certain financial instruments, such as green bonds, derivatives, and loans other than car loans and mortgage loans to individuals, are still outside the scope of the methodology because calculation methods for them have not yet been defined. Such items are therefore classified as out of scope in the Bank's analysis. Insufficient data prevents specific analysis of financed emissions for the asset classes project finance and commercial real estate loans; instead, they are included as business loans in the results.

Landsbankinn applies the operational control approach in accordance with the PCAF standard to define the boundaries of its carbon footprint. Although the Bank does not have operational control over its borrowers, it is ensured that all financed emissions are allocated to Category 15 under Scope 3. Calculations of financed emissions are based on the Bank's proportional financial share in the relevant operation or asset.

When assessing the need to recalculate financed emissions, Landsbankinn follows the guidance of the Corporate GHG Protocol, where a ≥5% change in total emissions is considered an appropriate threshold for determining materiality. Context and circumstances are also taken into account, as changes may be considered significant even if they fall below the 5% threshold, for example if they affect progress or targets within specific asset classes, or if data coverage changes by more than 10% and could affect year-to-year comparability. In such cases, Landsbankinn provides an explanation of the causes and impacts of the changes.

Gathering data, data quality and emission factors

Efforts are made to use the emission data issued by companies for their activities. The Bank uses the Vera[2] sustainability platform to obtain this information, and in cases where such information is not available, estimated emissions based on comparable business activities are used, if applicable. This information extends back to 2020; prior to that, the Bank collected data directly from companies. In other instances, emission data from the PCAF database is used. This database was recently updated and is now based on the CEDA dataset[3] (from 2022 onwards) instead of Exiobase (which continues to apply for 2019 to 2021).

Emission factors and other supporting data for calculating emissions from motor vehicle loans and mortgage loans are based on official data from the relevant institutions and companies.

A more detailed approach for each asset class can be found in the following section.

Data is assessed according to PCAF's five-level data quality score, where 1 represents the highest possible accuracy and 5 the greatest uncertainty.

[1] Cf. the second publication of Part A – Financed emissions (2022).
[2] Vera is a sustainability platform from Creditinfo that helps companies communicate information about environmental, social, and governance (ESG) factors in their operations to stakeholders in a standardised manner.
[3] Comprehensive Environmental Data Archive.

Specialised approach by asset class

Business loans, equities and bonds

Emissions are calculated based on companies' published emissions data (data quality score 1 or 2), or on estimated factors when such information is not available (data quality score 4 or 5). The Bank's proportional financial share determines the allocation of financed emissions. In cases where Scope 3-related emission data published by companies clearly indicates that such emissions were not taken into account in terms of fossil fuel use in Scope 1, the data is recalculated. Calculated emissions from unlisted equities are collated and presented under other equities and bonds.

Emission intensity[4] is also recalculated with regard to changes in the value of listed companies from the Bank's base year of 2019 and is published separately. The value of a company is the denominator in the formula and therefore has an effect according to whether the value decreases or increases. This is done to achieve a more realistic comparison of emission factors between years against the base year. The adjustment factor is 1.74 for equities, 1.57 for bonds, and 1.53 for business loans.

Mortgages

Carbon emissions are calculated based on the estimated energy consumption of the property, taking into account its location and the composition of energy sources. Emission factors from the Icelandic Environment and Energy Authority, and the relevant utility companies are used. Carbon emissions are calculated for all scopes, but the data quality score for the mortgage calculations is in all cases 4. Scope 3 accounts for emissions from the distribution and transmission of the respective energy. Emissions from construction activities are not included in order to avoid double counting.

If a mortgage cannot be linked to registered housing in the Property Register, e.g. due to incorrect registration or lack of information, the loan in question is assessed as out of scope.

Mortgages are also deemed to be out of scope if the housing in question was not considered fully complete in the property register (assessment level 6, 7 or 8 or construction phase B4).

Motor vehicle loans

Calculations are based on vehicle information from the Icelandic Transport Authority's vehicle registry, using the vehicles' WLTP emission values[5]. For vehicles that only had a NEDC value,[6] the value was converted to WLTP according to defined factors based on the type of vehicle. Mileage for passenger vehicles is based on average annual driving distances according to the Icelandic Transport Authority, and for motorcycles, the vehicle database of Trafikanalys is used. For vehicles other than standard road vehicles, average data on the number of heavy machinery units from the Occupational Safety and Health Authority, as well as the volume of fuel sold to the relevant categories, is used. Data for standard road vehicles listed in the vehicle registry has a data quality score of 2, or 4 if they are not found and values from a comparable vehicle type are used instead. All other data receives the lowest possible data quality score. Scope 3 emissions are not calculated here due to lack of information.

Rental cars are estimated to drive just under four times more than similar privately-owned vehicles, which is in line with the estimate of average driving used in laws on the kilometre fee for vehicles. This is a change from previous years' calculations, which were based on four times more driving. Previous years have been recalculated and are presented in the appendix to this report.

Sovereign debt

Emissions are calculated both with and without land use, land-use change, and forestry (LULUCF). They are based on the carbon emissions of the respective countries according to the criteria of the UN Framework Convention on Climate Change and on GDP adjusted for purchasing power parity. This approach ensures the most realistic comparison between

[4] Amount of tCO_2 per one million Icelandic krónur
[5] Worldwide Harmonized Light-Duty Test Procedure. The new EU pollution scale for fuel use and vehicle emissions.
[6] New European Driving Cycle.

countries, regardless of their size or economic status.

Emissions associated with sovereign debt fall solely under Scope 1, as the aforementioned country-level data reflect production emissions. If older calculation data than the calculation year itself arise used, or if newer provisional data is applied, the results are assigned a data quality score of 2.

Concerning recalculation of the base year

Landsbankinn's base year for financed emissions is 2019, and it will continue to be used as the reference year. New and improved data, which is available from 2020 and 2022 onwards, makes it possible to enhance calculations from 2020 onward, but does not extend back to the base year. For this reason, 2019 is not recalculated using the updated methodology or datasets.

The effect of this is that comparisons between 2019 and subsequent years may be partially limited, as new information and improved methods are not applied retroactively. This approach is consistent with PCAF and the GHG Protocol, as it ensures that the base year remains stable while other calculations reflect the best available data at any given time.

On the estimated carbon emissions for 2025

The projected calculation for 2025 is based on the balance sheet of the Bank's parent company as of 30 September of that year. The most recent available data is used, but in most cases the same emission factors as for 2024 are applied. Data quality continues to rely on the scores assigned to the latest available data and other underlying assumptions. This projection is intended for reference purposes only and carbon emissions for 2025 will be recalculated once the main underlying data has been updated and is available.

Conclusions

Landsbankinn's analysis is based on the parent company's balance sheets for 2024. It shows that the Bank's financed emissions change in quite different ways across asset classes and industries. Overall, emissions increase and emission intensity rises in most categories between 2023 and 2024, primarily due to higher lending volumes and increased direct emissions in the operations of many companies. Emissions associated with Scope 3, however, follow a different pattern and decrease between the years. The Bank's financed emissions from lending to customers are estimated to have been just over 254 ktCO_2e in , and emissions from investments, including government bonds excluding LULUCF, just under 124 ktCO_2e. Total emissions are therefore just under 378 ktCO_2e. This is an increase of just over 6 ktCO_2e, or just under 2%. This increase can primarily be attributed to higher corporate lending, as the overall emissions intensity decreases by over 7% year-on-year. Lending increased across all sectors and loan categories. The book value of equities and bonds increased by just under 43% year-on-year, but sovereign debt decreased by just under 6%.

Emissions from certain sectors grew significantly between years, such as manufacturing and energy companies (+149%). This is due both to the aforementioned lending growth and to changes in the composition of the customer base. Conversely, some other sectors declined, for example tourism (-39%), due to changes in the Bank's relative proportional financial share in customer lending.

Changes in emission intensity across sectors generally mirrors changes in total emissions, decreasing where carbon emissions have fallen. It remains highest in agriculture (1,75 tCO_2e/ISKm) followed by services, information technology, and telecommunications (0.83 tCO_2e/ISKm).

Carbon emissions from motor vehicle loans increased (+6%) between 2023 and 2024, continuing the increase trend from previous years. The emission intensity also increased after steady decline since 2020, indicating that the current increase is due to a higher number of loans for vehicles with greater carbon emissions. The majority of emissions from motor vehicle loans originate from companies, which account for just over 88%.

Although mortgages are the largest individual loan category in the Bank's portfolio, or about 44%, they account for less than 1% of total emissions from the loan portfolio, or approximately 1.7 ktCO_2e. Total emissions from mortgages change very little between years; however, regional differences are evident. Absolute emissions in the West Fjords are comparable to those in the capital area despite significantly higher lending volumes there. This is linked to electricity shortages and reduced access to priority energy for district heating utilities in the West Fjords, which were required to use fossil fuels instead of renewable electricity for part of the year.

Emission intensity for mortgages remains nearly unchanged between 2023 and 2024; however, when looking at emissions per square meter financed, a 13% increase is observed between years. This is influenced by differences in the composition of residential properties across regions.

When examining all lending to individuals, emissions continue to decline year after year and are now just under half of the emissions recorded in the 2019 base year, despite lending having increased by 90%.

Emissions from sovereign debt decrease year-on-year, both with and without LULUCF. The reduction for sovereign debt excluding LULUCF amounts to approximately 11 ktCO_2e and 62 ktCO_2e including LULUCF, or -8% and -25%. respectively. Carbon emissions from sovereign debt remain the second-largest asset class in terms of emissions, after corporate loans. Emissions from sovereign debt excluding LULUCF amounted to 121 ktCO_2e and 182 ktCO_2e invluding LULUCF.

Absolute emissions from equities and bonds increased by only 3% year-on-year despite around 50% increase in book value of what is included within coverage. This results in almost one-third reduction in emission intensity for this asset class and is because emissions from listed equities and bonds remain more or less unchanged year-on-year, while the ratio of unlisted equities within coverage is 20% higher. Unlisted equities have generally been associated with negligible emissions.

Projections for 2025, based on the balance sheet as at the 30 September of that year, indicate that absolute emissions from the credit portfolio will decrease but increase overall due to increased emissions from sovereign debt.

The results of the recalculations for motor vehicle loans in 2019, and for all asset classes other than mortgages in the years 2020-2023 due to changes in emissions data, can be found in the appendix.

This summary provides an overview of industries generally considered to be emission-intensive in the international community. The summary includes both equities and bonds (excluding sovereign debt) as well as all loans to customers other than individuals.

Table 5: Summary of emission-intensive sectors in equities and bonds for 2024

Emission-intensive sector	Book value (ISK m)	Financed emissions ($ktCO_2e$)	Scope 3 ($ktCO_2e$)	Emission intensity (tCO_2e/ISK m)	Weighted score (financed emissions)	Weighted score (scope 3)	Adjusted emission intensity (tCO_2e/ISK m)	In scope
Aviation	262	1.2	0.3	4.68	2.0	2.0	8.13	100.0%
Maritime transport	183	0.4	0.1	2.46	1.0	1.0	4.27	100.0%
Total	**444**	**1.7**	**0.4**	**3.77**	**1.6**	**1.6**	**6.54**	**100.0%**
Other	29,569	1.1	3.9	0.04	2.7	2.7	0.05	78.2%

Table 6: Summary of emission-intensive sectors in the credit portfolio for 2024

Sector	Book value (ISK m)	Financed emissions ($ktCO_2e$)	Scope 3 ($ktCO_2e$)	Emission intensity (tCO_2e/ISK m)	Weighted score (financed emissions)	Weighted score (scope 3)	Adjusted emission intensity (tCO_2e/ISK m)	In scope
Automotive	12	0.0	0.0	0.00	5.0	5.0	0.00	100.0%
Aviation	8,169	16.9	7.5	2.07	2.3	2.3	3.11	100.0%
Cement, clinker and lime production	270	0.2	0.5	0.79	3.8	4.0	0.79	100.0%
Fossil fuel combustion	2,986	0.1	109.4	0.02	1.1	1.1	0.02	100.0%
Iron and steel, coke, and metal ore production	5,149	13.8	0.0	2.68	4.0	4.0	2.68	99.5%
Maritime transport	12,351	26.6	9.8	2.16	2.5	2.5	2.93	100.0%
Power	3,776	1.1	0.2	0.28	4.0	4.0	0.28	100.0%
Total	**32,713**	**58.7**	**127.3**	**1.79**	**2.7**	**2.7**	**2.35**	**99.9%**
Other	860,597	188.6	326.8	0.22	3.7	3.7	0.22	96.9%

Table 7: Summary of emission-intensive sectors in equities and bonds for 2025

Emission-intensive sector	Book value (ISK m)	Financed emissions ($ktCO_2e$)	Scope 3 ($ktCO_2e$)	Emission intensity (tCO_2e/ISK m)	Weighted score (financed emissions)	Weighted score (scope 3)	Adjusted emission intensity (tCO_2e/ISK m)	In scope
Aviation	111	0.8	0.2	7.03	2.0	2.0	11.78	100.0%
Maritime transport	182	0.5	0.1	3.00	1.0	1.0	5.03	100.0%
Total	**293**	**1.3**	**0.3**	**4.52**	**1.4**	**1.4**	**7.58**	**100.0%**
Other	14,501	0.6	4.1	0.04	2.7	2.7	0.06	63.5%

Table 8: Summary of emission-intensive sectors in the credit portfolio for 2025

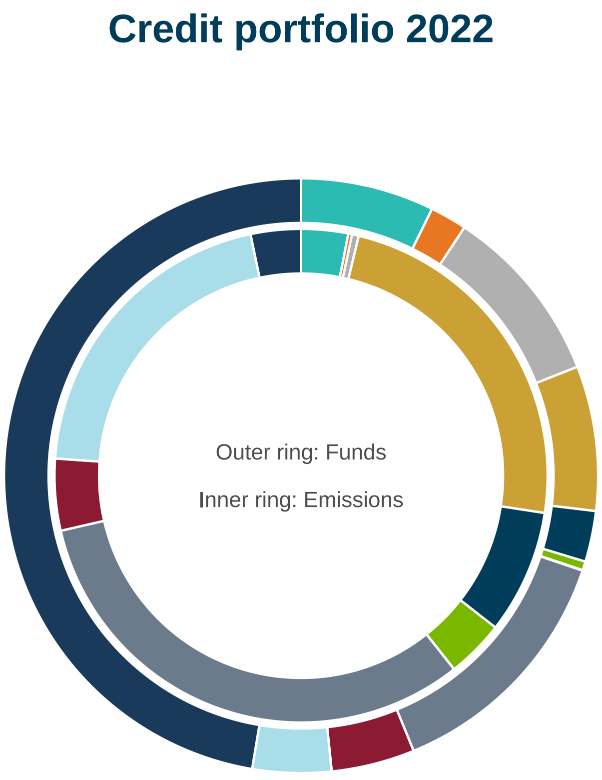
Sector	Book value (ISK m)	Financed emissions ($ktCO_2e$)	Scope 3 ($ktCO_2e$)	Emission intensity (tCO_2e/ISK m)	Weighted score (financed emissions)	Weighted score (scope 3)	Adjusted emission intensity (tCO_2e/ISK m)	In scope
Automotive	12	0.0	0.0	0.00	5.0	5.0	0.00	100.0%
Aviation	8,033	12.4	8.5	1.55	2.3	2.3	2.50	100.0%
Cement, clinker and lime production	332	0.2	0.4	0.75	3.6	4.0	0.75	100.0%
Fossil fuel combustion	2,818	0.1	103.5	0.02	1.1	1.1	0.02	100.0%
Iron and steel, coke, and metal ore production	2,526	6.4	0.0	2.55	4.0	4.0	2.55	99.0%
Maritime transport	11,980	28.5	9.8	2.38	2.4	2.4	3.72	92.8%
Power	6,782	1.2	0.2	0.18	4.0	4.0	0.18	100.0%
Total	**32,483**	**48.9**	**122.4**	**1.50**	**2.7**	**2.7**	**2.24**	**97.2%**
Other	906,098	193.4	339.1	0.21	3.7	3.8	0.21	96.7%

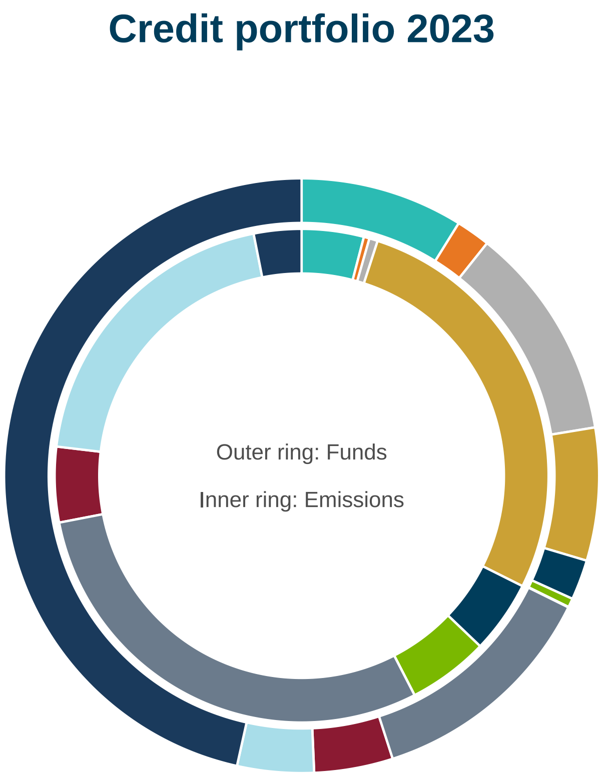
Table 9: Calculated financed carbon emissions 2024 by asset class

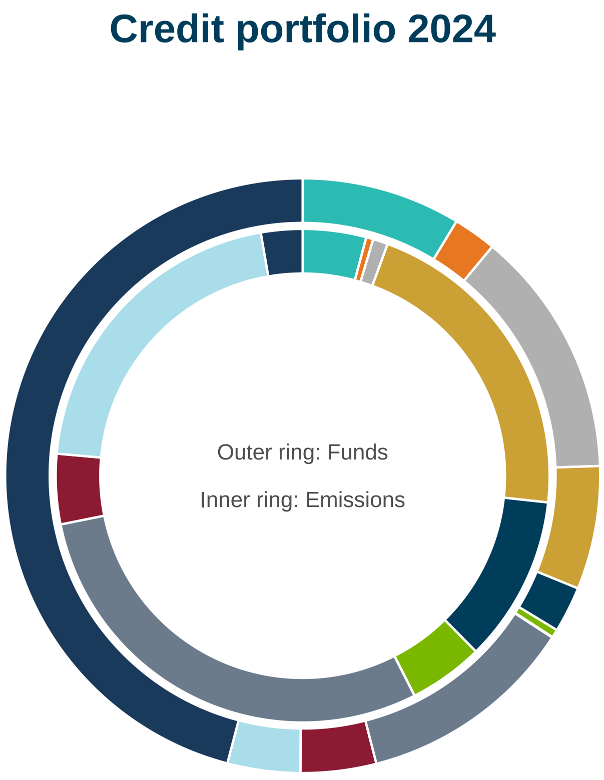
Asset class	Book value (ISK m)	Financed emissions ($ktCO_2e$)	Scope 3 ($ktCO_2e$)	Emission intensity (tCO_2e/ISK m)	Weighted score (financed emissions)	Weighted score (scope 3)	Adjusted emission intensity (tCO_2e/ISK m)	In scope
Equities and bonds	**30,014**	**2.8**	**4.3**	**0.09**	**2.7**	**2.7**	**0.14**	**78.5%**
Business loans	**850,770**	**208.2**	**454.1**	**0.24**	**3.7**	**3.7**	**0.27**	**96.9%**
Construction	139,761	9.3	34.9	0.07	4.3	4.3	0.07	100.0%
Holding companies	38,717	1.2	4.7	0.03	4.2	4.2	0.03	100.0%
Real estate companies	221,252	1.4	1.8	0.01	3.6	3.6	0.01	95.5%
Travel sector	83,933	21.1	33.9	0.25	3.5	3.5	0.35	100.0%
Industrial and power companies	40,791	27.4	9.0	0.67	3.2	3.7	0.67	94.2%
Agriculture	7,061	12.3	8.7	1.75	4.1	4.1	1.75	100.0%
Public entities	479	0.0	0.1	0.00	5.0	5.0	0.00	3.4%
Fisheries and seafood	195,640	74.4	46.4	0.38	3.9	3.8	0.38	100.0%
Trade	62,051	10.3	273.0	0.17	2.4	2.4	0.17	100.0%
Services, IT and communications	61,084	50.7	41.7	0.83	3.5	3.5	0.99	100.0%
Mortgages	**743,851**	**1.7**	**0.3**	**0.00**	**4.0**	**4.0**	**0.00**	**92.5%**
Motor vehicle loans	**57,435**	**44.2**		**0.77**	**2.3**		**0.77**	**99.2%**
Sovereign debt - excl. LULUCF	**127,769**	**121.0**		**0.95**	**2.0**		**0.95**	**100.0%**
Sovereign debt - incl. LULUCF	127,769	182.3		1.43	2.0		1.43	100.0%
Total (excl. LULUCF)	**1,809,838**	**377.9**	**458.7**	**0.21**	**3.6**	**3.8**	**0.22**	**91.7%**

Table 10: Estimated carbon emissions as of 30 September 2025 by asset class

Asset class	Book value (ISK m)	Financed emissions ($ktCO_2e$)	Scope 3 ($ktCO_2e$)	Emission intensity (tCO_2e/ISK m)	Weighted score (financed emissions)	Weighted score (scope 3)	Adjusted emission intensity (tCO_2e/ISK m)	In scope
Equities and bonds	**14,794**	**1.9**	**4.4**	**0.13**	**2.6**	**2.6**	**0.21**	**64.0%**
Business loans	**896,579**	**203.8**	**461.5**	**0.23**	**3.8**	**3.8**	**0.25**	**96.6%**
Construction	163,406	12.1	52.2	0.07	4.4	4.4	0.07	100.0%
Holding companies	38,321	1.4	7.3	0.04	4.4	4.4	0.04	100.0%
Real estate companies	250,254	1.5	2.3	0.01	3.6	3.6	0.01	95.0%
Travel sector	84,471	16.9	32.5	0.20	3.5	3.5	0.29	100.0%
Industrial and power companies	42,432	23.6	9.7	0.56	3.1	3.6	0.56	92.2%
Agriculture	7,256	13.4	9.5	1.85	4.1	4.1	1.85	100.0%
Public entities	455	0.0	0.1	0.00	5.0	5.0	0.00	3.4%
Fisheries and seafood	183,322	72.1	46.5	0.39	4.0	3.9	0.39	100.0%
Trade	62,175	12.6	260.1	0.20	2.5	2.5	0.21	100.0%
Services, IT and communications	64,487	50.0	41.4	0.78	3.6	3.6	1.03	97.5%
Mortgages	**746,295**	**1.0**	**0.1**	**0.00**	**4.0**	**4.0**	**0.00**	**93.0%**
Motor vehicle loans	**56,086**	**43.2**		**0.77**	**2.3**		**0.77**	**99.1%**
Sovereign debt - excl. LULUCF	**150,083**	**137.2**		**0.91**	**2.0**		**0.91**	**100.0%**
Sovereign debt - incl. LULUCF	150,083	203.3		1.35	2.0		1.35	100.0%
Total (excl. LULUCF)	**1,863,837**	**387.1**	**466.0**	**0.21**	**3.7**	**3.9**	**0.22**	**91.8%**

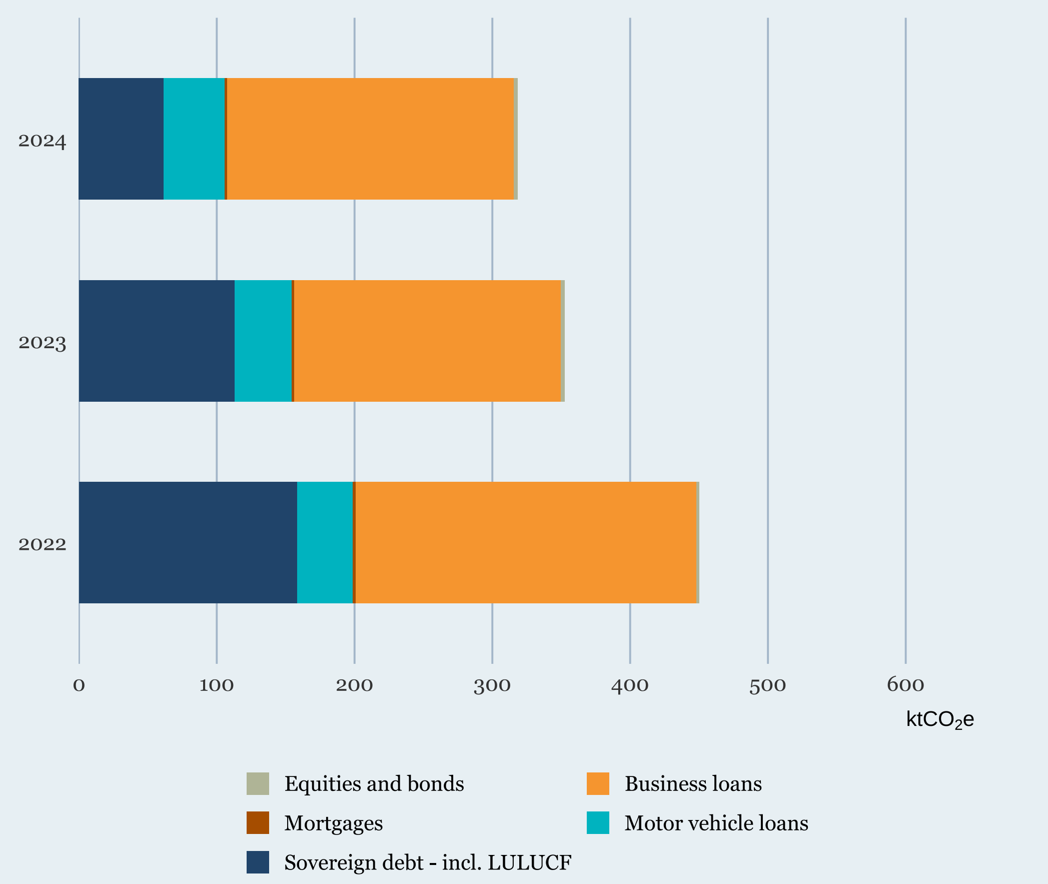

Credit portfolio 2022
Outer ring: Funds
Inner ring: Emissions


Credit portfolio 2023
Outer ring: Funds
Inner ring: Emissions


Credit portfolio 2024
Outer ring: Funds
Inner ring: Emissions
Construction
Holding companies
Real estate companies
Travel sector
Industrial and power companies
Agriculture
Credit institutions
Public entities
Fisheries and seafood
Trade
Services, IT and telecommunications
Individuals

Kolefnislosun lána- og eignasafns

Kolefnislosun lána- og eignasafns Landsbankans 2022-2024



TNFD

Introduction

Biodiversity – Policy and Targets to 2030, which was published for consultation by the Icelandic Government in June 2025 and issued by the Ministry for the Environment, Energy and Climate, defines biological diversity (biodiversity) as “a concept that reflects the living world in all its diversity. The diversity of life is the foundation of all ecosystems and the basis for their healthy functioning, and thus for all life on Earth. All living organisms, including humans, depend on the contributions of ecosystems, such as food, medicine, habitats, soil, oxygen and clean water; in short, everything that makes life possible.

Landsbankinn has worked diligently to understand the actual greenhouse gas emissions from its operations, both direct and indirect. Such emissions and their consequences have been a key focus of the Bank’s sustainability efforts from the outset. Biodiversity and climate change are closely linked and achieving climate goals requires halting the decline in biodiversity. One key difference between the two issues is that greenhouse gas emissions impact the entire planet, regardless of where they originate, whereas biodiversity decline is often localised.

In 2022, Landsbankinn began work to deepen its understanding of the impacts of its operations on biodiversity. This was a natural next step following the establishment of the Bank’s climate efforts on a solid footing, as it is widely recognized that meaningful progress on climate issues cannot be achieved without halting the decline in biodiversity. Landsbankinn joined the Partnership for Biodiversity Accounting Financials (PBAF) in 2022 and committed to assessing the impacts of its operations on nature and biodiversity in accordance with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) in 2024. By the end of 2025, it had become clear that PBAF would merge with the Finance for Biodiversity Foundation (FfB) as of January 2026. During the preparation of this report, it became evident that the Bank primarily relied on the TNFD methodology together with the ENCORE database on impacts on sensitive areas, rather than on PBAF guidance. For this reason, the Bank withdrew from PBAF at the end of 2025 and will henceforth place emphasis on following the TNFD recommendations. Landsbankinn is now publishing, for the first time, a report on the impacts of its operations on nature and biodiversity in accordance with the TNFD recommendations, covering the year 2025.

Since Landsbankinn operates exclusively in Iceland, we focus on Icelandic conditions in this context. The impacts are assessed within Iceland’s exclusive economic zone, which is the area beyond the territorial waters defined by a line extending 200 nautical miles from the baselines of the territorial sea.

TNFD disclosure framework

Pillar	Recommended disclosures	Reference
Governance Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.	A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	See chapter on governance.
	B. Describe Management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	The section on governance discusses how the Bank's governance framework is structured and how responsibility for the Bank's sustainability policy is managed, with sustainability-related targets derived from that policy. Nature-related risk has been discussed within the Board of Directors, the Audit Committee and the Executive Board; however, it has not yet been incorporated into a formal management process for assessing and managing nature-related impacts, risks, and opportunities. The sustainability policy, which falls under the responsibility of these bodies, is intended as a tool for delegating sustainability actions, as well as for applying new guidelines for the first time and producing a report on them for the appropriate staff within the Bank.
	C. Describe the organisation's human rights policies and engagement activities and oversight by the board and management with respect to Indigenous Peoples, Local Communities affected and other stakeholders in the organisation's assessment of and response to nature-related dependencies, impacts, risks and opportunities.	Landsbankinn has adopted goals on equality and diversity based on its HR Policy. See Landsbankinn's HR Policy.

Pillar	Recommended disclosures	Reference
Strategy Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.	A. Describe the nature-related dependencies, impacts, risks, and opportunities the organisation has identified over the short, medium and long term.	Landsbankinn has not identified nature-related risks, impacts, or opportunities in the short or medium term. In the longer term, the Bank will monitor the following sectors in its loan portfolio, as they are considered sensitive sectors: fisheries, agriculture, construction, industry and energy companies and tourism. Further discussion can be found in the section on Metrics and goals.
	B. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	To date, nature-related risks identified through the TNFD work have not had a direct impact on the Bank's business model. Further information on Landsbankinn's operations can be found in the Strategy section.
	C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	The Strategy chapter of the TNFD report is prepared using the LEAP methodology. The conclusion is that nature-related risks that could potentially affect Landsbankinn's operations lie so far in the future that they are not addressed specifically in the Bank's strategy.
	D. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	Landsbankinn's value chain depends on certain systems both upstream and downstream. Based on nature-related risk, the sectors that require particular monitoring are fisheries and aquaculture, agriculture, construction, the energy sector, and investments. In addition, attention must be paid to data availability and changes in legislation. A more detailed discussion of the upstream and downstream aspects of the Bank's value chain and the systems on which it relies can be found in the chapter Overview of impacts and dependencies.

Pillar	Recommended disclosures	Reference
Risk & impact management Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.	A. (i) Describe the organisation's processes for identifying, assessing, and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.	This is described in the chapter Overview of impacts and dependencies.
	A. (ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	Primarily effected through use of ENCORE to locate impacts and dependencies in the Bank's activities. This is described in the chapter Overview of impacts and dependencies.
	B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.	At present, impacts and dependencies shown in the heat maps in the chapter Overview of impacts and dependencies are managed by assessing the situation using the ENCORE database, evaluating materiality factors in accordance with TNFD guidance, and then conducting an annual status assessment of how these matters are addressed and reporting the results through the Bank's TNFD report. This work is currently the responsibility of Landsbankinn's Sustainability department. When nature-related risks begin to have a greater impact on the Bank's operations and on operational risk factors, the Bank's Risk Management division is expected to take over or integrate nature-related risks into the sustainability risks that the function already monitors in line with regulatory requirements applicable to financial institutions.
	C. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.	Sustainability risk is part of the processes and operations of the Risk Management division, but the nature-related risk discussed in this TNFD report has not yet become part of its formal activities. Further information on this arrangement can be found in the Risk Management chapter, in particular in the subsection Integration of nature-related risk into the Sustainability Policy and risk assessment.

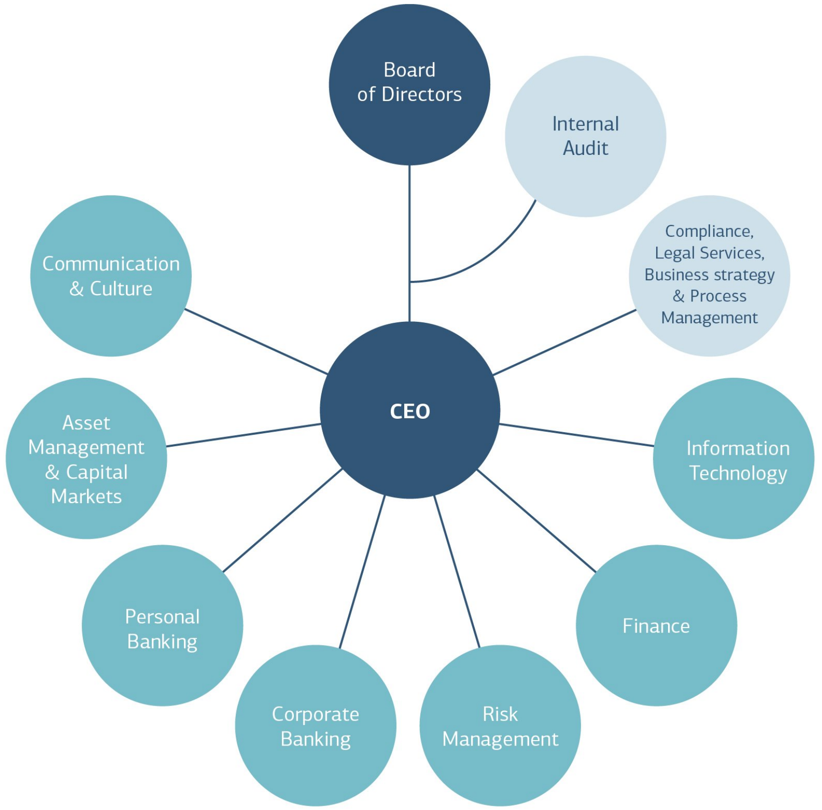
Pillar	Recommended disclosures	Reference
Metrics and targets Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.	A. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	Risk Management has a defined and clear role, which includes monitoring and assessing sustainability risks in accordance with the requirements applicable to financial institutions. Nature-related risk is a relatively new area, and the Bank's organizational structure has not yet incorporated it into the formal processes of Risk Management. Nevertheless, Risk Management staff have provided assistance and advice in the preparation of this first TNFD report. Landsbankinn's Sustainability Policy is the policy through which the Bank commits to implementing the TNFD framework. This Policy is approved by the Board of Directors and the CEO and the Executive Board are responsible for its key elements.
	B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.	The ENCORE database was used to assess impacts and dependent systems. Described in the chapter Overview of impacts and dependent systems.
	C. Describe the targets and goals the organisation uses to manage nature-related dependencies, impacts, risks, and opportunities and its performance against these.	The chapter Metrics and goals reviews the results of the TNFD core metrics regarding the extent to which Landsbankinn is exposed to sensitive sectors. The Bank's plan is to increase data granularity and map key client activities in relation to sensitive areas, thereby supporting future disclosures on the TNFD core metrics. The Bank's approach is aimed at improving the quality and accuracy of nature-related disclosures and at setting appropriate targets in line with the TNFD framework. Further details can be found in the aforementioned section.

Governance

andsbankinn's Board of Directors is ultimately responsible for the Bank's activities as provided for by law, regulations and its Articles of Association. It formulates the Bank's general strategy and ensures that the Bank's organisation and activities are effective. The Board of Directors monitors the Bank's general activities and ensures that control of accounting and financial management is satisfactory. One of the roles of the Board of Directors is discussing the importance and status of sustainability in the Bank's operational platform and for reviewing and approving its Sustainability Policy. The Audit Committee, which is a subcommittee of the Board of Directors, addresses the disclosure and communication of sustainability information, including sustainability disclosures related to nature-related risk.

The Executive Board is ultimately responsible for carrying out the Bank's strategy - Landsbankinn, an ever-smarter bank. At the core of the strategy is the ideal of mutual trust and personal approach to banking. Our purpose is to be a trusted bank for the future.

The Bank's Sustainability Department is located within the Finance division. Among the team's responsibilities is the preparation of sustainability disclosures in accordance with the guidelines, standards, or commitments that the Bank has undertaken, to the best extent possible based on the data available.



Strategy

Landsbankinn is a service company that places customers first. In its simplest form, the Bank's customers fall into two categories: those with capital and those in need of capital. The top part of the process model illustrates the Bank's interactions with these stakeholders, focusing on professional sales, efficient delivery and excellent service.

The Bank's process model also encompasses its value chain (see image).

The aim of the Bank's strategy, Landsbankinn, an ever-smarter bank, is to simplify life for our customers. We want to take advantage of all the opportunities technology affords without losing our personal approach. Our strategy also describes our dynamic ability to develop and evolve.

Landsbankinn, an ever-smarter bank aims to simplify life for customers by offering more accessible, secure and also personal banking services. This is achieved through by taking advantage of technology, continuous development, sound operation and a success-driven corporate culture. The Bank's activities and performance have a positive impact on the community. Landsbankinn, an ever-smarter bank directly supports our purpose of being a trusted bank for the future. These words capture the Bank's core purpose which builds on our history going back to the establishment of Landsbanki Íslands in 1886.

Trust is the Bank's core value, a common thread that runs through the entire operation, connecting customer relations and external partners to internal and general activities. Customers can trust that we are there for them and that the Bank is confidently managed.

Success is only achieved when everyone works toward common goals. Landsbankinn, an ever-smarter bank, is the concept that underpins the Bank's business plan at each time and is the common thread in all undertakings. Clearly formed key goals supported by strategic projects, effective implementation and well-reasoned decisions guided by long-term interests result in trusted banking for our future.

The strategy encompasses all of the Bank's operations, including sustainability matters, and the Bank also has a Sustainability Policy that defines its main priorities in sustainability and describes how these are to be embedded in the Bank's operations. We aim to contribute to sustainable development and continuous in Icelandic society. A clear and ambitious Sustainability Policy describes our journey and provides support.

Our Sustainability Policy extends to all divisions of the Bank, sets out our key focus as regards sustainability and describes its implementation in our operation. The Policy addresses the UN SDGs, climate issues, social issues, governance, ESG risk rating, responsible investment and responsible lending.

Goals are instrumental to achieving success and sustainability is no exception. We have challenged ourselves with ambitious goals which we review regularly and are based on the Bank's Sustainability Policy. Landsbankinn's disclosure is also linked to its sustainability goals and we publish information about our progress, both in order to promote transparency and to share information.

The Board of Directors approves the Sustainability Policy of Landsbankinn, the CEO is responsible to the Board for implementing the Policy, authority to approve and amend key points and principles lies with the Executive Board and the CFO is responsible for shaping, maintaining and presenting the Sustainability Policy.

Landsbankinn's Sustainability Policy, among other things, sets out the Bank's sustainability commitments. On 16 January 2024, a list was published of 320 companies (over 100 of them financial institutions) that had committed to begin early adopters of the TNFD recommendations, and Landsbankinn was among them. The Sustainability Policy also states that the Bank considers biodiversity as part of environmental factors and that it takes a proactive approach to sustainability disclosures. One of Landsbankinn's sustainability goals is to be well informed and to inform others about the Bank's sustainability impacts. The Bank aims to provide high-quality sustainability information, including disclosures on impacts on nature in accordance with the TNFD methodology.

Co-dependence of climate and nature

Landsbankinn has been a pioneer and an active participant in assessing the impacts of its operations on climate change and it now seeks to map the Bank's risks arising from changes in nature. The lessons learned from the methods used to implement climate-related work can, to some extent, be transferred to nature-related and biodiversity matters.

Overview of impacts and dependent systems

In order to delineate the parts of the value chain that are most important to analyse, the first step is to identify the impact areas to be assessed. Impacts on nature are location-specific and different companies within the value chain have impacts in different parts of the world. As an initial step, the intention is to assess impacts within Iceland's exclusive economic zone. Once the assessment area has been defined, the relevant parts of the value chain to be examined must be determined.

Upstream and downstream

Landsbankinn's value chain relies on certain systems upstream of its value chain through customers and natural resources. Among them are:

- **Fisheries and aquaculture** – Landsbankinn's investments in fisheries and aquaculture depend on the health of marine ecosystems.
- **Agriculture** – Landsbankinn's investments in agriculture depend on healthy land areas, water and related resources.
- **Construction industry** – relies on land areas and environmental permits.
- **Energy sector** – relies on natural resources to generate energy from geothermal sources, hydropower or other renewable energy sources.
- **Data and legislation** – require appropriate data on biodiversity and on the status and development of sustainability regulation in Iceland and/or the European Union relating to biodiversity.

Landsbankinn also affects biodiversity and natural systems downstream of its value chain, primarily including:

- **Fisheries and aquaculture** – the Bank influences the financing of the sector, which can affect catch volumes and have impacts on marine biodiversity.
- **Construction industry** – financing can affect land use, land drainage for construction and similar activities.
- **Agriculture** – financing can influence water quality and biodiversity.
- **Energy** – project financing can affect the health and stability of ecosystems and climate impacts.
- **Investments** – investments are exposed to companies with significant environmental impacts.

It has been decided to build on the work Landsbankinn has undertaken in recent years on climate matters and to use the results of the Partnership for Carbon Accounting Financials (PCAF) on where financed emissions are greatest when selecting companies for assessment under the TNFD framework and evaluating their impacts within Iceland's exclusive economic zone. The 30 companies responsible for the highest level of financed emissions under the PCAF standard constitute the set that is assessed under the TNFD LEAP analysis, upstream and downstream in the value chain in the categories listed above. The category of passenger and freight transport by air is excluded; in preparing this first report, it was decided to defer aviation-related activities. This category will be included in the future.

The first steps involve mapping the operations of these companies in Iceland and assessing whether they operate in sensitive areas. In this context, we examine protected areas as defined by the Environment Agency of Iceland, habitat types and important bird areas identified by the Icelandic Institute of Natural History, and key biodiversity areas based on Key Biodiversity Areas (KBA) data. ENCORE is used to screen key sectors (such as fisheries, construction and the energy sector) in order to assess how exposed they are to risk based on available data.

Among the Icelandic data sources used are the Water Management Plan of the Environment Agency of Iceland, ICES data from the Marine and Freshwater Research Institute, and the mapping portal of the Icelandic Institute of Natural History.

ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is a tool developed by the Natural Capital Finance Alliance in collaboration with the United Nations Environment Programme Finance Initiative (UNEP FI) and the UNEP World Conservation Monitoring Centre to support financial institutions in analysing nature-related risks and opportunities.

The tool links industries and economic activities to nature by identifying, on the one hand, dependencies on ecosystems and, on the other, impacts on natural resources. ENCORE is based on internationally recognized scientific and environmental data and highlights key environmental drivers, such as climate change, land-use change, water stress and pollution, that can affect business operations and financial performance.

Through ENCORE, users can explore how pressure on nature and changes in ecosystems may translate into financial risk. The tool also provides guidance on assessment and prioritisation and supports the integration of nature-related considerations into existing risk management and decision-making processes.

Risk Management

Landsbankinn's robust Risk Management division has a clear mandate to enable the Bank to make informed and sound decisions by providing a comprehensive and holistic view of risk and by maintaining effective oversight of risk factors in the Bank's operations. The core function of Risk Management is risk management and monitoring, analysis and reliable disclosure. Its operation is based on the development and implementation of risk models and data processing, along with risk monitoring and risk assessment, which is the key task of the team. The division is comprised of five departments: Operational Risk, Internal Risk Modelling, Credit Risk, Risk Control and Market Risk.

Landsbankinn regularly assesses risk factors in its operation. Landsbankinn has defined sustainability risk as a material risk, including risk, including risk from ESG factors, environment, social and governance. At present, it has not been considered necessary to define biodiversity-related risk as a material risk factor in the Bank's operations. This assessment depends on the impact of the risk on the Bank's operations and business activities.

The implementation of new guidelines and related reporting work, such as this TNFD report, currently falls outside the core mandate of Risk Management and is therefore handled by the Bank's Sustainability Department.

Risk factor analysis

Landsbankinn conducted a qualitative assessment of nature-related risk using the ENCORE analytical tool. The objective of the assessment was to map the key impact and dependency factors associated with the Bank's loan portfolio.

The analysis began by identifying the sectors that account for the largest share of the Bank's indirect emissions, together representing approximately 57% of indirect emissions. These sectors were then analysed with regard to their impacts on nature and their dependence on ecosystem services, in line with ENCORE classifications.

The heat maps below illustrate risk drivers and dependency factors by ENCORE category. In total, 25 categories across four sectors were analysed. The results shown in the heat maps are presented on a five-point scale ranging from "very low" to "very high." The classification reflects the impacts and dependencies of each sector in relation to specific ENCORE categories. The classification supports prioritisation in the Bank's ongoing risk assessment and strategy development.

The classification does not take Iceland-specific conditions into account; for example, freshwater use is often marked in red without considering that freshwater scarcity is not an issue in Iceland. This is one of the aspects that requires further examination and improved data. Definitions of the ENCORE categories relating to risk drivers and dependency factors and their potential impacts can be found on the ENCORE website.3 The industries that weigh most heavily in the Bank's indirect emissions are fisheries, trade and services, construction, industry, and energy companies.

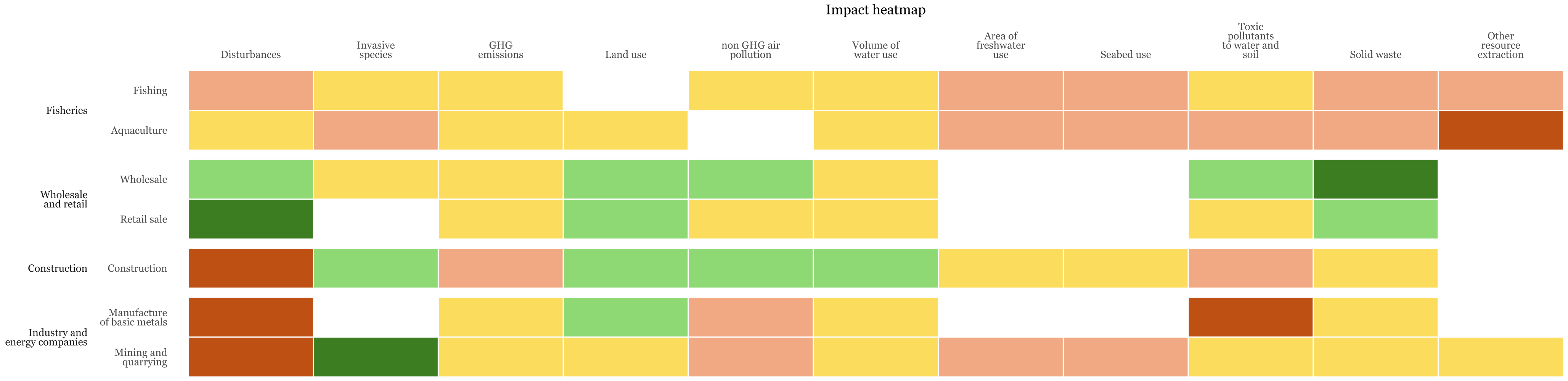
The results of the heat maps show that the extent of impacts and dependency varies between industries and their activities. Fisheries are the industry with the greatest impacts and the highest dependency on nature and ecosystem services. Industry and energy companies also have significant impacts, but their dependency is assessed as medium. Construction falls into the medium category for both impacts and dependency. Trade and services have limited impacts and low dependency compared to the other industries.

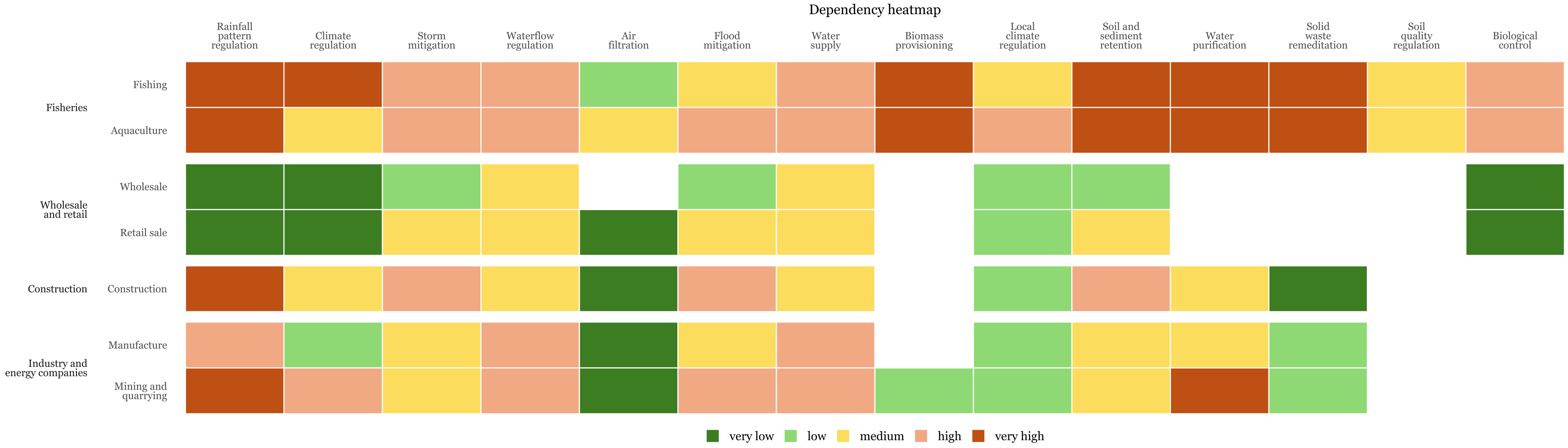
Overall, the heat maps show that the industries with the greatest direct environmental impacts are those that are most dependent on healthy ecosystems. The results provide an important basis for prioritisation for further analysis, risk assessment and actions related to climate risks and opportunities in the Bank's loan portfolio.

Integration of nature-related risk into sustainability policy and risk assessment

At present, nature-related risk will not be further integrated into the Bank's Sustainability Policy and risk assessment beyond what is already being done today. It has been stated that, according to the Bank's Sustainability Policy, biodiversity is defined as part of environmental matters, and the Bank has committed to publishing TNFD reports.

When the Bank's risk assessment indicates that nature-related risk is considered material, it will be assessed as part of sustainability risk by the Bank's Risk Management division. Until then, the Bank will continue preparing TNFD reports, which will be produced by the Bank's Sustainability department with assistance from other units as needed, including Risk Management.


Impact heatmap
Disturbances
Invasive species
GHG emissions
Land use
non GHG air pollution
Volume of water use
Area of freshwater use
Seabed use
Toxic pollutants to water and soil
Solid waste
Other resource extraction
Fisheries
Fishing
Aquaculture
Wholesale and retail
Wholesale
Retail sale
Construction
Construction
Industry and energy companies
Manufacture of basic metals
Mining and quarrying


Dependency heatmap
Rainfall pattern regulation
Climate regulation
Storm mitigation
Waterflow regulation
Air filtration
Flood mitigation
Water supply
Biomass provisioning
Local climate regulation
Soil and sediment retention
Water purification
Solid waste remeditation
Soil quality regulation
Biological control
Fisheries
Fishing
Aquaculture
Wholesale and retail
Wholesale
Retail sale
Construction
Construction
Industry and energy companies
Manufacture
Mining and quarrying
very low
low
medium
high
very high

Metrics and goals

In line with TNFD guidance, Landsbankinn has calculated one of the recommended core metrics, namely exposure to sensitive sectors. For Landsbankinn, the following sectors are classified as sensitive: fisheries, agriculture, construction, industry and energy companies, and tourism. Lending to these sectors amounted to a total of 64.8% of the Bank's loan portfolio in December 2024.

Looking ahead, the Bank's goal is to increase data granularity and map key customer activities in relation to sensitive areas, and to support disclosures in line with TNFD core metrics.

The Bank's approach aims to improve the quality and accuracy of nature-related disclosures and to set appropriate targets in alignment with TNFD.

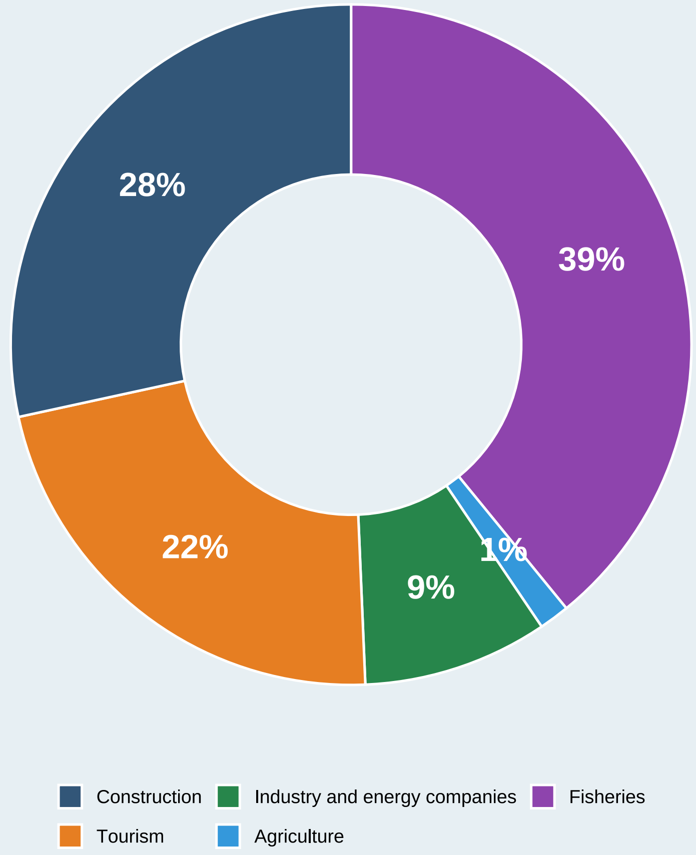
TNFD Core Metrics

According to TNFD, one of the core metrics for financial institutions is exposure within the loan portfolio to sensitive sectors.

The figure is based on the proportion of lending to sensitive industries according to the TNFD classification of sensitive industries. The proportions of individual sectors reflect the internal distribution within sensitive industries. Lending to industries that do not fall under the TNFD classification as a sensitive industry is not included in this set.

As a very small proportion of agriculture is exposed according to this analysis, agriculture was not addressed in this report but will be included in the next report.

Exposure to sensitive industries



TNFD core metrics (in operations)

	Unit	2022	2023	2024
Water consumption				
Total water consumption	m3	201,207	354,108	342,852
Energy consumption				
Direct energy consumption	MWh	206	190	259
Indirect energy consumption	MWh	11,438	15,632	14,768
Waste				
Recycled/reused	kg	61,672	86,173	105,041
Disposed of	kg	29,027	15,249	5,409

Grunnmælikvarðar

Classification	2022	2023	2024
Priority	59,9%	58,1%	54,6%
Non-priority	40,1%	41,9%	45,4%

Pressure (Impact Drivers)			
Pressures are the release of measurable quantity of a natural resource or substance and physical and biological agents. The impact is the change in the state of nature caused by the pressure or impact driver.			
Area of Freshwater, Land or Seabed use	Disturbances	GHG and non-GHG emissions	Emissions of nutrient or toxic pollutants to water and soil
Introduction of invasive species	Generation and release of solid waste	Volume of water use	Other abiotic or biotic resource extraction

Ecosystem services (Dependencies)				
Connections between nature and business. Each of these services represents a benefit that nature provides to enable or facilitate economic activities. They comprise three categories: provisioning, regulating and maintenance services, and cultural services.				
Air filtration	Biological control	Biomass provisioning	Education, scientific and research	Flood mitigation
Genetic material	Global climate regulation	Local (micro and meso) climate regulation	Noise attenuation	Nursery population and habitat maintenance
Animal-based energy provisioning	Dilution by atmosphere and ecosystems	Mediation of sensory impacts	Pollination	Rainfall pattern regulation
Recreation-related	Soil and sediment retention	Soil quality regulation	Solid waste remediation	Spiritual, artistic and symbolic
Storm mitigation	Visual amenity	Water flow regulation	Water purification	Water supply

NASDAQ UFS

Environment	Unit	2023	2024	2025	Change from prior year
E1. GHG Emissions					
1) Total amount, in CO_2 equivalents, for Scope 1 (if applicable)	tCO_2e				
Fuel		50.2	67.9	57.04	-16%
2) Total amount, in CO_2 equivalents, for Scope 2 (if applicable)	tCO_2e				
Electricity (market based)		42.78	46.1	45.33	-2%
Hot water		15.14	40.1	48.83	22%
Scope 2 with location based electricity		57.92	74.3	80.23	8%
3) Total amount, in CO_2 equivalents, for Scope 3 (if applicable)	tCO_2e				
Distribution of electricity		2.75	2.3	2.01	-13%
Distribution of hot water		3.56	4.8	9.06	87%
Distribution of drinking water		1.05	2.1	0.1	-95%
Paper use		9.75	11.5	15	30%
Data transfer		0.81	2.7	0.03	-99%
Fuel production		12.03	16.5	13.95	-16%
Waste treatment		10.42	3.6	2.28	-36%
Domestic flights		15.1	20.7	20.22	-3%
International flights		140.7	188.9	227.61	21%
Employee travel to and from work		244.9	256.7	230.74	-10%
Computer equipment manufacturing		750.03	212.1	120.16	-43%
Taxi's		0.48	0.6	0.84	43%
Construction of new headquarters		49.06	-	-	
Working from home		0.59	0.2	0.16	-23%
Sewerage		0.11	0.2	1.61	23%
Hotel accommodation for employees		7.39	8.9	7.99	-10%
Credit portfolio (corporate loans, vehicle loans and real estate loans) and assets (equities and bonds)	tCO_2e	216,689	-	248,019.9	-2%
Total all scopes excl. loans. (market based scope 2)		1,356.85	886	802.97	-9%
Total all scopes (market based scope 2)		216,057		248,822.9	-2%
E2. Emissions Intensity					

Environment (continued)	Unit	2023	2024	2025	Change from prior year
1) Total GHG emissions per output scaling factor (Scope 1 & 2)	tCO_2e/ISK m net operating income	1.46	2	1.77	-8%
	tCO_2e/FTE* (Scope 1 and 2)	0.14	0.18	0.17	-6%
E3. Energy Usage					
1) Total amount of energy directly consumed	MWh	189.46	259	241.97	-6%
2) Total amount of energy indirectly consumed	MWh	15,632.22	14,768	11,377.07	-23%
E4. Energy Intensity					
1) Total direct energy usage per output scaling factor	MWh/ISK m net operating income	2.57	3.3	2.84	-12%
	MWh/FTE*	0.24	0.31	0.28	-10%
E5. Energy Mix					
1) Percentage: Energy usage by generation type					
Renewable energy	%	99%	98%	98%	0%
Fossil fuels	%	1%	2%	2%	9%
E6. Water Usage					
1) Total amount of water consumed	m^3				
Hot water		246,320.1	233,719	161,275.8	-31%
Drinking water		107,788.2	109,133	78,005.52	-29%
E7. Environmental Operations					
1) Does your company follow a formal Environmental Policy? Yes/No	yes/no	Yes	Yes	Yes	None
2) Does your company follow specific waste, water, energy, and/or recycling policies? Yes/No	yes/no	Yes	Yes	Yes	None
3) Does your company use a recognized energy management system? Yes/No	yes/no	No	No	No	None
E8. Climate Oversight / Board					
1) Does your Board of Directors oversee and/or manage climate-related risks? Yes/No	yes/no	Yes	Yes	Yes	None
E9. Climate Oversight / Management					
1) Does your Senior Management Team oversee and/or manage climate-related risks? Yes/No	yes/no	Yes	Yes	Yes	None
E10. Climate Risk Mitigation					
1) Total amount invested, annually, in climate-related infrastructure, resilience, and product development	ISK m	Not available	Not available	Not available	None
Other material indicators for banks		GRI tilvísunartafla 2023	Sjálfbærniskýrsla 2024		

Social	Unit	2023	2024	2025	Change from prior year
S1. CEO Pay Ratio					
1) Ratio: CEO total compensation to median FTE total compensation		5.3	5.6	5.5	-2%
2) Does your company report this metric in regulatory filings? Yes/No	yes/no	Yes	Yes	Yes	None
S2. Gender Pay Ratio					
1) Ratio: Median male compensation to median female compensation		1.4	1.4	1.4	None
S3. Employee Turnover					
1) Percentage: Year-over-year change for full-time employees	%	7%	6%	7%	22%
2) Percentage: Year-over-year change for part-time employees	%	3%	3%	3%	None
S4. Gender Diversity					
1) Percentage: Total enterprise headcount held by men and women					
Men	%	45%	45%	45%	None
Women	%	55%	55%	55%	None
2) Percentage: Entry- and mid-level positions held by men and women					
Men	%	56%	43%	44%	2%
Women	%	44%	57%	56%	-2%
3) Percentage: Senior- and executive-level positions held by men and women					
Men	%	45%	67%	65%	-3%
Women	%	44%	33%	35%	6%
S5. Temporary Worker Ratio					
1) Percentage: Total enterprise headcount held by part-time employees	%	12%	12%	9%	-25%
S6. Non-Discrimination					
1) Does your company follow a sexual harassment and/or non-discrimination policy? Yes/No	yes/no	Yes	Yes	Yes	None
S7. Injury Rate					
1) Percentage: Frequency of injury events relative to total workforce time	%				
S8. Global Health & Safety					
1) Does your company follow an occupational health and/or global health & safety policy? Yes/No	yes/no	Yes	Yes	Yes	None
S9. Child & Forced Labor					
1) Does your company follow a child and/or forced labor policy? Yes/No	yes/no	Yes	Yes	Yes	None
2) If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No	yes/no	Yes	Yes	Yes	None
S10. Human Rights					
1) Does your company follow a human rights policy? Yes/No	yes/no	Yes	Yes	Yes	None
2) If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No	yes/no	Yes	Yes	Yes	None
Other material indicators for banks		GRI tilvísunartafla 2023	Sjálfbærniskýrsla 2024		

Governance	Unit	2023	2024	2025	Change from prior year
G1. Board Diversity					
1) Percentage: Total board seats occupied by women (as compared to men)	%	50%	43%	43%	None
2) Percentage: Committee chairs occupied by women (as compared to men)	%	33%	33%	33%	None
G2. Board Independence					
1) Does company prohibit CEO from serving as board chair? Yes/No	yes/no	Yes	Yes	Yes	None
2) Percentage: Total board seats occupied by independents	%	100%	100%	100%	None
G3. Incentivized Pay					
1) Are executives formally incentivized to perform on sustainability? Yes/No	yes/no	No	No	No	None
G4. Collective Bargaining					
1) Percentage: Total enterprise headcount covered by collective bargaining agreement(s)	%	100%	100%	100%	None
G5. Supplier Code of Conduct					
1) Are your vendors or suppliers required to follow a Code of Conduct? Yes/No	yes/no	Yes	Yes	Yes	None
2) If yes, what percentage of your suppliers have formally certified their compliance with the code?					
G6. Ethics & Anti-Corruption					
1) Does your company follow an Ethics and/or Anti-Corruption policy? Yes/No	yes/no	Yes	Yes	Yes	None
2) If yes, what percentage of your workforce has formally certified its compliance with the policy?	%	100%	100%	100%	None
G7. Data Privacy					
1) Does your company follow a Data Privacy policy? Yes/No	yes/no	Yes	Yes	Yes	None
2) Has your company taken steps to comply with GDPR rules? Yes/No	yes/no	Yes	Yes	Yes	None
G8. ESG Reporting					
1) Does your company publish a sustainability report? Yes/No	yes/no	Yes	Yes	Yes	None
2) Is sustainability data included in your regulatory filings? Yes/No	yes/no	Yes	Yes	Yes	None
G9. Disclosure Practices					
1) Does your company provide sustainability data to sustainability reporting frameworks? Yes/No	yes/no	Yes	Yes	Yes	None
2) Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No	yes/no	Yes	Yes	Yes	None
3) Does your company set targets and report progress on the UN SDGs? Yes/No	yes/no	Yes	Yes	Yes	None
G10. External Assurance					
1) Are your sustainability disclosures assured or validated by a third party? Yes/No	yes/no	Yes	Yes	Yes	None
Other material indicators for banks		GRI tilvísunartafla 2023	Sjálfbærniskýrsla 2024		

Deloitte.

Independent auditor's assurance report

To the Management and Stakeholders of Landsbankinn hf.
We have been engaged by Landsbankinn hf. to provide a limited assurance conclusion and a reasonable assurance opinion on selected Sustainability Disclosures ("selected sustainability disclosures") presented in the Bank's Sustainability accounts for the financial year 2025 ("the Report"). The disclosures within the scope of assurance are identified in the summary on pages 21–23 of the Report, where the level of assurance is defined.

Limited Assurance Conclusion
Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability disclosures subject to limited assurance, marked with a dot in the summary on pages 21–23 of the Report for 2025 are not, in all material respects, in accordance with the methodology and applied sustainability reporting practice as described in the Report.

Reasonable Assurance Opinion
Based on the procedures we have performed and the evidence we have obtained, in our opinion the selected sustainability disclosures subject to reasonable assurance, marked with a star in the summary on pages 21–23 of the Report for 2025 are presented in accordance with the methodology and applied sustainability reporting practice as described in the Report.

Basis for Limited Assurance Conclusion and Reasonable Assurance Opinion
We performed our work in accordance with ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, to obtain limited and reasonable assurance for our conclusion and opinion.

A limited assurance engagement is less in scope than a reasonable assurance engagement. As a result, the level of assurance obtained is lower than would be obtained in a reasonable assurance engagement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion and opinion. Our responsibilities under the standard are further described in the section auditor's responsibilities in this assurance report.

Independence and quality control
We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants (IESBA Code), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

Deloitte ehf. is subject to International Standard on Quality Management (ISQM) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other matters
The comparative amounts of the selected sustainability metrrics that are subject to reasonable assurance for 2025 were subject to limited assurance in the prior year.

Management's responsibilities
The management of Landsbankinn is responsible for preparing and presenting the sustainability information set out in the Report and the responsibilty includes:

- Selecting and applying appropriate sustainability reporting methods
- Preparing, measuring and disclosing the selected sustainability disclosures in accordance with the specified criteria.
- Designing, implementing and maintaining internal control as necessary to ensure the information is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities
Our objectives are to:

Plan and perform procedures to obtain limited assurance that the selected sustainability disclosures referred to on pages 21-23 of the Report as subject to limited assurance, are free from material misstatement, whether due to fraud or error, and to issue a Limited Assurance Report that includes our conclusion

Plan and perform procedures to obtain reasonable assurance that the selected sustainability disclosures referred to on pages 21–23 of the Report as subject to reasonable assurance, are free from material misstatement, whether due to fraud or error, and to issue a report that contains our opinion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users on the basis of the selected sustainability disclosures.

As part of both limited assurance and reasonable assurance engagements performed in accordance with ISAE 3000 (Revised), we exercise professional judgement and apply professional scepticism throughout the engagement.

We are responsible for:

- Obtaining an understanding of the entity's internal control environment, processes and information systems relevant to the preparation of the selected sustainability metrics, without expressing an opinion on the design, implementation or operating effectiveness of such controls.
- Identifying risks of material misstatement in the selected sustainability disclosures, whether due to fraud or error.
- Designing and performing procedures responsive to the assessed risks of material misstatement in the selected sustainability disclosures. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions or the override of internal controls.

Procedures

A limited assurance and reasonable assurance engagement involves procedures to obtain sufficient appropriate evidence to provide a conclusion on the selected sustainability disclosures. The nature, timing and extent of the procedures applied are based on professional judgement, including identifying areas in the reporting where material misstatements are likely to arise, whether due to fraud or error.

In performing the engagement, we have, among other things:

- Planned and carried out procedures to obtain sufficient appropriate evidence to issue a conclusion and opinion on the selected sustainability disclosures.
- Obtained an understanding of the processes and methodologies underpinning the reporting and assessed the data used in presenting the selected sustainability disclosures.
- Obtained an understanding of the internal control environment and selected processes and control activities related to the preparation of the selected sustainability disclosures, not for the purpose of expressing a conclusion on the effectiveness of internal control.
- Made enquiries of relevant Landsbankinn personnel.
- Performed analytical procedures and traced information in the selected sustainability disclosures to relevant supporting documents.
- Performed substantive procedures on a sample basis on selected sustainability disclosures and performed recalculation.

Kópavogur, 29. January 2026

Deloitte ehf.

Steina Dröfn Snorradóttir
State Authorised Public Accountant

Steina Dröfn Snorradóttir

TM-Sustainability Report

General

TM became a subsidiary of Landsbankinn in 2025. The company's sustainability report covers the period from 1 March to 31 December, which is the period during which TM has been part of the Landsbankinn Group. As Landsbankinn, Landsbréf and TM have each conducted an independent double materiality assessment, no group-wide alignment has been carried out for aspects other than climate accounting at this stage.

TM places emphasis on having a positive long-term impact on society. This means that when decisions are made, consideration is always given to their long-term effects. The company emphasises operating in harmony with society, including by addressing environmental issues, social factors and good governance practices in its operations (ESG), and it also encourages adherence to ESG factors externally. Studies have shown that a focus on ESG factors in corporate operations not only has positive effects on society, but also contributes to company growth and profitability, while reducing operational and legal risks.

The conclusion of TM's double materiality assessment, completed in 2025, was that insurance fraud and responses to it scored highest in terms of both financial materiality and impact. High scores were also given to the reuse of damaged assets and waste management following major fires. Both relate to ESRS 2 – E5 – the circular economy.

Principles for Sustainable Insurance (PSI)

TM became a member of the international sustainability framework for insurance companies, Principles for Sustainable Insurance (PSI), in early 2023. PSI is a partnership of the United Nations and insurance companies focused on the management of ESG factors and arising opportunities. The initial PSI report on the implementation of PSI indicators was published in December 2025.

UN Global Compact

At year-end 2025, TM became a member of the UN Global Compact on business ethics and responsibility. The membership marks an important step in TM's ongoing efforts toward responsible and sustainable operations. Through this membership, TM follows in the footsteps of its parent company, Landsbankinn, which has been a member since 2006.

Under the Global Compact, companies and institutions are encouraged to take positive action for the benefit of society, guided by sustainability. The Compact came into effect in 2000 and serves as a benchmark for companies and institutions in implementing responsible business practices. Currently, more than 25,000 organizations are parties to the Compact, including 37 Icelandic companies.

The Compact is a call for companies to adapt their operations and activities to align with its ten core principles, which are divided into four categories: human rights, labour, the environment, and anti-corruption. By participating in the Compact, TM commits to implementing the ten core principles in its operations. In this way, companies not only uphold their basic responsibilities toward people and the environment but also create value for the business sector and society while laying the foundation for long-term success.

"The membership reflects TM's vision of being a responsible participant in society and contributing to a sustainable future, both through its own operations and through services to customers and partners," says Birkir Jóhannsson, CEO of TM.

More about the UN Global Compact in Iceland.

Climate Change (E1)

TM has for decades worked on the reuse of damaged items, originally as a way to limit financial losses but in recent years also to support an active circular economy. The most important elements in this regard are the reuse of spare parts for vehicles and household goods. With respect to the reuse of damaged vehicle parts, Iceland significantly lags behind the other Nordics in terms of used parts utilised in repairs. There appears to be a lack of economic incentives to increase such use, although increased availability of used spare parts is discussed in the business sector's climate index. In that context, authorities are encouraged to strengthen safety requirements and introduce legislative changes to support the circular use of damaged items. For TM's part, provisions on the use of used parts have been incorporated into contracts with workshops and the company is assessing how it can further increase the use of used spare parts.

In property damage cases, efforts have for many years focused on reusing items, for example from fire damage. Items have been cleaned and sold at a discount. Often, only the packaging is damaged while the items themselves remain intact. With regard to building materials removed from a loss site, TM has ensured through contracts with contractors that such materials are handled in a responsible manner. The same applies to waste or debris following major fires.

TM has begun work on identifying climate-related risks as part of its risk management and as part of the company's own risk and solvency assessment, but further work is needed to define, understand and measure these risks in order to draw more robust conclusions. TM's assessment of climate risk includes a comprehensive evaluation of both physical risks and adaptation and transition risks. An increased frequency of extreme weather events and other natural disasters will, if current trends continue, affect insurance coverage, premiums, the scope of insurance policies and reinsurance. Insurance companies therefore face long-term challenges related to the potential impacts of climate change.

The Arctic region, of which Iceland is a part, is currently warming at a rate two to three times faster than the global average. This is causing the country's glaciers to melt at an alarming rate, which in turn contributes to rising sea levels. There has also been an increase in the frequency and intensity of storms in Iceland, which can lead to flooding and landslides.

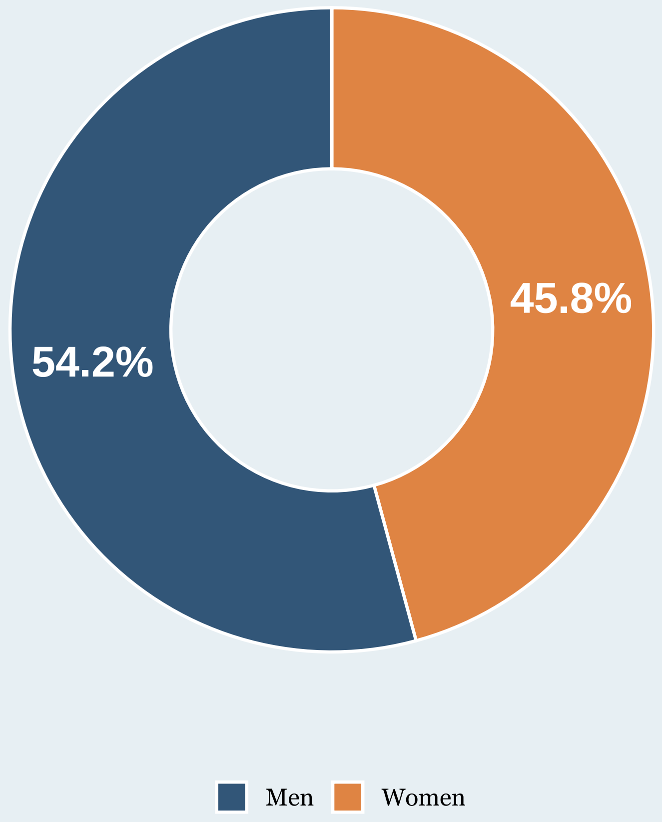
In addition to the physical impacts of climate change, the Icelandic economy is also vulnerable to climate-related risks. Tourism, which is one of the key pillars of the economy, could be negatively affected by changes in weather patterns or by the perception of Iceland as a destination increasingly impacted by climate change. However, it is unlikely that many of the common climate-related losses that have already had a significant impact on European insurance companies, such as floods, wildfires, and landslides, will have a material impact on Icelandic insurance companies, as such risks are largely insured through the Icelandic Catastrophe Insurance (NTÍ).

The most realistic scenario for Icelandic insurance companies is therefore primarily related to extreme weather, particularly strong winds, heavy precipitation and wildfires. In addition, TM believes that ocean acidification and rising sea levels may also have indirect long-term impacts on TM.

Own workforce S1

TM follows Landsbankinn's human resources policy and has access to all training and education offered by Landsbankinn.
The human resources policy places strong emphasis on equality and diversity and is aligned with an action plan on gender equality.
The gender balance at TM is fairly even, and there is also specific monitoring of gender ratios within individual job categories, with the aim of ensuring that these ratios reflect society as closely as possible.

Gender ratio of TM employees



Learning and development

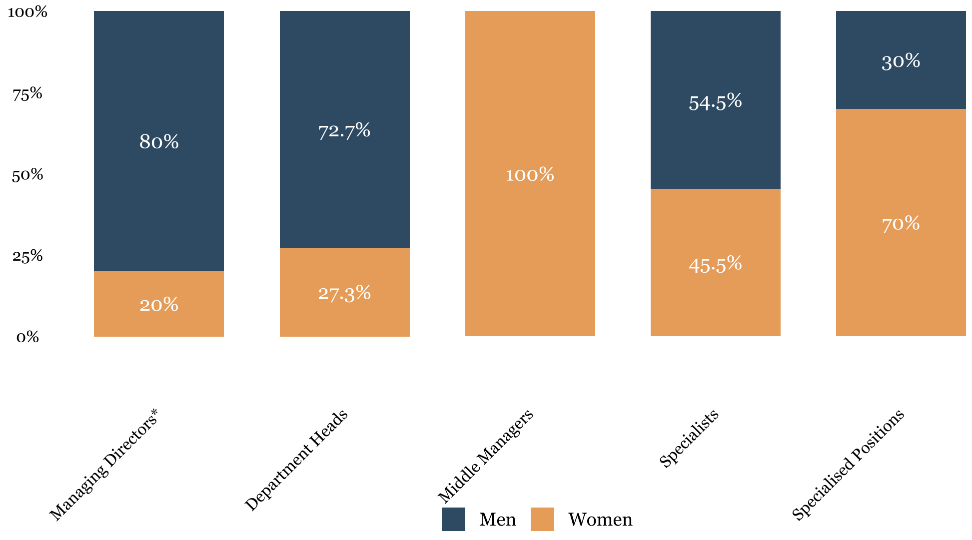
Participation in events focused on learning and development is good. Since TM gained access to Landsbankinn's training platform in spring 2025, 87% of employees have participated in optional training activities, compared with a participation rate of 90% at Landsbankinn. The average number of training hours is 6.1 hours per participant, compared with 11.9 hours over the entire year 2025 for Landsbankinn as a whole.

Projects related to the integration of TM into Landsbankinn's work environment were a major focus during the year. Strong emphasis was placed on clear and timely communication to TM employees from the outset, training on what a project-based work environment entails and targeted education and training on products, services and sales techniques. Four workshops, Stillum saman strengi, were held for TM employees, where they were prepared for working in a project-based workspace and for the move to new premises in the city centre. The workshops addressed the challenges associated with major changes and ways to maintain positive communication and mindset. Participation was high, with 85% of TM's employees taking part.

Extensive, tailored digital training was developed to support the changes and to explain the products and services of both companies. The objective is for all employees to have a comprehensive understanding of the solutions offered by both TM and the Bank. During the year, targeted training also took place in which TM specialists trained a group of Bank employees as insurance sales advisors and basic training in insurance services was offered to the entire bank front line.

Below is an overview of the total number of employees by gender, type of employment and employee turnover by gender and age.

Gender ratio by job category



*CEO is included with managing directors

Type of employment	2025
Permanent employees (count)	**72**
Women	32
Men	40
Temporary employees (count)	**11**
Women	6
Men	5
Full-time employees (count)	**78**
Women	33
Men	45
Part-time employees (count)	**5**
Women	5
Men	0

Parental leave	2025
Number of employees entitled to parental leave*	**10**
Women	5
Men	5
Number of employees who took parental leave	
Women	5
Men	5
Proportion of employees who took parental leave	
Women	100%
Men	100%

TM Employees	Count 2025
Total number of employees	83
Women	38
Men	45

CEO pay ratio	2025
1) Ratio: CEO total compensation to median FTE total compensation	7.0
Gender pay gap	
1) Ratio: Median male compensation to median female compensation	1.4

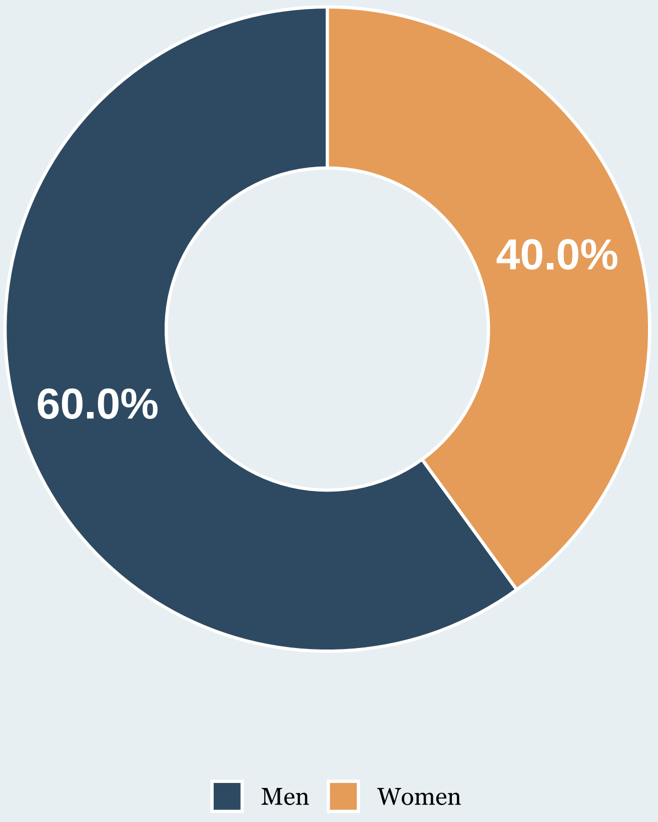
Business conduct (G1)

Good corporate governance supports TM's sustainable operations and the company places emphasis on integrity and professionalism in all of its activities. TM has established various policies and rules with the aim of conducting business in a professional and responsible manner. Policies and rules adopted by the company include:

- Risk policy
- Investment strategy
- Policy on sustainability risk
- Rules on gifts, invitational trips and other employee benefits
- Rules on measures to prevent money laundering, and financing of terrorism and weapons of mass destruction
- Rules on employee transactions with financial instruments
- Rules on transactions with connected parties

Policies are generally reviewed annually, others bi-annually. TM outsources compliance to Landsbankinn.

Gender ratio of TM Board of Directors



	2025
Scope 1 GHG emissions	
Gross scope 1 GHG emissions (tCO_2eq)	25,5
a. Mobile combustion	25,5
b. Stationary combustion	0
Percentage of scope 1 GHG emissions from EU ETS (%)	0,0%
Scope 2 GHG emissions	
Gross location-based scope 2 GHG emissions (tCO_2eq)	1,37
Gross market-based scope 2 GHG emissions (tCO_2eq)	29,6
Significant scope 3 GHG emissions	
Total gross indirect (scope 3) GHG emissions (tCO_2eq)	224
1. Purchased goods and services	0,32
a. Cloud computing and data centre services	0
2. Capital goods	116
3. Fuel and energy-related activities	6,20
5. Waste generated in operations	4,57
6. Business travel	48,1
7. Employee commuting	37,2
15. Investments	11,7
Total GHG emissions	
Gross location-based scope 2 GHG emissions (tCO_2eq)	251
Gross market-based scope 2 GHG emissions (tCO_2eq)	280
Total GHG emissions w/o Investments	
Gross location-based scope 2 GHG emissions (tCO_2eq)	240
Gross market-based scope 2 GHG emissions (tCO_2eq)	268
Direct biogenic scope 1 emissions	0

Carbon accounting

Carbon accounting

Energy consumption	Unit	2025	2024	2023
1) Total volume of direct energy consumption	MWh	242	259	189
2) Total volume of indirect energy consumption	MWh	11,377	14,768	15,632

Energy mix	Unit	2025	2024	2023
1) Energy consumption by production type in %				
Renewable energy	%	98,1	98,3	98,7
Fossil fuels	%	1,9	1,7	1,3

Energy intensity	Unit	2025	2024	2023
1) Direct total energy consumption based on sample size	**MWh/ISKbn net operating income**	**2,8**	**3,2**	**2,6**
	MWh/man-years	0,3	0,3	0,2
2) Indirect total energy consumption based on sample size	**MWh/ISKbn net operating income**	**133,5**	**185,3**	**211,7**
	MWh/man-years	13,0	17,6	19,6
3) Total energy consumption based on sample size	**MWh/ISKbn net operating income**	**136,3**	**188,5**	**214,2**
	MWh/man-years	13,3	17,9	19,9

GHG emissions intensity	Unit	2025	2024	2023
1) Total emission of GHG based on sample size (scope 1 & 2)	**tCO_2e/ISKbn net operating income**	**1,77**	**1,93**	**1,46**
	tCO_2e/man-years	0,17	0,18	0,14

Greenhouse gas emissions	Unit	2025	2024	2023
1) Total volume in tCO_2e under Scope 1	**tCO_2e**	**57,0**	**67,9**	**50,3**
Fuel - Mobility combustion		55,1	67,9	50,3
Fuel - Stationary combustion		1,9	0	0
2) Total volume in tCO_2e under Scope 2 (location based emissions)	**tCO_2e**	**80,2**	**74,3**	**57,9**
Electricity (market based emissions)		45,3	46,1	42,8
Electricity (location based emissions)		31,4	34,2	42,8
Hot Water		48,8	40,1	15,1
3) Total volume in tCO_2e under Scope 3	**tCO_2e**	**387.795,6**	**378.629,6**	**372.665,3**
Electricity distribution		2,0	2,3	2,8
District heating distribution		9,1	4,8	3,6
Distribution of potable water		0,1	2,1	1,0
Paper use		15,0	11,5	9,8
Data transmission		0,0	2,7	0,8
Fuel production (WTT)		13,9	16,5	12,0
Treatment of waste		2,3	3,6	10,4
Domestic flights		20,2	20,7	15,1
International flights (cat. 15)		227,6	188,9	140,7
Employee travel to and from work		230,7	256,7	244,9
Production of computer equipment		120,2	212,1	750,0
Taxis		0,8	0,6	0,5
Construction of new headquarters		-	-	49,1
Working via remote connection		0,2	0,2	0,6
Sewerage		1,6	1,3	0,1
Hotel accommodation for employees		8,0	8,9	7,4
Financed emissions according to PCAF		387.143,9	377.896,7	371.416,6
Total for all scopes except financed emissions **(location based emission)**	**tCO_2e**	**789,0**	**875,2**	**1.356,8**
Total for all scopes (location based emission)	**tCO_2e**	**387.932,9**	**378.771,8**	**372.773,5**

PCAF appendix

PCAF appendix

Table 15: Summary of emission-intensive sectors in equities and bonds for 2023

Emission-intensive sector	Book value (ISK m)	Financed emissions ($ktCO_2e$)	Scope 3 ($ktCO_2e$)	Emission intensity (tCO_2e/ISK m)	Weighted score (financed emissions)	Weighted score (scope 3)	Adjusted emission intensity (tCO_2e/ISK m)	In scope
Aviation	327	1.6	0.3	5.02	2.0	2.0	7.17	100.0%
Maritime transport	56	0.1	0.0	2.27	2.0	2.0	3.24	100.0%
Total	**383**	**1.8**	**0.4**	**4.62**	**2.0**	**2.0**	**6.60**	**100.0%**
Other	19,668	0.9	1.8	0.05	2.8	2.8	0.05	74.5%

Table 16: Summary of emission-intensive sectors in the credit portfolio for 2023

Sector	Book value (ISK m)	Financed emissions ($ktCO_2e$)	Scope 3 ($ktCO_2e$)	Emission intensity (tCO_2e/ISK m)	Weighted score (financed emissions)	Weighted score (scope 3)	Adjusted emission intensity (tCO_2e/ISK m)	In scope
Automotive	13	0.0	0.0	0.00	5.0	5.0	0.00	100.0%
Aviation	11,427	30.0	10.7	2.63	2.4	2.4	3.79	100.0%
Cement, clinker and lime production	447	0.3	0.5	0.58	3.6	4.0	0.58	100.0%
Fossil fuel combustion	3,271	0.1	117.6	0.02	1.2	1.2	0.02	100.0%
Iron and steel, coke, and metal ore production	154	0.4	0.0	2.44	3.9	3.9	2.44	100.0%
Maritime transport	10,099	20.6	7.8	2.04	3.2	3.2	2.65	100.0%
Power	6,793	0.8	0.2	0.12	3.1	3.1	0.12	100.0%
Total	**32,204**	**52.2**	**136.9**	**1.62**	**2.7**	**2.7**	**2.22**	**100.0%**
Other	766,145	177.6	367.4	0.23	3.7	3.7	0.23	98.3%

Table 17: Calculated financed carbon emissions 2023 by asset class

Asset class	Book value (ISK m)	Financed emissions ($ktCO_2e$)	Scope 3 ($ktCO_2e$)	Emission intensity (tCO_2e/ISK m)	Weighted score (financed emissions)	Weighted score (scope 3)	Adjusted emission intensity (tCO_2e/ISK m)	In scope
Equities and bonds	**20,051**	**2.7**	**2.2**	**0.13**	**2.8**	**2.8**	**0.18**	**74.8%**
Business loans	**759,483**	**193.9**	**504.2**	**0.26**	**3.7**	**3.7**	**0.28**	**98.3%**
Construction	129,120	8.4	40.8	0.07	4.1	4.1	0.07	100.0%
Holding companies	27,683	0.9	3.8	0.03	4.2	4.2	0.03	100.0%
Real estate companies	174,322	1.3	1.9	0.01	3.8	3.8	0.01	98.9%
Travel sector	82,199	34.4	38.5	0.42	3.8	3.8	0.58	100.0%
Industrial and power companies	31,943	11.0	11.5	0.34	3.3	3.3	0.34	100.0%
Agriculture	6,910	12.4	8.3	1.80	4.1	4.1	1.80	100.0%
Public entities	372	0.0	0.0	0.00	5.0	5.0	0.00	3.2%
Fisheries and seafood	190,118	69.9	47.0	0.37	3.6	3.5	0.37	100.0%
Trade	58,766	10.5	306.2	0.18	2.5	2.6	0.18	100.0%
Services, IT and communications	58,048	45.1	46.2	0.78	3.7	3.7	0.88	100.0%
Mortgages	**677,562**	**1.7**	**0.2**	**0.00**	**4.0**	**4.0**	**0.00**	**92.7%**
Motor vehicle loans	**55,557**	**41.6**		**0.75**	**2.3**		**0.75**	**99.4%**
Sovereign debt - excl. LULUCF	**135,384**	**131.6**		**0.97**	**2.0**		**0.97**	**100.0%**
Sovereign debt - incl. LULUCF	135,384	244.3		1.80	2.0		1.80	100.0%
Total (excl. LULUCF)	**1,648,037**	**371.4**	**506.6**	**0.23**	**3.6**	**3.8**	**0.24**	**91.9%**

Table 18: Calculated financed carbon emissions 2022 by asset class

Asset class	Book value (ISK m)	Financed emissions ($ktCO_2e$)	Scope 3 ($ktCO_2e$)	Emission intensity (tCO_2e/ISK m)	Weighted score (financed emissions)	Weighted score (scope 3)	Adjusted emission intensity (tCO_2e/ISK m)	In scope
Equities and bonds	**18,446**	**1.9**	**1.4**	**0.10**	**2.8**	**2.8**	**0.14**	**51.5%**
Business loans	**708,484**	**247.3**	**422.2**	**0.35**	**3.7**	**3.7**	**0.38**	**98.3%**
Construction	99,389	7.5	40.6	0.08	4.3	4.3	0.08	100.0%
Holding companies	28,168	0.7	4.2	0.03	4.3	4.3	0.03	100.0%
Real estate companies	137,328	1.2	2.3	0.01	3.9	3.9	0.01	98.5%
Travel sector	89,581	40.8	43.8	0.46	3.5	3.5	0.62	100.0%
Industrial and power companies	38,429	23.3	10.7	0.61	3.1	3.3	0.61	100.0%
Agriculture	6,528	10.9	7.3	1.67	4.2	4.2	1.67	100.0%
Public entities	324	0.0	0.0	0.00	5.0	5.0	0.00	3.1%
Fisheries and seafood	191,867	92.9	63.7	0.48	3.7	3.7	0.49	100.0%
Trade	60,057	12.5	205.9	0.21	2.7	2.7	0.21	100.0%
Services, IT and communications	56,812	57.5	43.7	1.01	3.7	3.7	1.11	100.0%
Mortgages	**650,572**	**2.1**	**0.3**	**0.00**	**4.0**	**4.0**	**0.00**	**92.2%**
Motor vehicle loans	**49,114**	**40.6**		**0.83**	**2.3**		**0.83**	**98.7%**
Sovereign debt - excl. LULUCF	**105,293**	**136.2**		**1.29**	**2.0**		**1.29**	**100.0%**
Sovereign debt - incl. LULUCF	105,293	294.2		2.79	2.0		2.79	100.0%
Total (excl. LULUCF)	**1,531,910**	**428.1**	**423.9**	**0.28**	**3.7**	**3.8**	**0.29**	**90.9%**

Table 19: Calculated financed carbon emissions 2021 by asset class

Asset class	Book value (ISK m)	Financed emissions ($ktCO_2e$)	Scope 3 ($ktCO_2e$)	Emission intensity (tCO_2e/ISK m)	Weighted score (financed emissions)	Weighted score (scope 3)	Adjusted emission intensity (tCO_2e/ISK m)	In scope
Equities and bonds	**30,751**	**1.7**	**1.8**	**0.05**	**3.3**	**3.2**	**0.08**	**63.8%**
Business loans	**633,709**	**191.6**	**341.7**	**0.30**	**3.8**	**3.8**	**0.33**	**99.4%**
Construction	87,686	7.2	33.9	0.08	4.3	4.3	0.08	100.0%
Holding companies	30,075	0.2	0.2	0.01	4.3	4.3	0.01	100.0%
Real estate companies	120,226	1.3	2.2	0.01	3.9	3.9	0.01	100.0%
Travel sector	82,939	27.4	31.1	0.33	3.5	3.5	0.45	100.0%
Industrial and power companies	29,601	31.4	11.7	1.06	3.5	3.8	1.06	100.0%
Agriculture	5,941	14.1	12.4	2.37	4.2	4.2	2.37	100.0%
Public entities	339	0.1	0.4	0.24	5.0	5.0	0.24	8.7%
Fisheries and seafood	177,271	63.5	84.7	0.36	3.7	3.7	0.37	100.0%
Trade	45,756	2.8	130.3	0.06	3.2	3.2	0.06	100.0%
Services, IT and communications	53,876	43.6	34.8	0.81	3.7	3.7	0.92	100.0%
Mortgages	**598,148**	**1.4**	**0.1**	**0.00**	**4.0**	**4.0**	**0.00**	**92.5%**
Motor vehicle loans	**39,297**	**39.3**		**1.00**	**2.3**		**1.00**	**98.3%**
Sovereign debt - excl. LULUCF	**132,157**	**208.8**		**1.58**	**1.0**		**1.58**	**100.0%**
Sovereign debt - incl. LULUCF	132,157	411.9		3.12	1.0		3.12	100.0%
Total (excl. LULUCF)	**1,434,062**	**442.7**	**343.6**	**0.31**	**3.6**	**3.9**	**0.32**	**91.5%**

Table 20: Calculated financed carbon emissions 2020 by asset class

Asset class	Book value (ISK m)	Financed emissions ($ktCO_2e$)	Scope 3 ($ktCO_2e$)	Emission intensity (tCO_2e/ISK m)	Weighted score (financed emissions)	Weighted score (scope 3)	Adjusted emission intensity (tCO_2e/ISK m)	In scope
Equities and bonds	**25,657**	**2.8**	**2.1**	**0.11**	**3.4**	**3.4**	**0.12**	**54.7%**
Business loans	**655,141**	**199.2**	**306.9**	**0.30**	**3.7**	**3.7**	**0.32**	**99.4%**
Construction	80,261	5.7	41.0	0.07	4.2	4.2	0.07	100.0%
Holding companies	31,843	0.1	0.2	0.00	4.3	4.3	0.00	100.0%
Real estate companies	129,302	1.5	2.5	0.01	3.8	3.8	0.01	100.0%
Travel sector	82,684	23.8	21.0	0.29	3.5	3.5	0.34	100.0%
Industrial and power companies	29,810	45.1	17.8	1.51	3.6	3.7	1.51	100.0%
Agriculture	6,346	12.1	12.2	1.90	4.1	4.1	1.90	100.0%
Public entities	323	0.1	0.4	0.24	5.0	5.0	0.24	7.8%
Fisheries and seafood	179,504	63.1	84.6	0.35	3.6	3.7	0.36	100.0%
Trade	50,496	5.3	93.8	0.11	3.2	3.2	0.11	100.0%
Services, IT and communications	64,572	42.4	33.4	0.66	3.5	3.5	0.73	100.0%
Mortgages	**476,952**	**1.2**	**0.1**	**0.00**	**4.0**	**4.0**	**0.00**	**92.0%**
Motor vehicle loans	**35,950**	**38.8**		**1.08**	**2.4**		**1.08**	**96.2%**
Sovereign debt - excl. LULUCF	**96,843**	**172.3**		**1.78**	**1.0**		**1.78**	**100.0%**
Sovereign debt - incl. LULUCF	96,843	373.8		3.86	1.0		3.86	100.0%
Total (excl. LULUCF)	**1,290,543**	**414.2**	**309.0**	**0.32**	**3.6**	**3.8**	**0.33**	**91.1%**

Table 21: Calculated financed carbon emissions 2019 by asset class

Asset class	Book value (ISK m)	Financed emissions ($ktCO_2e$)	Scope 3 ($ktCO_2e$)	Emission intensity (tCO_2e/ISK m)	Weighted score (financed emissions)	Weighted score (scope 3)	Adjusted emission intensity (tCO_2e/ISK m)	In scope
Equities and bonds	**29,467**	**5.0**	**2.2**	**0.17**	**3.6**	**3.6**	**0.17**	**62.1%**
Business loans	**637,543**	**207.1**	**552.7**	**0.32**	**3.8**	**3.8**	**0.32**	**98.8%**
Construction	96,053	9.8	79.5	0.10	4.3	4.3	0.10	100.0%
Holding companies	25,981	0.1	0.2	0.00	4.9	4.9	0.00	100.0%
Real estate companies	135,853	3.5	13.2	0.03	3.7	3.7	0.03	100.0%
Travel sector	80,915	88.5	50.0	1.09	3.5	3.5	1.09	100.0%
Industrial and power companies	23,354	11.9	52.7	0.51	3.6	3.6	0.51	100.0%
Agriculture	5,295	14.7	16.9	2.77	4.0	4.0	2.77	100.0%
Credit institutions	6	0.0	0.0	0.04	4.0	4.0	0.04	100.0%
Public entities	234	0.0	0.1	0.09	4.3	4.3	0.09	5.7%
Fisheries and seafood	151,112	26.3	254.4	0.17	3.8	3.8	0.17	100.0%
Trade	52,170	6.9	46.0	0.13	3.1	3.1	0.13	93.1%
Services, IT and communications	66,570	45.2	39.8	0.68	3.4	3.4	0.68	100.0%
Mortgages	**359,815**	**1.0**	**0.1**	**0.00**	**4.0**	**4.0**	**0.00**	**91.8%**
Motor vehicle loans	**40,217**	**58.2**		**1.45**	**2.8**		**1.45**	**94.2%**
Sovereign debt - excl. LULUCF	**94,195**	**188.9**		**2.01**	**1.0**		**2.01**	**100.0%**
Sovereign debt - incl. LULUCF	94,195	215.9		2.29	1.0		2.29	100.0%
Total (excl. LULUCF)	**1,161,236**	**460.1**	**555.0**	**0.40**	**3.6**	**3.8**	**0.40**	**90.6%**