



GRI Standards - Appendix

LANDSBANKINN HF. | Reg. No. 471008-0280 | LANDSBANKINN.IS

2 February 2023

GRI Standards - Appendix

2 – 29 Approach to stakeholder engagement

Determination of material topics began with a review of Landsbankinn's stakeholders, i.e. individuals or group that have an interest that is affected or could be affected by the organisation's activities. Landsbankinn's stakeholders are divided into internal and external stakeholders. Internal stakeholders include employees, customers, suppliers, shareholders and society (that is Iceland). External stakeholders include regulators, media, investors, interest groups, lobbying groups and authorities.

GRI - description of material topics, a list of material topics and approach to their management.

Landsbankinn regularly evaluates its material topics for sustainability for the purposes of disclosing appropriate information in each sustainability report based on the best current knowledge. During each review, material topics are evaluated with regard for several stakeholder groups. This method ensures review of each materiality topic with regard for all stakeholders, both internal and external, every 5 years. The last review of Landsbankinn's material topics took place in 2019 and the stakeholders contacted were customers, employees (including management) and society (i.e. members of the public who are not Landsbankinn customers) and two interest groups. Another review was initiated in 2021, contacting customers, employees and society (i.e. members of the public who are not Landsbankinn customers).

As a GRI Sector Standard for financial institutions has yet to be published, we are unable to use them to compare with Landsbankinn's operation. To date, material topics have been determined based on Landsbankinn's impact on GRI indices. Following a revision of the GRI Standards in fall 2021, it was decided to take a more detailed look at material topics GRI and analyse both the impact of Landsbankinn's operation as well as how material topics affect the Bank. Once this work was done, determination of which GRI indices from the GRI Topics chapters extended to the material topics. Another alternative would have been to continue to utilise the old definitions and disclose information on all GRI Topics covered in previous reports. The decision to take the first approach is based on augmenting the strategic efficiency of the Bank's sustainability work. Much of our efforts in 2021 were expended on analysing and developing the sustainability category, focusing and defining it to help us set sustainability goals and work systematically towards those goals. In 2022, we have for the first time based our work on the revised Sustainability Policy and set sustainability goals.

A survey was sent to all Landsbankinn employees in fall 2021. The survey was created by presenting a list of material topics by sectors from S&P Global, MSCI, SASB, London Stock Exchange Group and Re-finitiv. All topics for financial institutions were collated and divided into the categories environment, social and governance (ESG). There were some repetitions and the list was edited to eliminate these. Based on these topics, a survey of 31 questions was presented to Landsbankinn's employees. One question posed was how much or little emphasis Landsbankinn should put on each topic in its operation. There were five possible responses: Very little - Rather little - Neither/nor - Rather much - Very much. The response ratio was 32% and qualitative analysis was carried out on the responses. Three topics emerged which were clearly measuring ESG-related questions. Only questions with over 0.6 correlation to each topic were advanced. Under environment, there four questions with a correlation of 0.818 to 0.835 to the topic and one with 0.650 correlation, with environmental issues having the highest correlation. In the social topics, four questions had a correlation between 0.638 to 0.735 to the topic. In governance, seven questions had a correlation between 0.620 to 0.776 to the topic.

Where questions were measuring the same topic, the question with the highest correlation to each topic was selected and put to the public in collaboration with EMC rannsóknir. Respondents numbered 635 and the results were analysed by customers of the Bank, overall responses and demographic factors. The demographic factors are gender, age, domicile and position, which is defined based on such factors as household income, assets, savings, education and employment status of adult household members.

In reviewing material topics on the list, it was examined whether their impact had materialised and the possible impact of each topic. The extent of impact on the categories economy, environment, people and

human rights were analysed, as well as their impact through the Bank’s actions and/or business connections. The table below lists both the material topics that resulted from quantitative analysis and their impact on the above categories. Management of material topics by the Bank using GRI indicators is also shown.

Environmental

GRI Standards		Environment	Impact on these indicators through Landsbankinn’s actions and business connections	Materialised impact - negative or positive	Impact that is likely to materialise - negative or positive
2-22, 2-23, 2-24, 2-25, 2-26, 2-27, 2-28, 2-29	201-2, 203-1, 204-1, 302-1-2-3-4-5, 305-1-2-3-4-5-6, 308-1-2, G4-DMA(FS1), G4-DMA (FS9), G4-FS11	Climate change action	The economy The environment People Human rights	Action against climate change takes place through sustainable financing of projects under the Bank’s Sustainable Finance Framework. Landsbankinn has also carbon-offset emissions from its operation. This is a positive impact.	A likely future scenario is tailoring the Bank’s products to PCAF results that show where the most extensive emissions from the Bank take place in order to reduce emissions. This would have a comprehensive positive impact.
	307-1	Adhere to plan for climate action	The economy The environment People Human rights	The impact has not materialised in this case but is likely to manifest shortly.	The impact here will be through business connections which will impact all categories. Customers will have to adapt to changed legislation in support of the plan for climate action and Landsbankinn will help them in the process through sustainable financing and possibly tailored products. This impact will be positive across all categories.
	203-1, G4-DMA (FS8)	Finance projects with a positive environmental impact	The economy The environment People Human rights	The impact has not begun to materialise here.	Landsbankinn is in a position to finance projects that have a positive environmental impact through business connections and must meet the requirements of the Bank’s Sustainable Finance Framework. The positive impact would likely affect all categories.
	G4-DMA (FS3), G4-FS10	Offer sustainable financing	The economy The environment People Human rights	Landsbankinn has begun offering sustainable financing under its Sustainable Finance Framework, i.e. projects that meet the criteria of the Framework can receive sustainable financing. The impact is positive on all categories.	The likely continuance is to increase sustainable financing under the Framework and the impact would be positive across all categories.

Social

GRI Standards		Social	Impact on these indicators through Landsbankinn's actions and business connections	Materialised impact - negative or positive	Impact that is likely to materialise - negative or positive
2-7, 2-8, 2-19, 2-20, 2-21, 2-30, 401-1, 401-2, 401-3, 402-1, 403-1, 403-2	403-5, 403-6, 404-1-2-3,	Employee training	The economy	Employee training is a project that is continuously evolving at Landsbankinn through a broad selection of courses and other methods of developing knowledge. Especially positive impact on people and the economy; also on other categories.	Continued development in line with modern demands and an ever-changing banking system. A positive impact is expected as long as training of Bank employees continues and through encouragement of others to do the same in the Bank's Annual & Sustainability Report.
			The environment		
			People		
			Human rights		
404-1-2-3,	Develop human resources		The economy	The development of human resources is an ongoing project under the Bank's Human Resources department, shared through the Bank's Annual & Sustainability Report for the benefit of others. Main positive impact on people and the economy but also on other categories.	Continued development in line with modern demands and an ever-changing banking system. A positive impact is expected as long as development of the Bank's human resources continues and through encouragement of others to do the same in the Bank's Annual & Sustainability Report.
			The environment		
			People		
			Human rights		
201-1-3, 202-1, 202-2, 403-3-4-8, 405-2, 407-1, 413-1-2, 414-2, G4-FS13, G4-FS14, G4-DMA (FS15), G4-DMA (FS16)	Good labour market practice		The economy	Good labour market practice has a positive impact on all categories and a negative impact if they are not respected. Landsbankinn operates under a strict regulatory environment and we consider that the Bank employs good labour market practices with the resulting positive impact.	Positive impact continues so long as good labour market practices are maintained; failure results in a negative impact.
			The environment		
			People		
			Human rights		
405-1, 406-1,	Contribute to participation, diversity and employee access		The economy	The impact from this topic that has materialised is mainly in connection to diversity among employees as Iceland is a fairly homogeneous society and the only country the Bank operates in. Accessibility could in many cases be better - much of the Bank's housing is old and accessibility not good enough. This affects mainly people and human rights.	In a fast-changing society, there may be a negative impact from lack of diversity in the workforce and poor accessibility. Efforts to increase diversity among staff are on-going and the Bank moves to new headquarters this year, where accessibility is ensured for all. The impact on people and human rights is positive.
			The environment		
			People		
			Human rights		

Governance

GRI Standards		Governance	Impact on these indicators through Landsbankinn's actions and business connections	Materialised impact - negative or positive	Impact that is likely to materialise - negative or positive
2-5, 2-6, 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17, 2-18, 205-1-2-3, 206-1, 415-1,	408-1, 409-1, 414-1,	Human rights	The economy	Human rights in Landsbankinn's supply chain are considered as regards suppliers and in the Bank's own actions. Ensuring human rights has an impact on all categories.	Likely future impact is increased emphasis on human rights, especially in the Bank's supply chain. Negative impact if human rights are violated, positive impact for all categories if human rights are promoted through increased recognition of responsibilities in the supply chain and related actions.
			The environment		
			People		
			Human rights		
	417-3,	Responsible marketing	The economy	Always be cognisant of responsible marketing. Failure to do so would negatively impact all categories and weaken the Bank's operating basis considerable.	Positive impact if effective, negative if not ensured. Care has been taken and will surely continue, especially with increased emphasis on data and data-driven marketing.
			The environment		
			People		
			Human rights		
418-1	Privacy	The economy	The Bank employs a Data Protection Officer to safeguard privacy. Impact on people, the economy and human rights is positive or negative as the case may be. Every effort is made to ensure privacy at the Bank.	Considerable negative impact in case of failure. Currently well tended to, important to monitor closely when emphasis changes and/or are updated.	
		The environment			
		People			
		Human rights			
2-5, 417-1-2,	Responsible sale practices and labelling	The economy	Always practice responsible sales and product labelling. Failure would have a significant negative impact on all categories and weaken the Bank's operating bases significantly.	Positive impact if done well, negative if not. Care has been taken and the aim is to continue on the same path.	
		The environment			
		People			
		Human rights			
419-1	Honour ESG obligations (avoid fines)	The economy	Purview of the Bank's Compliance function; failure to honour obligations would impact all categories negatively.	Important to continue to do well in this topic.	
		The environment			
		People			
		Human rights			
418-1, 417-2-3, 419-1	Comply with regulatory anti-corruption framework (avoid fines)	The economy	Purview of the Bank's Compliance function; failure to honour obligations would impact all categories negatively.	Important to continue to do well in this topic.	
		The environment			
		People			
		Human rights			
G4-DMA (FS12)	Practice good business ethics and governance	The economy	Purview of the Bank's Compliance function; failure to honour obligations would impact all categories negatively.	Important to continue to do well in this topic.	
		The environment			
		People			
		Human rights			

Work on identifying and defining material topics was carried out the Bank's sustainability experts with the assistance of specialists from the Marketing department, in addition to outsourced work to EMC rannsóknir. The Managing Director of Community oversaw the work and has approved these material topics for Landsbankinn's sustainability platform. Revision of materiality topics is scheduled for fall 2023.

2- 6 Activities, value chain and other business relationships

About Landsbankinn	Change	2022-12-31	2021-12-31	31.12.2020
Retail customers of Landsbankinn	5%	121,564	115,515	132,058
Corporate customers of Landsbankinn	3%	16,763	16,276	13,460
Branches and outlets	-3%	35	36	36
Full-time equiv. positions	1%	813	801	858
Personnel	1%	862	850	923

Key ratios (ISKbn)	2022	2021	2020
Net operating income	53,053	62,330	38,253
After-tax profit	16,997	28,919	10,521
After-tax ROE	6.3%	10.8%	4.3%
Total capital ratio	24.7%	26.6%	25.1%
Interest margin on average total asset position	2.7%	2.3%	2.5%
Cost-income ratio	46.8%	43.2%	47.4%
Total assets	1,787,024	1,729,798	1,564,177
Ratio of customer lending to deposits	159.6%	154.1%	160.5%

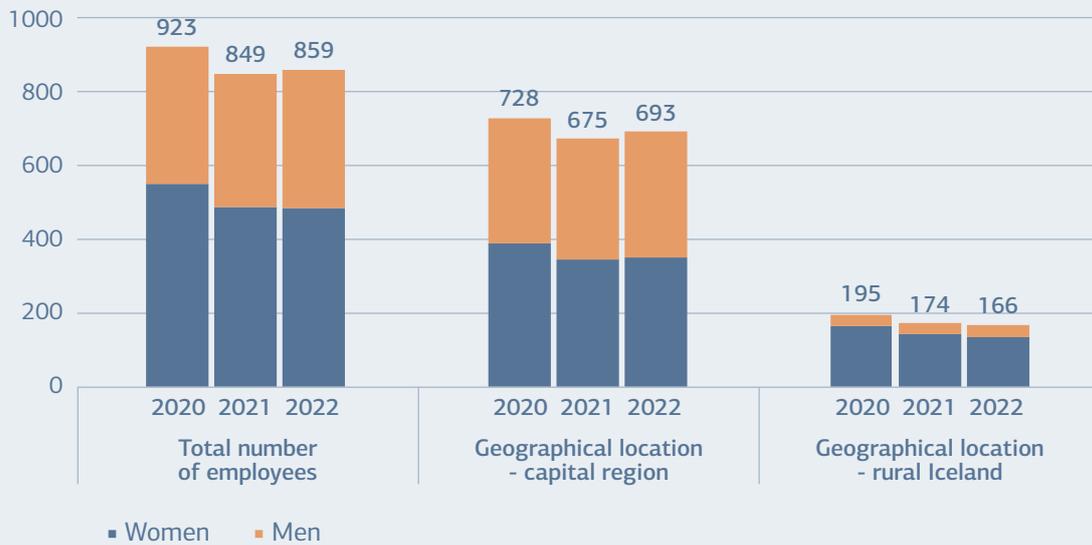
2-7 Employees

Employee figures for Landsbankinn include all employees with an employment relationship with the Bank. Figures were updated for 2020 and 2019 and 2019 is now a new base year for employee statistics. As before, we only show the genders male and female as employees outside those two categories are too few for the information to be considered general. Five or more employees of the same gender are required to be in each category in order to disclose the information. The Bank's job categories were revised in 2022, impacting indicators 405-1 and 405-2. Indicator 405-1 now shows the Bank's five job groups along with gender ratios and age groups for each group. Indicator 405-2 now shows a comparison of salaries paid to males and females in these five groups.

All figures in the chapter on human resources in the GRI report apply to the employees of Landsbankinn hf., not the entire Group. Number of employees refers to actual personnel rather than full-time equiv. positions. While data is gathered monthly, beginning and end-of-year positions are considered, as are the changes to statistical information on the Bank's human resources in the course of the year.

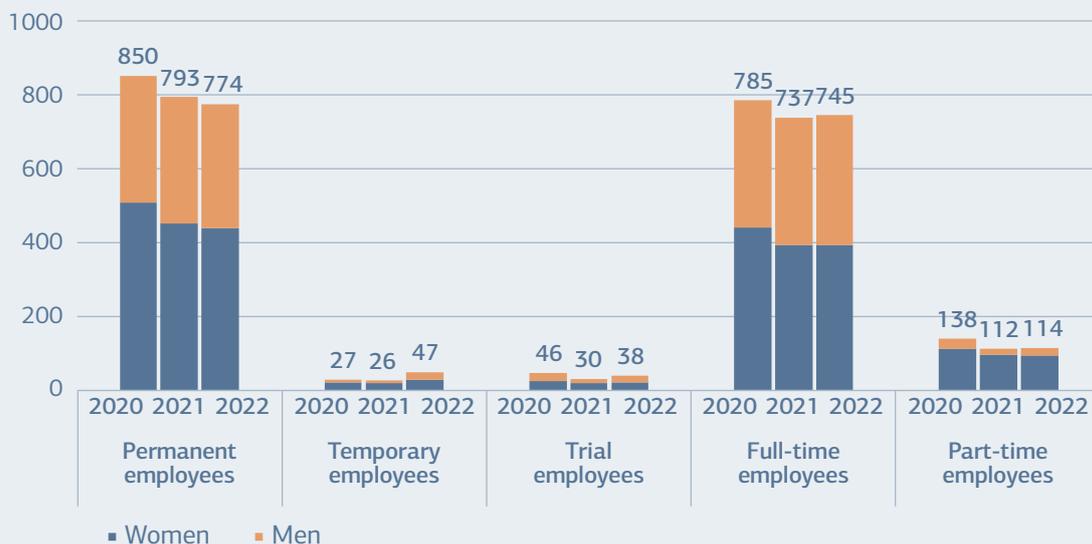
Landsbankinn defines Iceland as its operating environment and thus has only one operating environment yet discloses information by geographies, i.e. the capital region and rural Iceland.

Landsbankinn's employees - gender and geographical location



Landsbankinn's employees	2022	2021	2020
Total number of employees	859	850	923
Women	486	487	552
Men	373	362	371
Geographical location - capital region	693	675	728
Women	352	345	388
Men	341	330	340
Geographical location - rural Iceland	166	174	195
Women	134	142	164
Men	32	32	31

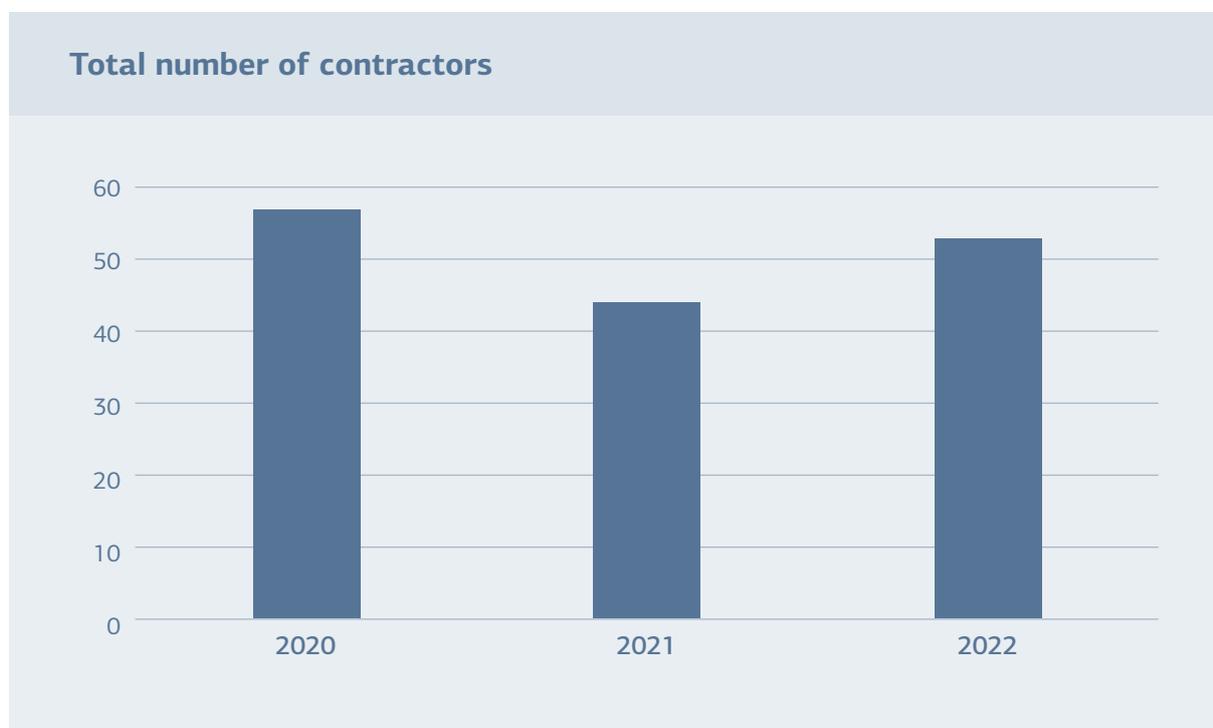
Type of employment



Type of employment	2022	2021	2020
Permanent employees	774	793	850
Women	438	451	507
Men	336	342	343
Trial employees	47	26	27
Women	28	18	21
Men	19	8	6
Temporary employees/regardless of position %	38	30	46
Women	20	18	24
Men	18	12	22
Full-time employees	745	737	785
Women	392	392	440
Men	353	345	345
Part-time employees	114	112	138
Women	94	95	112
Men	20	17	26

2.8 Workers who are not employees

Workers who are not employees include contractors who carry out temporary assignments for Landsbankinn. Contractors carry out temporary confidential and/or specialist work for the Bank and these are assignments that do not require new permanent positions. The number of contractors in 2022 is based on confidentiality agreements signed by contractors in 2021 and the figures thus indicate the number of contractors during the year rather than positions.



	2022	2021	2020
Total number of contractors	53	44	57

2 – 28 Memberships and partnerships

Related to sustainability

- Festa, Centre for Sustainability
- UN Global Compact
- UN PRI
- UNEP-FI
- IcelandSIF - Iceland Sustainable Investment Forum
- Climate project of Festa and the City of Reykjavík to work systematically on the SDGs
- UNEP-FI Principles for Responsible Banking.
- Partnership for Carbon Accounting Financials (PCAF)
- Partnership for Biodiversity Accounting Financials (PBAF)
- Environment Agency of Iceland, Nordic Swan label

Other companies

- ACI Ísland, association
- International Trade Commissions in Iceland
 - US-Icelandic Chamber of Commerce
 - British-Icelandic Chamber of Commerce
 - Danish-Icelandic Chamber of Commerce
 - French-Icelandic Chamber of Commerce
 - Faroe Islands-Icelandic Chamber of Commerce
 - Greenlandic-Icelandic Chamber of Commerce
 - Italian-Icelandic Chamber of Commerce
 - Nordic Chamber of Commerce
 - Norwegian-Icelandic Chamber of Commerce
 - Spanish-Icelandic Chamber of Commerce
 - Swedish-Icelandic Chamber of Commerce
 - German-Icelandic Chamber of Commerce
- Aluminium cluster, association
- Publishing house Codex, book club
- Intrum Iceland ehf.
- Dokkan slf.
- The Fintech Cluster ehf.
- IBAS/ICOBAS User Group
- Íslandshótel hf.
- Íslenski ferðaklasinn
- Nordic Financial CERT
- Confederation of Icelandic Employers
- The Icelandic Financial Services Association
- Icelandic Standards (IST)
- Icelandic Concrete Association
- Stjórnvísí
- Icelandic Securities Depository (ISD)
- Iceland Chamber of Commerce
- Service Community in Hérað

201-1 Direct economic value generated and distributed

Direct economic value in ISK million*	Change	2022	2021	2020
Income	-15%	53,053	62,330	38,253
Operating costs**	0%	7,738	7,718	7,668
Salaries and related expenses	-2%	14,474	14,759	14,767
Dividends to shareholders	100%	20,550	4,489	-
Income tax and special tax	31%	12,493	9,547	3,901
Financial sponsorship	6%	126	119	115
Total economic contribution	51%	55,381	36,632	26,451
Economic gain	-91%	2,328	25,698	11,802
Proportion of economic contribution of gains	77%	104%	59%	69%

* Consolidated information

** Less impairment of PPE and grants

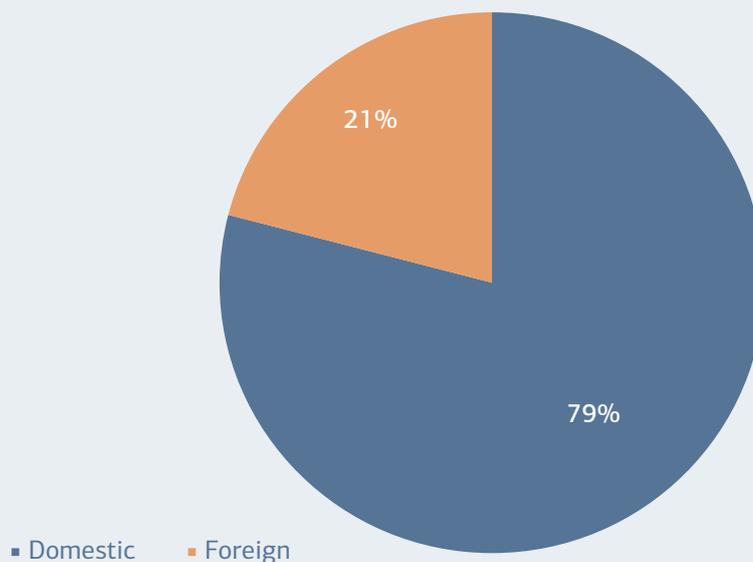
204-1 Proportion of spending on local suppliers

Landsbankinn defines Iceland as its local community and endeavours to do business with Icelandic suppliers in so far as this is economical. In rural areas, the Bank endeavours to do business with locals, provided they fulfil the requirements of the Bank's Procurement Policy.

	Domestic	Foreign	Total
Number of suppliers with a turnover over ISK 500,000	443	94	537
Number of suppliers with more than 1-year contracts	40	84	124
Total payments in ISK m*	6,116	1,622	7,738

*Consolidated information

Proportion of procurement from domestic and foreign suppliers



Proportion of supplier turnover by category	% of total	Domestic	Foreign
Information Technology (IT)	41%	84%	16%
Real estate operating costs	13%	100%	0%
Marketing costs	9%	100%	0%
Other	37%	92%	8%

Anti-corruption

205-1 Operations assessed for risks related to corruption

Landsbankinn has a policy on measures against bribery and corruption. The policy provides for effective organisational and managerial processes to minimise the risk of corruption and bribery in Landsbankinn's operation and in relations with customers, employees, regulators and other authorities, shareholders, auditors, competitors and other stakeholders. This policy reflects the United Nations Convention against corruption, enacted in Iceland in March 2011, Article 264 (a) of the General Penal Code No. 19/1940, Landsbankinn's Rules of Procedure and its Covenant of Ethical Conduct.

Landsbankinn undertakes a risk assessment based on the risk of fraud and bribery in accordance with its risk-based internal control approach in this field. The aim was to complete the risk assessment for 21 operating segments. 18 have been completed, or 85.7%. Six other risk assessments of operating segments were added as a result of organisational changes.

A risk assessment of the Bank's customers and operation was revised, including on all products, services and distribution channels, for the risk of money laundering and terrorist financing.

205-2 Communication and training about anti-corruption policies and procedures

New employees at Landsbankinn receive special instruction and training about the Bank's main rules, including rules on conflict of interest, notification of misconduct and actions to combat money laundering and terrorist financing. The Board of Directors and the CEO receive special instruction and training at the outset of employment as part of preparation for their eligibility assessment, carried out by the Financial Supervisory Authority of the Central Bank of Iceland.

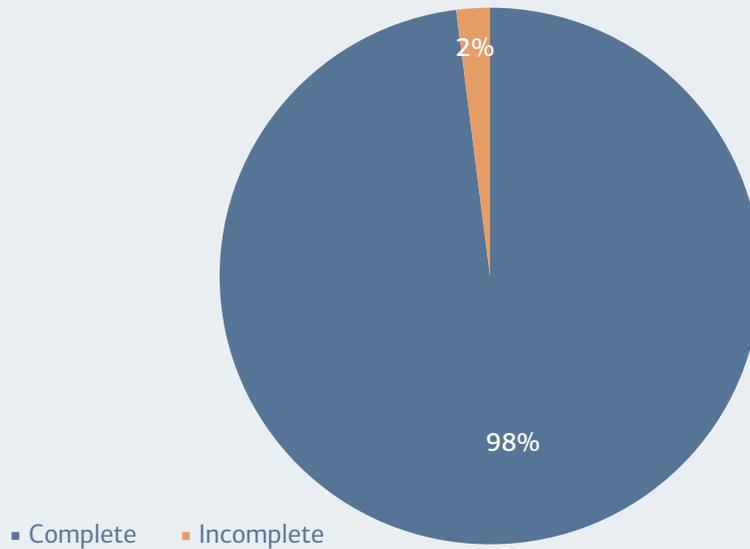
Landsbankinn's policy against bribery and corruption extends to the duty of superiors to inform and instruct, as such instruction shall aim to increase employee awareness of measures against bribery and corruption and information about how to respond to suspicion of bribery and corruption. Such instruction takes place through visits to the Bank's various units, information posted to Workplace, and electronic instruction and testing on the Bank's education platform. The Bank's rules on whistle-blowing in the case of corruption and misconduct were revised in 2022 for the purpose of limiting the risk of corruption and misconduct even further and contribute to disclosure about reprehensible behaviour in the Bank's operation.

All employees received electronic information about the revised rules, one of the purposes of which is to protect whistle-blowing employees. Around 92.2% of employees viewed the information. Employees were also sent electronic information about misconduct and encouraged via Workplace to notify of any suspicious behaviour to appropriate parties either in-house or externally.

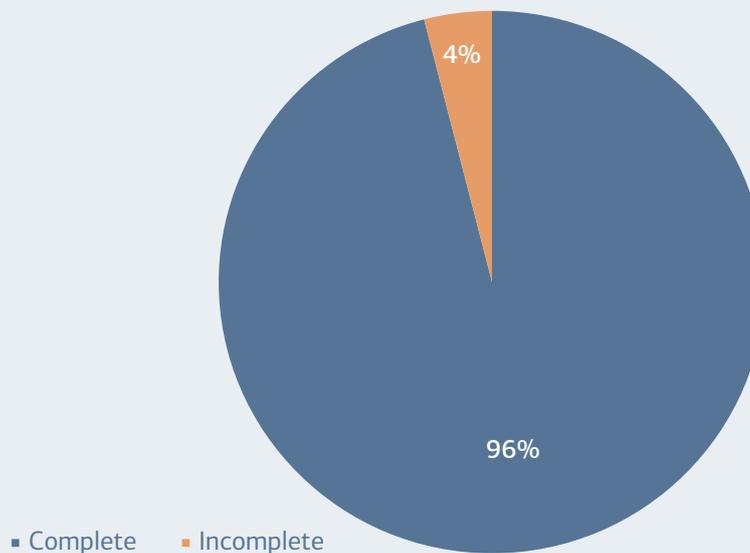
In addition to the presentation on bribery and corruption, employees receive regular instruction on measures against money laundering and terrorist financing. Such instruction takes place through visits to the Bank's various units, information posted to Workplace, and electronic instruction and testing on the Bank's education platform.

In 2022, front-line employees and employees at head office were tested on measures against money laundering and terrorist financing, 96% of employees completed the test, 97% thereof were front-line employees.

Front-line employees



All employees



205-3 Confirmed incidents of corruption and actions taken

Landsbankinn takes suitable measures to reduce the risk of bribery and corruption in its operation. Suitable measures refers to the relevant organisational and managerial action taken at Landsbankinn, involving the following:

- The Board of Directors has set policies intended to support the Bank's measures against bribery and corruption, including a policy on conflict of interest, a policy on actions to combat money laundering and terrorist financing and a compliance risk policy.

- Landsbankinn's rules include a ban against donating funds or conferring other benefits that have monetary value to political parties, candidates or election campaigns.
- There are in place rules, work procedures and work descriptions that are intended to impede bribery and corruption, including rules on gifts and invitational trips, and rules on notification of misconduct. In 2022, the process for gifts and invitational trips, clarifying the rules on what may be accepted, what not and how to register incidents.
- Landsbankinn's rules provide for the obligation of employees to notify without delay of any suspicion of bribery and/or corruption to the Compliance Officer or Chief Audit Executive, cf. Landsbankinn's rules on employee notices about misconduct, including the rights of whistle blowers to anonymity. Under the rules, employees may also notify the Financial Supervisory Authority of the Central Bank of Iceland. There were no corroborated instances of bribery or corruption in Landsbankinn's operation in 2022.
- Employees receive regular instruction about bribery and corruption. The instruction aims to increase employee awareness of measures against bribery and corruption and information about how to respond to suspicion of bribery and corruption.

Environmental

Energy

302-1 Energy consumption within the organization

Energy consumption		2022	2021	2020
1) Total volume of direct energy consumption	MWh	206	292	277
2) Total volume of indirect energy consumption	MWh	11,438	15,747	10,820

Energy composition				
1) Energy consumption by production type in %				
Renewable energy		98.2%	98.2%	97.5%
Fossil fuels		1.8%	1.8%	2.5%

302-2 Energy consumption outside of the organization

See the above table for energy consumption under 302-1 Energy consumption within the organization.

302-3 Energy intensity

		2022	2021	2020
Energy intensity				
1) Direct total energy consumption based on sample size	MWh/ISKbn net operating income	3.89	4.68	7.24
	Mwh/full-time equiv. position	0.25	0.34	0.32
2) Indirect total energy consumption based on sample size	MWh/ISKbn net operating income	215.6	252.6	282.9
	Mwh/full-time equiv. position	13.7	18.6	12.3
3) Total energy consumption based on sample size	MWh/ISKbn net operating income	219.5	257.3	290.1
	Mwh/full-time equiv. position	14.0	19.0	12.6

Emissions

305-1 Direct (Scope 1) GHG emissions

Main indicators for direct emissions are provided in the overview table in 305-3.

Direct emission includes the Bank's fuel consumption for own vehicles. Data is sourced from the accounts of fossil fuel providers to the Bank. Emissions are calculated based on conversion factors from [DEFRA](#).

305-2 Direct (Scope 2) GHG emissions

Main indicators for direct emissions are provided in the overview table in 305-3.

Indirect emissions here include purchased electricity and hot water to heat housing used by the Bank. Calculation of emissions is based on data from distributors and information from the Bank's systems.

A new methodology was used in calculations, whereby the previously used emission factors from [Reykjavík Energy](#) were exchanged for emission factors from the [Environment and Food Agency](#). The emission factor provides that all emissions from geothermal power plants is included under emissions from electricity production and emissions from hot power plant water is thus nil. Emissions from traditional geothermal power plants are negligible. Emissions from district-heating plants were calculated using public data from the relevant entities. Carbon emissions based on emissions from hot water from heating and district-heating plants decline somewhat due to this new approach. Carbon emissions from electricity increases accordingly.

Carbon emissions for electricity from Landsnet in 2020 and 2021 have been adjusted. Emissions were previously calculated using the emission factor from the [National Energy Authority](#) where the impact of sale of origin certificates for electricity had been included in calculations. This has been adjusted to not include the sale of origin certificates as electricity sellers received green certificates for sold electricity in those years.

305-3 Other indirect (Scope 3) GHG emissions

This includes all other indirect emission from the Bank than what is included under Scope 2.

Carbon emissions from the distribution of electricity and hot water are calculated based on the same methodology as Scope 2. Calculations are based on factors for transport and distribution losses from the National Energy Authority. Emission factors from Reykjavík Energy are used for the distribution of potable water.

Calculation of carbon emission for paper use, data transfers, electricity production, waste treatment and rental cars are based on emission factors from [DEFRA](#) and [Reykjavík Energy](#) while data on use is variously sourced in or out-of-house.

Carbon emissions from computer equipment are based on measurement of the carbon footprint of the equipment in question from manufacturers.

Remote work and employee travel to and from work is based on questionnaires given to employees. Remote work is calculated based on estimated work hours per year and full-time equivalent positions along with technical data for the relevant work equipment and the Environment and Food Agency's emission factor for electricity. Employee travel to and from work has regard for emission factors from [DEFRA](#) for the relevant transportation mode, vehicle and energy source.

Carbon emissions from sewerage are calculated for the first time. The calculations also have regard for the results of a questionnaire sent in connection with remote work. Calculations are based on work hours in the Bank's facilities and the emission factor from [Reykjavík Energy](#) for sewerage.

Carbon emissions for employee air travel for work purposes are based on a [report](#) on life cycle assessment carried out on air travel and its methodology. The methodology has regard for type of carrier, the difference between emissions in air and on the ground and the fact that flight paths are curved.

Construction of the Bank's new headquarters is coming to an end. Concrete work has been completed and accounts for the contraction in emissions compared to the previous year. Information about emissions from the construction process is sourced from the contractor and based on emission factors from [DEFRA](#).

GHG emissions		2022	2021	2020
1) Total volume in CO2e under Scope 1 (if applicable)	tCO2e			
Fuel		54.8	78.0*	73.5
2) Total volume in CO2e under Scope 2 (if applicable)	tCO2e			
Electricity		45.2	24.1	28.5
Hot water		3.9	51.2	27.9
Scope 2 - electricity from Landsnet (location based)		49.0	75.3**	56.4**
3) Total volume in CO2e under Scope 3 (if applicable)	tCO2e			
Electricity distribution		3.2	0.9	1.1
District heating distribution		0.6	6.3	3.2
Distribution of potable water		0.3	0.2	0.3
Paper use		11.7	11.7	11.7
Data transmission		0.9	0.8	0.3
Fuel production		13.1	18.6	17.5
Treatment of waste		15.5	15.0	15.5
Domestic flights		65.0	14.1	17.7
International flights		94.0	18.9	27.7
Employee travel to and from work		320.1	297.4*	205.4
Production of computer equipment		183.4	62.9	147.5
Taxis		0.4	0.4	0.5
Construction of new headquarters		119.2	1204.0	2484.1
Working via remote connection		0.6	0.6	
Sewage		0.1		
Credit portfolio (corporate loans, car loans and real estate loans)	tCO2e		251,506***	211,541***
Total for all scopes less credit portfolio (market-based Scope 2)		932	1,805	3,062
Total for all scopes including credit portfolio (market-based Scope 2)			253,311	214,603

* Carbon emissions adjusted for calculation reconciliation.

** Restated information due to new approach. Emission factors from the [National Energy Authority](#), which have regard for the sale of certificates of origin, are replaced with emission factors from the [Environment and Food Agency](#). For further information, see the fourth paragraph of 305-2.

*** Carbon emissions from loan book based on the [PCAF](#) methodology. Figures adjusted for recalculation.

305-4 GHG emissions intensity

305-4		2022	2021	2020
1) Total emission of GHG based on sample size (Scope 1 & 2)	tCO ₂ e/ISKbn net operating income	2.0	2.5	3.4
	tCO ₂ e/full-time equiv. positions (Scope 1&2)	0.12	0.18	0.15

305-5 Reduction of GHG emissions

Landsbankinn carbon-offsets the Bank's operation through internationally approved actors and has renewed its internationally acclaimed certification from CarbonNeutral® in 2022. Landsbankinn encourages employees to utilise other means of travel to and from work than private vehicles and offers transport grants as an incentive. In addition to transport grants, the Bank offers a refund for parking fees up to the amount of ISK 20,000 per annum for those days employees may need to drive own cars to work. In 2022, the Bank' also amended its rules on the transport grant which was previously only offered permanent employees but is now available as of the beginning of the employment relationship.

Transport grants	2022	2021	2020
Amount per employee per year (ISK)	108,000	102,000	96,000
Active agreements	334	364	388
Percentage of employees	39%	44%	43%
Thereof women	55%	53%	58%
Thereof men	45%	46%	42%

Landsbankinn has also set sustainability goals for achieving reductions in direct and indirect GHG emissions.

We aim to reduce emissions under Scope 1 by 80% by 2025 compared with 2018 emissions and by 100% in 2030. Landsbankinn shall also maintain its carbon neutral status under CarbonNeutral® from 2020 onwards.

2018 was selected as base year as emissions have been calculated using the GHG Protocol methodology as of that year. The GHG methodology gives results that are comparable internationally and is considered the soundest method of keeping emission accounts.

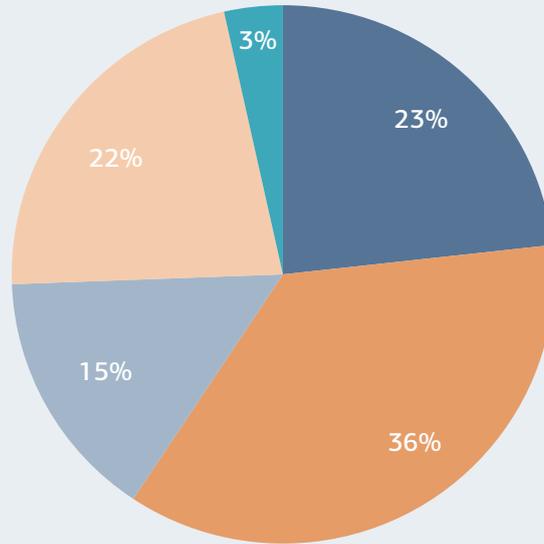
To achieve a contraction in indirect GHG emissions., Landsbankinn has joined the Science-Based Target initiative and intends to set goals to reduce indirect emissions using the SBTi guide for financial institutions and have them approved in 2023.

401-1 New employee hires and employee turnover

At year-end 2022, Landsbankinn had 859 employees working in the equivalent of 801 full-time positions

New hires were 42% women, 58% men.

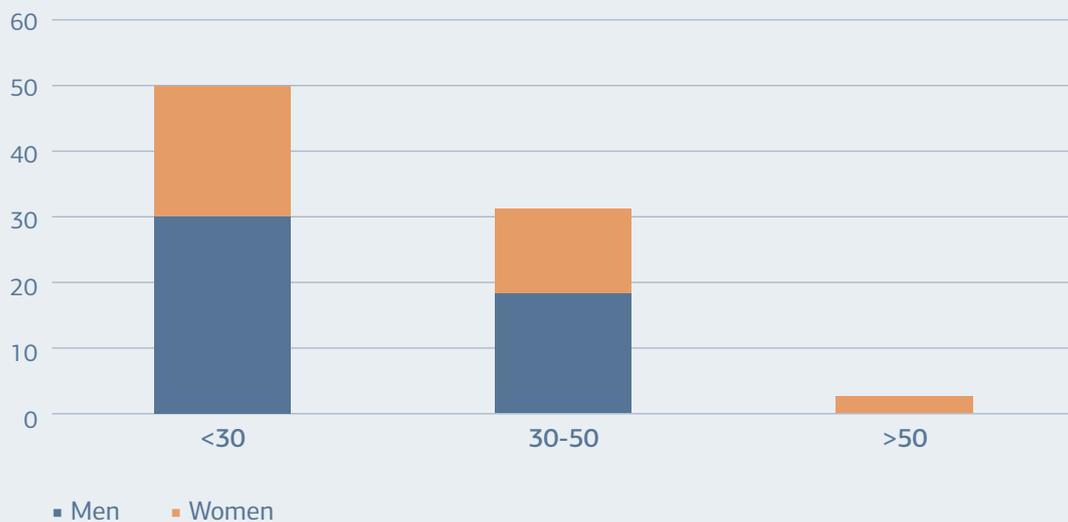
New hires in 2022 by gender and age



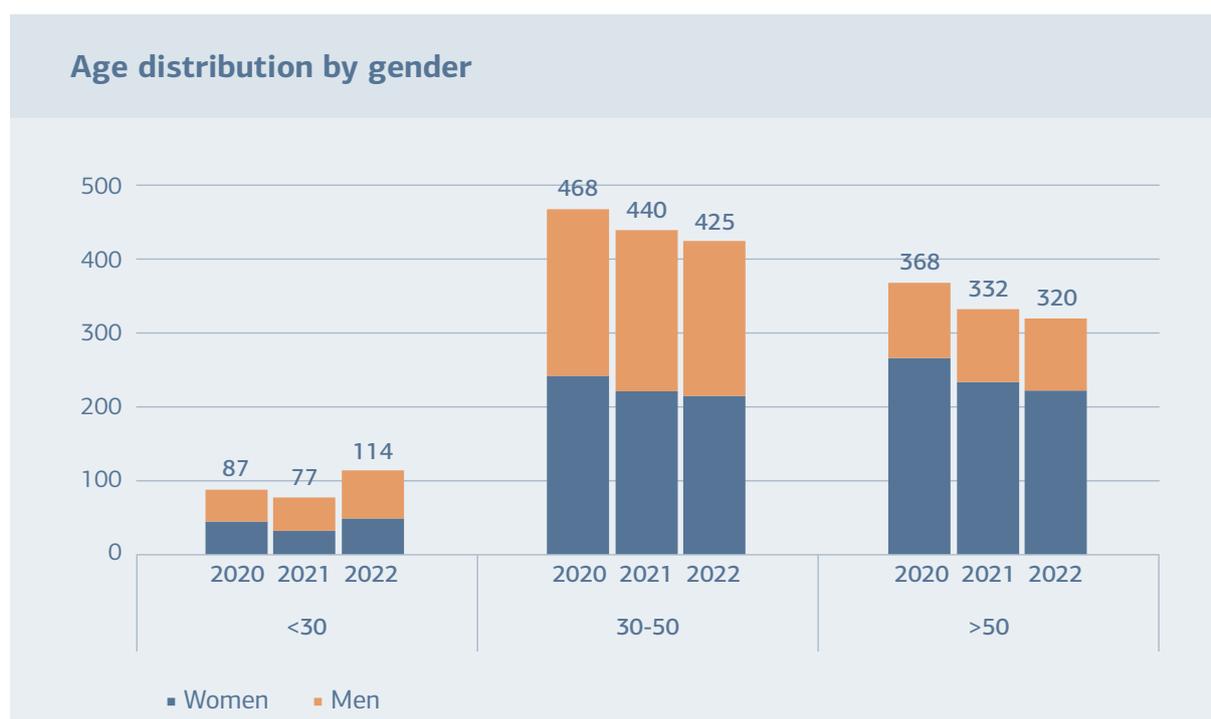
■ Women <30
 ■ Men <30
 ■ Women 30-50
 ■ Men 30-50
 ■ Women >50
 ■ Men >50

Age bracket of new hires as a ratio of the whole	2022	2021	2020
Women <30	23%	26%	32%
Men <30	36%	38%	32%
Women 30-50	15%	26%	16%
Men 30-50	22%	5%	16%
Women >50	3%	5%	3%
Men >50	0%	0%	0%

New hires in 2022 - numbers by gender and age



Below is a breakdown of age distribution by gender and age, and changes over a three-year period.



Age distribution by gender	2022	2021	2020
Women <30	49	32	44
Men <30	65	45	43
Women 30-50	215	221	242
Men 30-50	210	219	226
Women >50	222	234	266
Men >50	98	98	102

Employee turnover by gender and age over the past three years

Employee turnover - all jobs	2022	2021	2020
Women <30	1.52%	1.35%	1.07%
Men <30	0.94%	0.79%	0.75%
Women 30-50	2.81%	3.50%	1.71%
Men 30-50	3.74%	0.68%	1.39%
Women >50	4.33%	4.85%	2.89%
Men >50	1.40%	1.24%	0.43%
	14.74%	12.41%	8.24%

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

Landsbankinn employees receive benefits under the collective bargaining agreement between the Confederation of Icelandic Bank and the Confederation of Icelandic Employers, from the Landsbankinn Employee Association and Landsbankinn hf. The terms vary depending on whether employment is trial or permanent. In some instances, trial employees can enjoy the same benefits as permanent employees.

All employees, both trial and permanent, have access to a consulting physician, lunch, accident insurance, parental leave as well as a sickness fund.

All permanent employees have life assurance, receive disability payments if needed and are paid a part of the difference between wages and payments from the parental leave fund.

In addition to the above, employees enjoy various benefits, such as access to summer cottages, sports grants, transportation grants, study grants and hobby grants. Further information about benefits available to employees is available on the Bank's website.

401-3 Parental leave

Number of employees entitled to parental leave*	2022	2021	2020
Women	24	30	30
Men	41	50	43
Total	65	80	73
Number of employees who took parental leave*	2022	2021	2020
Women	24	30	30
Men	40	47	42
Total	64	77	72
Number of employees who returned to work following parental leave*	2022	2021	2020
Women	23	28	32
Men	37	42	35
Total	60	70	67
Number of employees who returned to work following parental leave and was still employed 12 months later*	2022	2021	2020
Women	28	27	27
Men	40	31	33
Total	68	58	60
Number of employees who did not return to work following parental leave	2022	2021	2020
Women	1	2	2
Men	3	0	3
Total	4	2	5
Number of employees who return to work	2022	2021	2020
Women	76.67%	93.33%	94.12%
Men	78.72%	100%	97.22%
Retention rate (employed 12 months after parental leave)	2022	2021	2020
Women	100.00%	84.38%	84.38%
Men	95.24%	88.57%	94.29%

* In Iceland, the right to parental leave extends over two years, meaning that the figures for 2021 show parental leave rights for children born between 2019-2021; 2020 shows parental leave rights for children born between 2018-2020, and 2019 rights for children born between 2017-2019.

404-1 Average hours of training per year per employee

Figures were not recorded for training hours in 2022 and do not exist. The following chapter, on Landsbankinn's education programme and learning culture, provides an insight into the offering for employees

404-2 Programs for upgrading employee skills and transition assistance programs

Comprehensive learning culture

Over the past years, we have done a great deal to ensure that our team receives support and opportunities to develop as professionals and continue learning. Our work environment is undergoing rapid changes, enhancing the importance of ensuring that employees have access to a comprehensive learning programme within and outside the Bank in line with our strategy, challenges and projects at each time.

Education and training in 2022

Emphasis was placed on mental health and general wellbeing in the Bank's education programme in 2022. Employees were returning to the workplace following a long period of remote work, giving reason to tend especially to their welfare. Management training was designed to support managers in changed conditions, with emphasis placed on encouragement and feedback in response to altered physical attendance in the workplace post-pandemic. The impending move of Landsbankinn to its newly built headquarters was a recurring theme during the year. Material was created to prepare and educate personnel about the changes involved in moving to a new and different work environment and workshops were held for all employees that will to Austurbakki.

As before, the education programme included education on internal processes, such as products and services, laws and rules, and utilised different channels and formats, such as lectures, courses, workshops and e-learning. It was enjoyable to again be able to host events, following the abolition of restrictions on gatherings. While several workshops and lectures with physical attendance were held during the year, we made full use of the experience gained of remote conference equipment and online education. By building our experience, we have been able to boost access to learning and education for employees in rural areas and who work outside of headquarters.

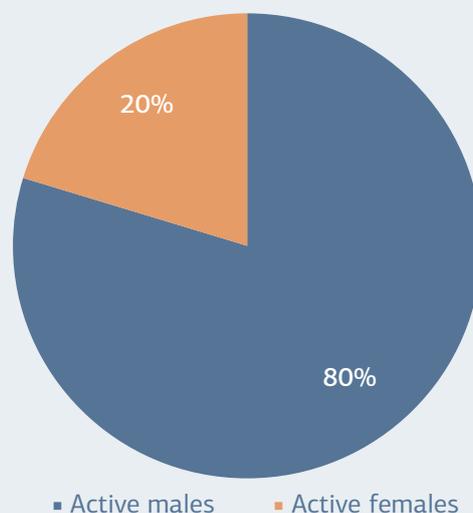
Effective job development

The project effective job development aims to train the Bank's employees in skill sets considered important to the future workplace. These skill sets include leadership, communications skills, critical and solution-oriented thinking and teamwork proficiency. Participants attend courses and targeted training over two semesters. In the past 3 years, a total of 62 individuals have participated in the project.

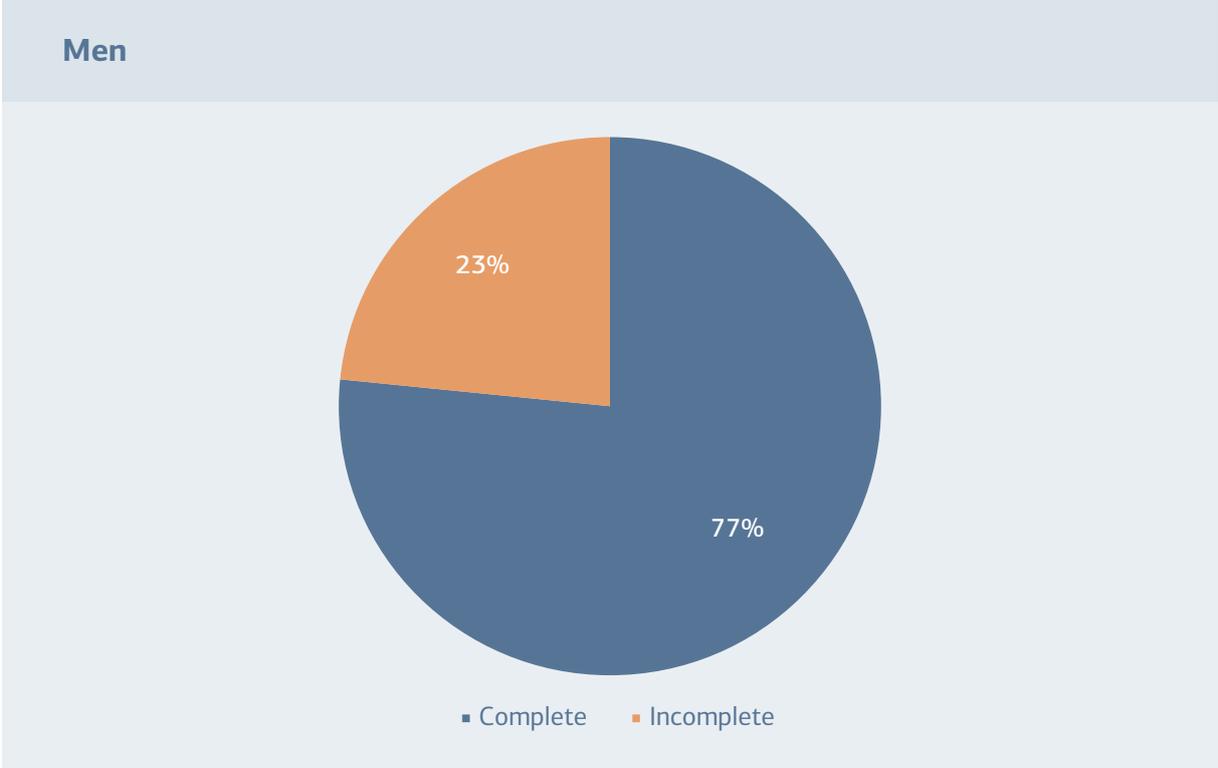
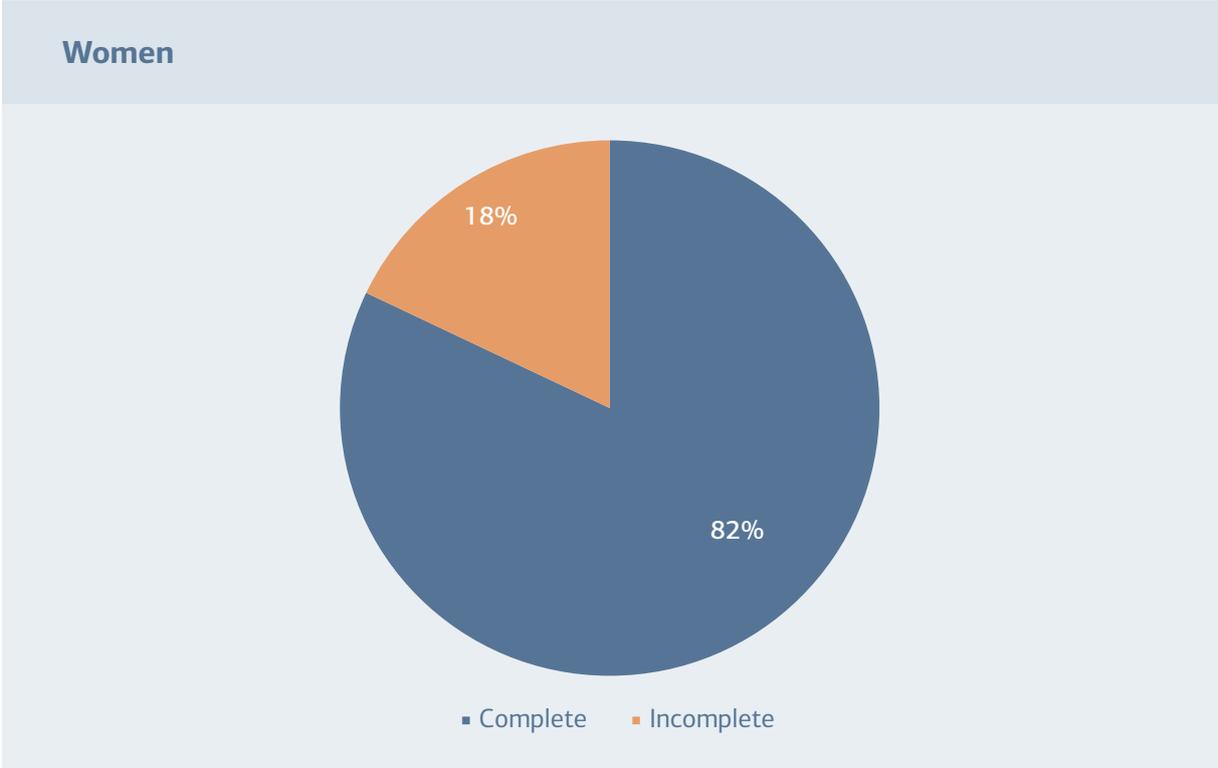
Participation in education

Not counting obligatory instruction, 80% of employees attended some education offered by the Bank during the year. Employees attended an average of 7 items on the Bank's education programme (physical, remote and/or online education) during the year.

Active in education by gender

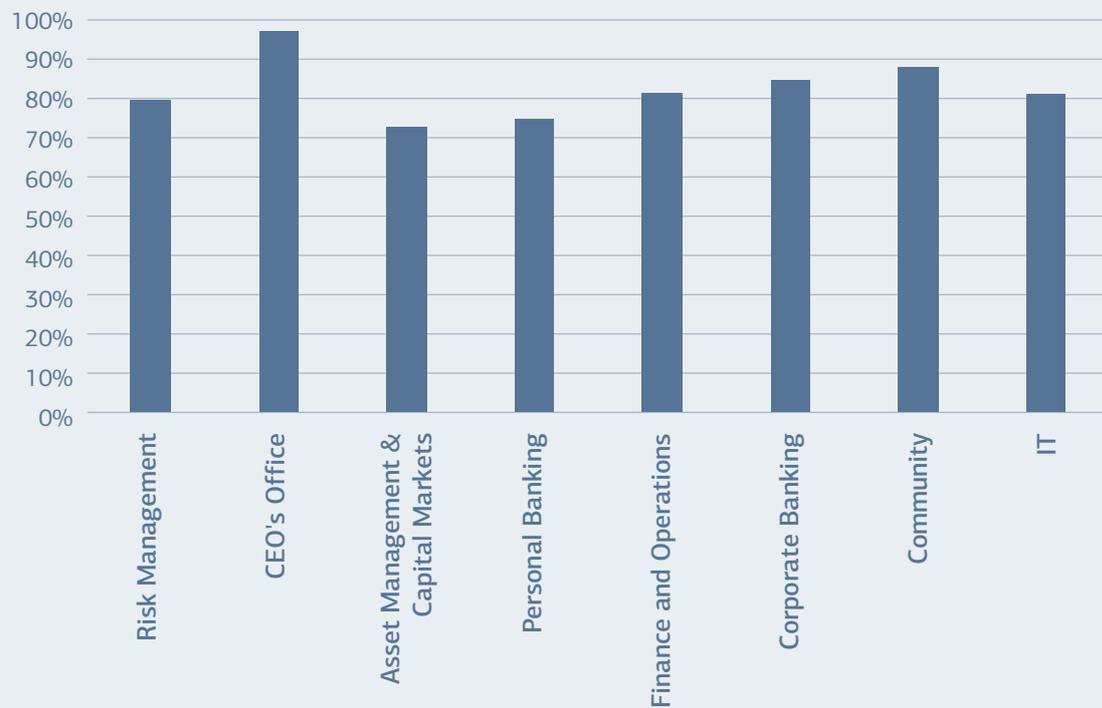


We are focused on ensuring that everyone enjoys equal education opportunities. Breakdown by gender shows that 82% of women participated in education that is not mandatory while 77% of men did likewise.



Considering conditions in 2022, participation in education was highest in the CEO's Office (97%) and the Community (88%), lowest in Asset Management & Capital Markets (73%). The participation rate reflects education and electronic instruction that is not mandatory yet on the Bank's education programme. These figures do not include education outside of the Bank's programme.

Active in education by division*



*The image shows the Bank's seven divisions and the CEO's Office

Extensive emphasis was placed on management training in 2022. All managers were invited to attend a meeting of managers early in the year where the spring and fall semester education programme was presented. The aim of management training was preparation for a new and project-oriented workplace and the challenges changes to the work environment post-covid presented. The focus is on a management style based on trust, feedback and encouragement. Managers can attend an executive coaching programme at any time of the year.

Training of new employees

In the first weeks and months on the job, new employees are required to complete obligatory orientation. This includes general information about the Bank's operation, rules and code of ethics. Managers are responsible for ensuring that new employees receive a warm welcome and appropriate training. In the latter part of the year, all new hires in 2022 were invited to meet with the CEO and managing directors for conversation and networking.

Preparation for retirement

Employees planning to go into retirement in the next two years are offered the opportunity to attend a retirement course to prepare for this important milestone. We emphasise physical attendance and networking in these courses.

Grants to build knowledge

Employees are encouraged to apply for study and continuing education grants through the employees' association (FSLÍ) and their union. Such grants provide employees with the possibility of enrolling in longer programmes or courses outside of the Bank.

405-1 Diversity of governance bodies and employees

Landsbankinn's job categories were revised in 2022 and the image shows gender ratio by job group.

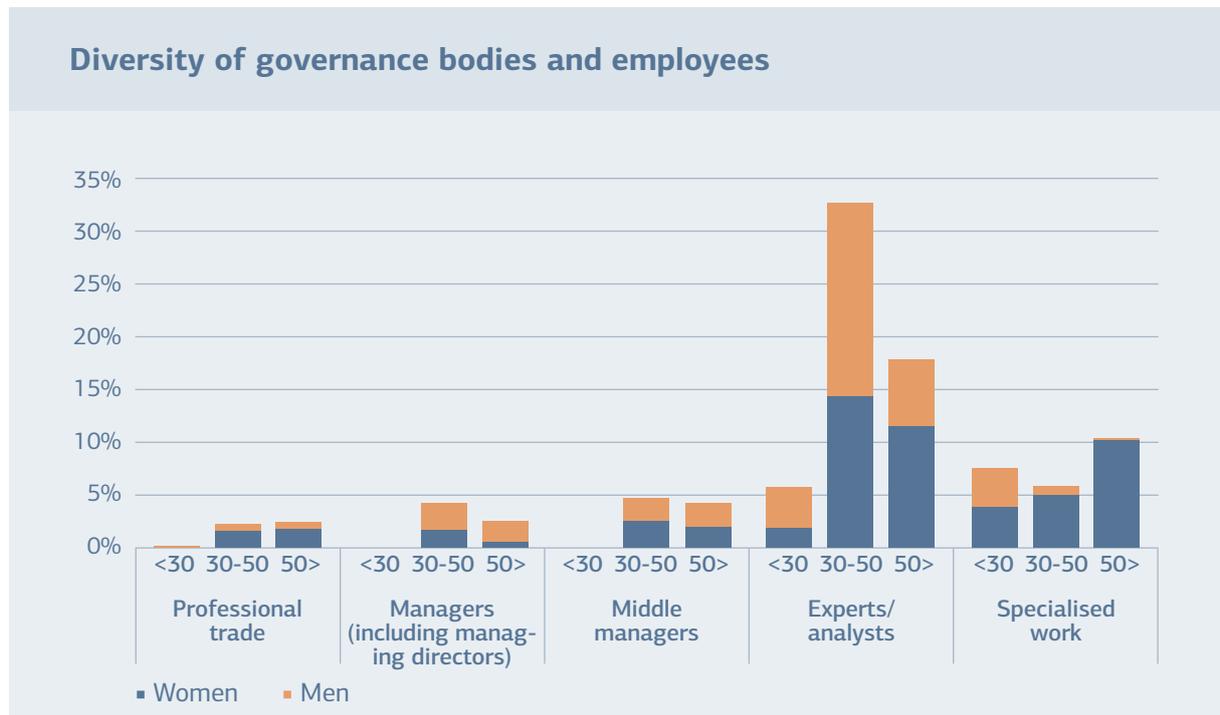
There are five job groups comprised of 2-7 job categories each, a total of 17 job categories.

Job groups are created based on the value of positions, including demands made to employees as regards responsibility, knowledge and skills.

Our job categories are based on the following considerations:

- Knowledge - work experience and education
- Scope - communication skills and complexity of tasks
- Responsibility - managerial accountability and responsibility for assets
- Workload

Detailed description of job categories:

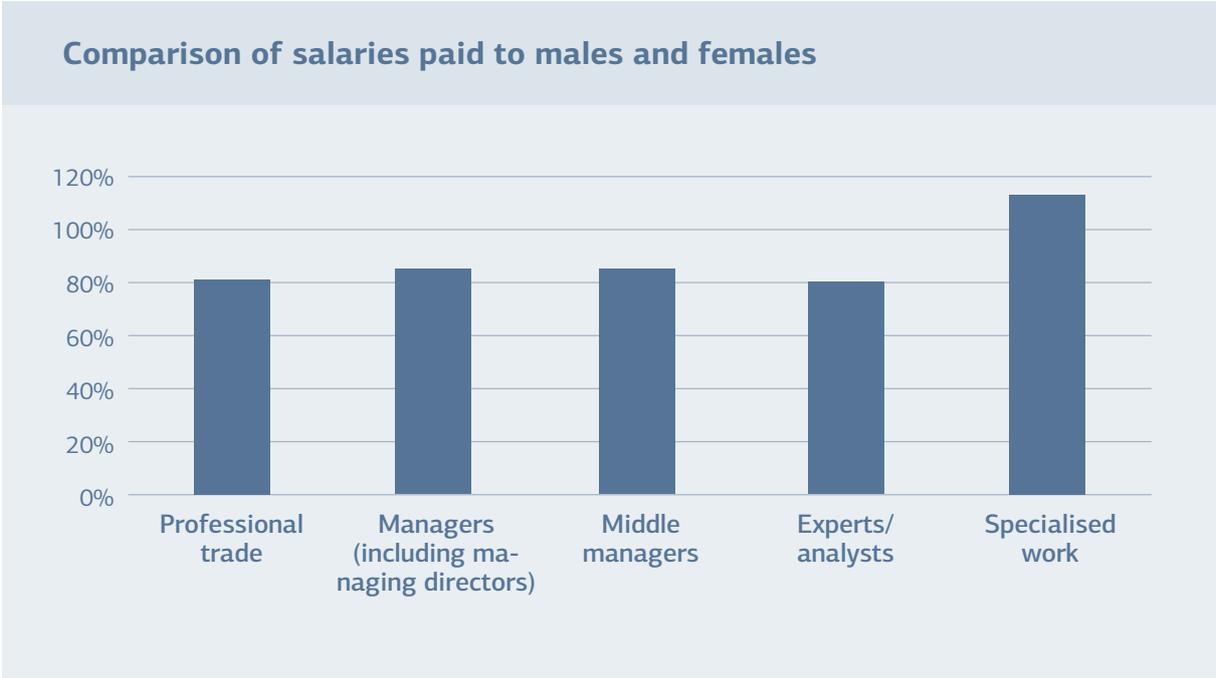


	Men		
	<30	30-50	50>
Professional trade	0%	1%	1%
Managers (including managing directors)	0%	3%	2%
Middle managers	0%	2%	2%
Experts/analysts	4%	18%	6%
Specialised work	4%	1%	0%

	Women		
	<30	30-50	50>
Professional trade	0%	2%	2%
Managers (including managing directors)	0%	2%	0%
Middle managers	0%	3%	2%
Experts/analysts	2%	14%	12%
Specialised work	4%	5%	10%

405-2 Comparison of salaries paid to males and females

Median wages are compared with position and gender.



405-2 - Comparison of salaries paid to males and females	
Professional trade	81%
Managers (including managing directors)	85%
Middle managers	85%
Experts/analysts	80%
Specialised work	113%

308-1 New suppliers that were screened using environmental criteria

All new suppliers are screened using sustainability criteria and all tender offers requested include questions about sustainability.

414-1 New suppliers that were screened using social criteria

All new suppliers are screened using sustainability criteria and all tender offers requested include questions about sustainability.

Details about supplier screening and security and quality survey:

The Bank distributes a security and quality survey to main suppliers at 12-month intervals. The survey is in the form of a questionnaire divided into categories, such as governance, security and social issues. When a supplier has responded to the questionnaire, the Bank evaluated the answers using an existing model. If the Bank deems the supplier’s responses insufficient, either in a particular category or overall, the liaison to the supplier is informed of the results. The liaison contacts the supplier, both to seek clarification and to communicate requests for improvement, if deemed necessary. The Operational Risk department is then informed of the results from such follow-up and the information communicated to the Operational Risk committee. There is currently no requirement for suppliers to respond positively to questions about sustainability and ESG. That being said, Landsbankinn considers questions about the issues and the conversation with suppliers who fail to pass muster in the category to strongly indicate that this is an area the Bank prioritises. The process is set out in the work procedure Security and quality appraisal of suppliers, which also states which suppliers the survey extends to. Landsbankinn initially began appraising suppliers in 2016 and several domestic suppliers have received the questionnaire

annually since. In 2019, the Bank began including international suppliers in the appraisal. All new suppliers are required to complete Landsbankinn's security and quality appraisal before a business relationship is established. Requests for bids from new suppliers always include questions about sustainability. In 2022, 28 suppliers responded to Landsbankinn's security and quality appraisal, with the following results from ESG questions:

	Yes	No	Total
Has the company adopted an environmental policy?	21	7	28
Has the company adopted a CSR policy?	19	9	28
Does the company support the freedom of association and collective bargaining rights?	25	3	28
Has the company taken measures to prevent the exploitation of child labour in its operation?	20	8	28
Has the company taken measures to prevent exploitation of forced or compulsory labour in its operation?	20	8	28

	Yes	No	Total
Has the company adopted an environmental policy?	75%	25%	100%
Has the company adopted a CSR policy?	68%	32%	100%
Does the company support the freedom of association and collective bargaining rights?	89%	11%	100%
Has the company taken measures to prevent the exploitation of child labour in its operation?	71%	29%	100%
Has the company taken measures to prevent exploitation of forced or compulsory labour in its operation?	71%	29%	100%

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

In 2022, Landsbankinn received 22 complaints from customers regarding searches for their Id. Nos. in the Bank's systems, and that of the Bank's partner, Creditinfo. All searches were made for objective reasons and for business purposes.

No customer complained about the processing of personal data to the Data Protection Authority in 2022. The Data Protection Authority ruled on a complaint from 2021, where a customer complained about the Bank's handling of their request for access to own personal data. The Data Protection Authority's ruling found that the Bank had acted in accordance with the Data Protection Act. Finally, the Bank received on complaint from a customer about the processing of personal data relating to a credit assessment and the customer's access to borrowing using self-service solutions. The complaint was resolved by the Bank's Compliance function, working with the customer.

There were no instances of lost personal data in 2022. Landsbankinn notified of four personal data breaches in the processing of personal data to the Data Protection Authority, involving the transmission of a customer's personal data to a third party. The Data Protection Authority did not see reason to take action or reprimand the Bank for these notifications.

No other confirmed deviations from customer privacy were recorded.

G4-FS13 Access to banking services

The Bank's customers have access to around the clock banking service through Landsbankinn's app and online banking which allow them to tend to all general banking services anytime and anywhere in three languages. Customers can save and set savings goals in the app, apply for credit cards, alter their credit limit, apply for a loan or overdraft, create accounts in online banking and apply for mortgages in an electronic process that takes a matter of minutes. Becoming a Landsbankinn customer is also quick and easy.

Self-service is not restricted to the app or online banking. ATMs and other self-service equipment can be used to withdraw cash, purchase foreign currency, purchase gift cards, view account balances and pay invoices. Emphasis is placed on around the clock access to self-service equipment.

Landsbankinn operates the largest branch and ATM network in Iceland, with 35 branches and outlets and 90 ATMs in 62 locations throughout the country. Landsbankinn offers service visits to several rural regions. Customers mainly seek service in branches for financial advice, corporate services and to seek assistance in learning to use self-service solutions.

G4-FS14 Initiatives to improve access to financial services for disadvantaged people

In 2022, customers continued to utilise online and phone service channels to an increasing degree. More customers contacted the Customer Service Centre over the phone, email and web chat, and making appointments for branch services or remote meetings has become a permanent feature. Employees located all around Iceland tend to such advisory service, meaning that customers can expect to consult with an employee in a different geographic location from themselves.

G4-DMA (FS16) Action to improve financial literacy by target group

The department Business Solutions in Private Banking, working with the PR and Communications Team, handles financial instruction to private individuals and supports increased financial literacy. Extensive coverage and education of economic and financial issues takes place through Umræðan, Landsbankinn's content and news site.

Over a span of several years, Landsbankinn has emphasises providing financial instructions to young people in upper secondary school, both younger students just embarking on their course of study and those about to finish school. This instruction is intended to contribute to increased financial literacy and prepare students for the future. The Bank does not promote its products or services, only providing general financial advice. Employees in the Customer Service Centre and branches have represented the Bank at these events. This instruction is available to all upper secondary schools and is carried out in collaboration with the schools' representatives. Covid-19 presumably had an impact on attendance at such events and, in 2022, only nine such visits were made.

Landsbankinn is an active participant in the project Fjármálavit, education material in financial literacy for older elementary school students. The project is under the auspices of the Icelandic Financial Services Association and the National Association of Pension Funds in collaboration with members and their employees throughout Iceland. The same applies to Fjármálavit as visits were suspended under restrictions on gatherings.