



GRI Standards – Appendix

1 February 2024



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). The next review of material topics to include both internal and external stakeholders is scheduled for 2024.

As a GRI Sector Standard for financial institutions has yet to be published, we are unable to use such material topics 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 GRI material topics 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 based our work on the revised Sustainability Policy for the first time and set sustainability goals. In 2023, the Sustainability Policy was reviewed and updated. The sustainability goals set in 2021 are published in a separate document accompanying Landsbankinn's GRI report. This document reviews the goals and progress made.

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 Refinitiv. 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 were 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 already 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, 306-2, 308-1-2, G4-DMA(FS1), G4-DMA (FS9), G4-FS11	Climate change action	<p>The economy</p> <p>The environment</p> <p>People</p> <p>Human rights</p>	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	<p>The economy</p> <p>The environment</p> <p>People</p> <p>Human rights</p>	The impact has not materialised in this case but is likely to manifest shortly.	The impact here will be through business connections will impact all categories. Customers will likely 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	<p>The economy</p> <p>The environment</p> <p>People</p> <p>Human rights</p>	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	<p>The economy</p> <p>The environment</p> <p>People</p> <p>Human rights</p>	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		
2-7, 2-8, 2-19, 2-20, 2-21, 2-30, 401-1, 401-2, 401-3, 402-1, 403-1, 403-2	404-1-2-3,	Develop human resources	The economy	Developing human resources is an on-going project of the Bank's Human Resources department. This work is shared in the Bank's Annual & Sustainability Report in the hope that it might be useful to others. Mainly positive impact on people and the economy but also on other categories.	Continued development in line with the demands of modernity and a rapidly evolving banking system. A positive impact is expected as long as development of the Bank's human resources continues and encourage others to do the same in the 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	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 in 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	Contribute to participation, diversity and employee access	The economy	The main impact that has materialised relates to diversity among employees as the inhabitants of Iceland tend to be homogeneous and Iceland is the only country where the Bank operates.	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 moved 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 responsibility 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	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 approved these material topics for Landsbankinn's sustainability platform. The aim was to update the Bank's analysis of material topics in 2023. That work has been delayed to 2024 when analysis will extend to both external and internal stakeholders. The current material topics have been reviewed and approved by the Managing Director of Finance, who signs off on the report.

2- 6 Activities, value chain and other business relationships

About Landsbankinn	Change	2023-12-31	2021-12-31	2021-12-31
Retail customers of Landsbankinn	5%	127.071	121.564	115.515
Corporate customers of Landsbankinn	6%	17.850	16.763	16.276
Branches and outlets	-3%	34	35	36
Full-time equiv. positions	0%	817	813	801
Personnel	-2%	845	862	850

Key ratios (ISKbn)	2023	2022	2021
Net operating income	73.848	53.053	62.330
After-tax profit	33.167	16.997	28.919
After-tax ROE	11,5%	6,3%	10,8%
Capital adequacy ratio (CAR)	23,6%	24,7%	26,6%
Interest margin on average total asset position	3,0%	2,7%	2,3%
Cost/income ratio	33,7%	46,8%	43,2%
Total assets	1.960.776	1.787.024	1.729.798
Ratio of customer lending to deposits	155,5%	159,6%	154,1%

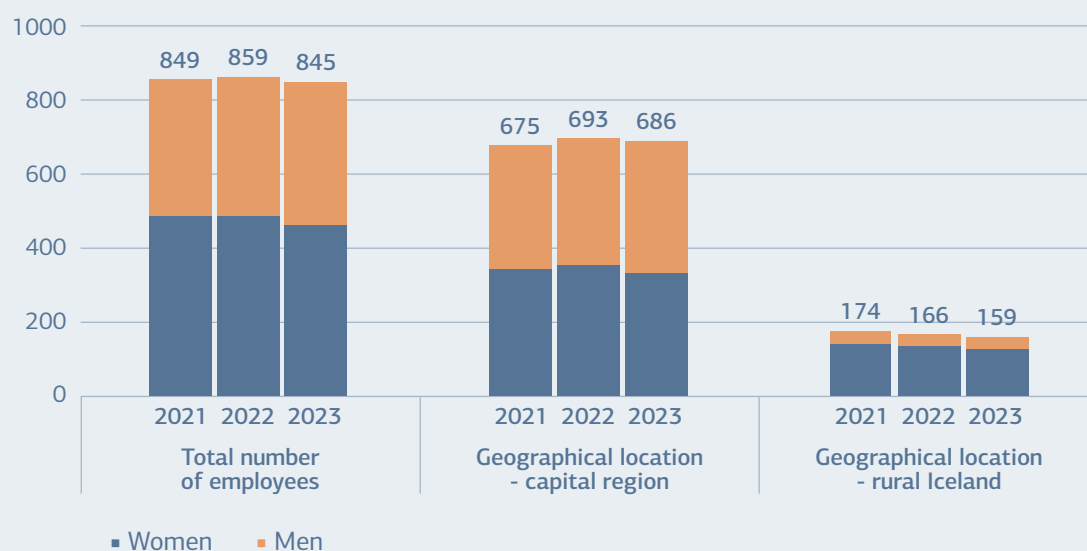
2-7 Employees

Employee figures for Landsbankinn include all employees with an employment relationship with the Bank. At year-end 2020, figures were revised 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 17 job categories along with gender ratios and age groups for each category. Indicator 405-1 now shows a comparison of salaries paid to males and females in these 17 categories. The CEO fall outside of the job categories as the position is unique within the Bank and not comparable with any other position.

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.

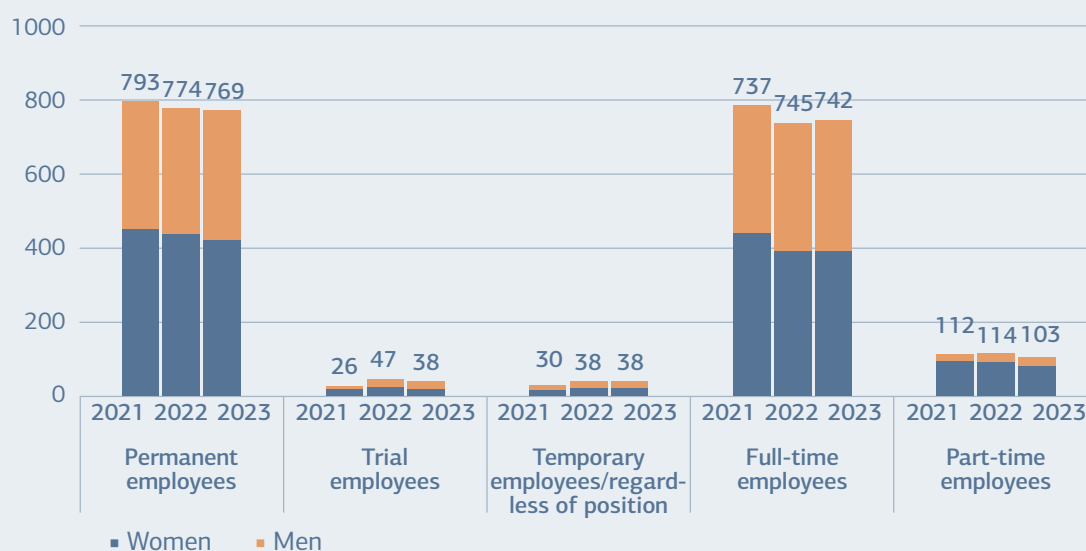
Landsbankinn defines Iceland as its operating environment and thus has only one operating environment yet discloses information by geographies, i.e. the capital region and rural Iceland.

Landsbankinn's employees - gender and geographical location



Landsbankinn's employees	2023	2022	2021
Total number of employees	845	859	849
Women	462	486	487
Men	383	373	362
Geographical location - capital region	686	693	675
Women	333	352	345
Men	353	341	330
Geographical location - rural Iceland	159	166	174
Konur	129	134	142
Karlar	30	32	32

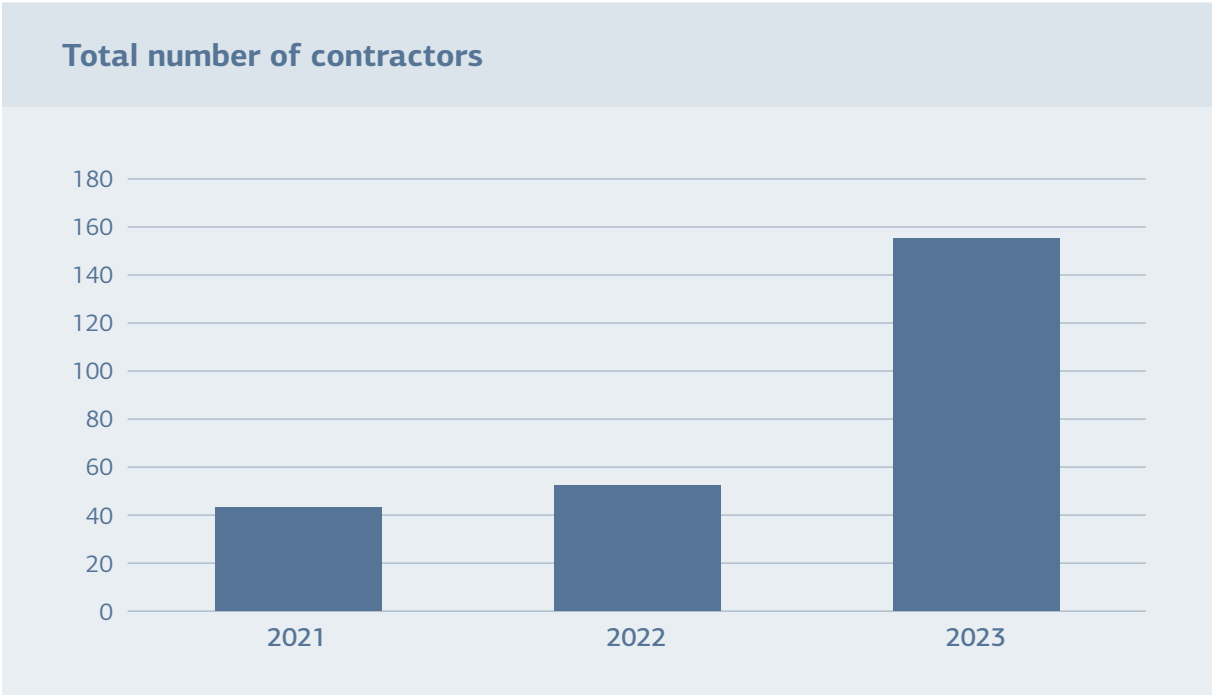
Type of employment



Type of employment	2023	2022	2021
Permanent employees	769	774	793
Women	423	438	451
Men	346	336	342
Trial employees	38	47	26
Women	17	28	18
Men	21	19	8
Temporary employees/regardless of position %	38	38	30
Women	22	20	18
Men	16	18	12
Full-time employees	742	745	737
Women	379	392	392
Men	363	353	345
Part-time employees	103	114	112
Women	83	94	95
Men	20	20	17

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 2023 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.



	2023	2022	2021
Total number of contractors	155	53	44

2-12 Role of the highest governance body in overseeing the management of impacts

In 2023, a new sub-committee of the Board of Directors was formed. The Sustainability Committee is tasked with reviewing sustainability issues. With this step, the Bank has integrated sustainability in its strategy as the Committee’s main responsibilities are to formulate a sustainability strategy, develop and standardise sustainability metrics, disclosure and publication of sustainability data, compliance with laws and rules on sustainability, and ensure continuous education of the Board on sustainability concerns.

The shaping, approval and revision of all factors and/or actions related to sustainability and/or ESG factors is based on Landsbankinn’s Sustainability Policy. The Board of Directors approves the Sustainability Policy, the CEO is responsible for its implementation and monitoring during its implementation and the Executive Board is responsible for approval and changes to key points and benchmarks of the Policy. The Policy shall be reviewed and updated biennially. It was most recently updated and approved by the Board of Directors in fall 2023.

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
- ÍMARK, the Icelandic Marketing Association
- Íslandshótel hf.
- Íslenski ferðaklasinn
- Loan Market Association
- Confederation of Icelandic Employers
- Confederation of Employers on the Reykjanes Peninsula
- The Icelandic Financial Services Association
- Icelandic Standards (IST)
- Icelandic Concrete Association
- 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	2023	2022	2021
Income	39%	73.848	53.053	62.330
Operating costs**	9%	8.417	7.738	7.718
Wages and related expenses	10%	15.866	14.474	14.759
Dividends to shareholders	-59%	8.504	20.550	4.489
Income tax and special tax	18%	14.723	12.493	9.547
Financial sponsorship	-1%	125	126	119
Total economic contribution	-14%	47.635	55.381	36.632
Economic gain	1226%	26.213	- 2.328	25.698
Proportion of economic contribution of gains	-38%	65%	104%	59%

* Consolidated information

** Less impairment of PPE and grants

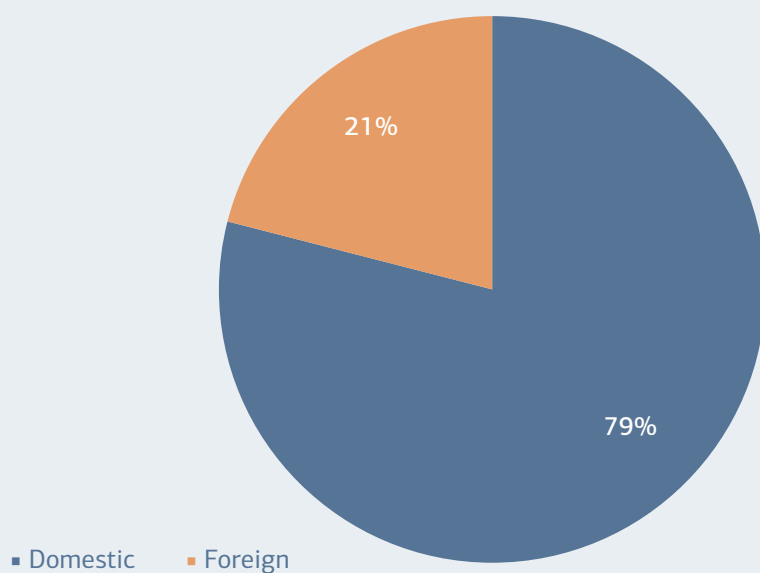
204-1 Proportion of spending on local suppliers

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	504	93	597
Number of suppliers with more than 1-year contracts	43	83	126
Total payments in ISKm*	6.724	1.818	8.542

*Consolidated information

Proportion of procurement from domestic and foreign suppliers



Proportion of supplier turnover by category	% of total	Domestic	Foreign
Information technology (IT)	45%	85%	15%
Real estate operating costs	12%	100%	0%
Marketing costs	8%	98%	2%
Other	35%	93%	7%

Anti-corruption

205-1 Operations assessed for risks related to corruption

Landsbankinn has adopted a Policy against Financial Crime. Financial crime includes money laundering, terrorist financing, transgressions against sanctions, fraud, bribery and corruption, market abuse and other crimes of enrichment. 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. Landsbankinn's Policy is based on the Act on Measures to Prevent Money Laundering and Terrorist Financing, the Act on Procedure to Implement International Sanctions and Freezing of Assets, the Act on Action to Prevent Market Abuse and the United Nations Convention against Corruption, as well as the General Penal Code.

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 33 operating segments in 2023 and that was accomplished.

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.

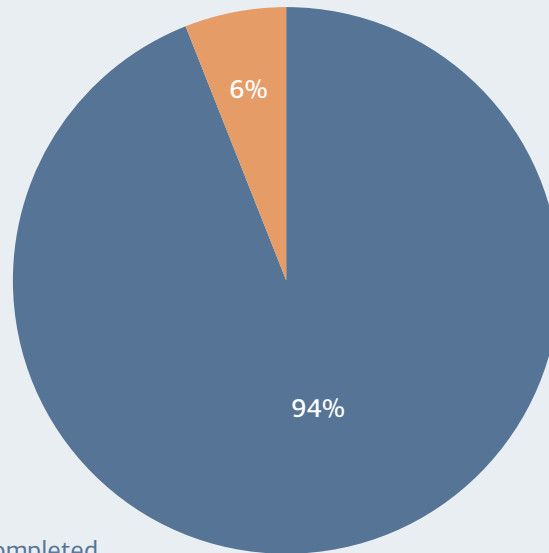
205-2 Communication and training about anti-corruption policies and procedures

New employees at Landsbankinn receive special instruction and training about the Bank's main rules, including rules on the treatment of conflict of interest, rules on private interests, conduct rules, rules on the rights of whistle blowers and rules on measures to prevent financial crime. 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 Financial Crime 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 were revised in 2023 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.

The new rules were presented on Workplace and employees encouraged to notify of suspicion about reprehensible behaviour to the appropriate parties within or external to the Bank.

Employees receive regular instruction on action against financial crime. In 2023, front-line employees and employees at head office were tested on action against financial crime. 94% of employees completed the test.

Test on action against financial crime



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 action against financial crime and a policy to reduce the risk of conflict of interest.
- 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 private interests that address gifts and invitational trips, and protection for whistle blowers.
- 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 protection for whistle blowers, including the right 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 2023.
- 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 for Landsbankinn is on the group level.

Energy consumption		2023	2022	2021
1) Total volume of direct energy consumption	MWh	189	206	292
2) Total volume of indirect energy consumption	MWh	15,632	11,438	15,747

Energy composition		2023	2022	2021
1) Energy consumption by production type in %				
Renewable energy		98.7%	97.9%	96.4%
Fossil fuels		1.3%	2.1%	3.6%

302-2 Indirect energy consumption

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

302-3 Energy intensity

Energy intensity		2023	2022	2021
1) Direct total energy consumption based on sample size	MWh/ISKbn net operating income	2.57	3.89	4.68
	MWh/man-years	0.24	0.25	0.34
2) Indirect total energy consumption based on sample size	MWh/ISKbn net operating income	211.7	215.6	252.6
	MWh/man-years	19.6	13.7	18.6
3) Total energy consumption based on sample size	MWh/ISKbn net operating income	214.2	219.5	257.3
	MWh/man-years	19.9	14.0	19.0

Emissions

305-1 Direct GHG emissions (Scope 1)

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 Indirect GHG emissions (Scope 2)

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

Indirect emission here includes 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 in 2022, whereby the previously used emission factors from [Reykjavík Energy](#) were exchanged for emission factors from [the Environment and Food Agency](#) for electricity. Emission factors provide that all emissions from geothermal power plants are 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 are based on emission from hot water from heating and district-heating plants. Such emissions decrease somewhat in 2022 because of the new methodology yet increases again in 2023. This is because district heating plants operated on fossil fuels for a part of 2022 (year's delay on emission factors) instead of renewable electricity due to electricity allocation.

Carbon emission for electricity increased in 2022 because of the new methodology and holds steady in 2023.

Carbon emissions in 2021 for electricity from Landsnet were adjusted in the previous accounts. They 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.

In early 2023, origin certificates for electricity purchased in Iceland stopped being free of charge for energy the sellers purchased wholesale. Purchasers requiring electricity with certificates of origin, i.e. green electricity, were as a result required to request the certificates specifically and pay a special charge. Until this change was made, all electricity consumers in the general market automatically received green energy, meaning that market based emissions and location based emissions for electricity were the same. It was not deemed necessary to account for both separately here but in the future, the Bank will account for both emission types for its electricity consumption.

305-3 Other indirect (Scope 3) GHG emissions

This includes all indirect emission other than those 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.

Calculations of carbon emissions for paper use, data transfers, electricity production, waste treatment, rental cars and hotel accommodation are based on emission factors from [DEFRA](#) and [Reykjavík Energy](#) while data on use is variously sourced in and/or out-of-house. The last category is new and figures are published here for the first time.

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

Data on remote work and employee travel to and from work is based on questionnaires distributed 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 also have regard for the results of a questionnaire distributed 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 until 2022 are based on a life cycle assessment report 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. Carbon emissions from air travel for 2023 are found using [atmosfair](#) which is very similar to the previously used method. It has regard for type of carrier, geographical location of flight routes and the curvature of flight paths. The increased impact of emissions at high altitudes is also taken into account.

Construction of the Bank's new headquarters is nearing the final stages, concrete work has been completed and the previous year's emissions from waste and fuel consumption of contractors. Information about emissions from the construction process is sourced from the contractor and based on emission factors from [DEFRA](#).

GHG emissions		2023	2022	2021
1) Total volume in tCO₂e under Scope 1	tCO₂e	50.2	54.8	78.0
Fuel		50.2	54.8	78.0
2) Total volume in tCO₂e under Scope 2	tCO₂e	57.9	49.0	75.3
Electricity (market based emission)		42.8	45.2	24.1
Electricity (location based emission)		42.8	45.2	24.1
Hot water		15.1	3.9	51.2
3) Total volume in tCO₂e under Scope 3	tCO₂e	1,248.7	827.9	1,651.8
Electricity distribution		2.8	3.2	0.9
District heating distribution		3.6	0.6	6.3
Distribution of potable water		1.0	0.3	0.2
Paper use		9.8	11.7	11.7
Data transmission		0.8	0.9	0.8
Fuel production		12.0	13.1	18.6
Treatment of waste		10.4	15.5	15.0
Domestic flights		15.1	65.0	14.1
International flights		140.7	94.0	18.9
Employee travel to and from work		244.9	320.1	297.4
Production of computer equipment		750.0	183.4	62.9
Taxis		0.5	0.4	0.4
Construction of new headquarters		49.1	119.2	1,204.0
Working via remote connection		0.6	0.6	0.6
Sewerage		0.1	0.1	
Hotel accommodation for employees		7.4		
Credit portfolio (corporate loans, vehicle loans and real estate loans) and assets (equities and bonds)	tCO ₂ e	-	249,094*	191,456*
Total for all scopes less credit and asset portfolios (location based emission)		1,357	932	1,805
Total for all scopes (location based emission)			250,026	193,261

*Carbon emissions from credit and asset portfolios based on the [PCAF](#) methodology. Figures adjusted for recalculation and the addition of equities and bonds.

305-4 GHG emission intensity

		2023	2022	2021
1) Total emission of GHG based on sample size (scope 1 & 2)	tCO ₂ e/ISKbn net operating income	1.5	2.0	2.5
	tCO ₂ e/man-years (scope 1&2)	0.14	0.12	0.18

305-5 Reduction of GHG emissions

Landsbankinn carbon-offsets the Bank's operation through internationally approved actors. 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 altered its rules on the eligibility of employees to receive transport grants. Only permanent employees were eligible before, now any employment contract suffices.

Transport grants	2023	2022	2021
Amount per employee per year (ISK)	120,000	108,000	102,000
Active agreements	315	334	364
Number of employees	38%	39%	44%
Thereof women	54%	55%	54%
Thereof men	46%	45%	46%

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

We aim to reduce emissions under Scope 1 by around 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.

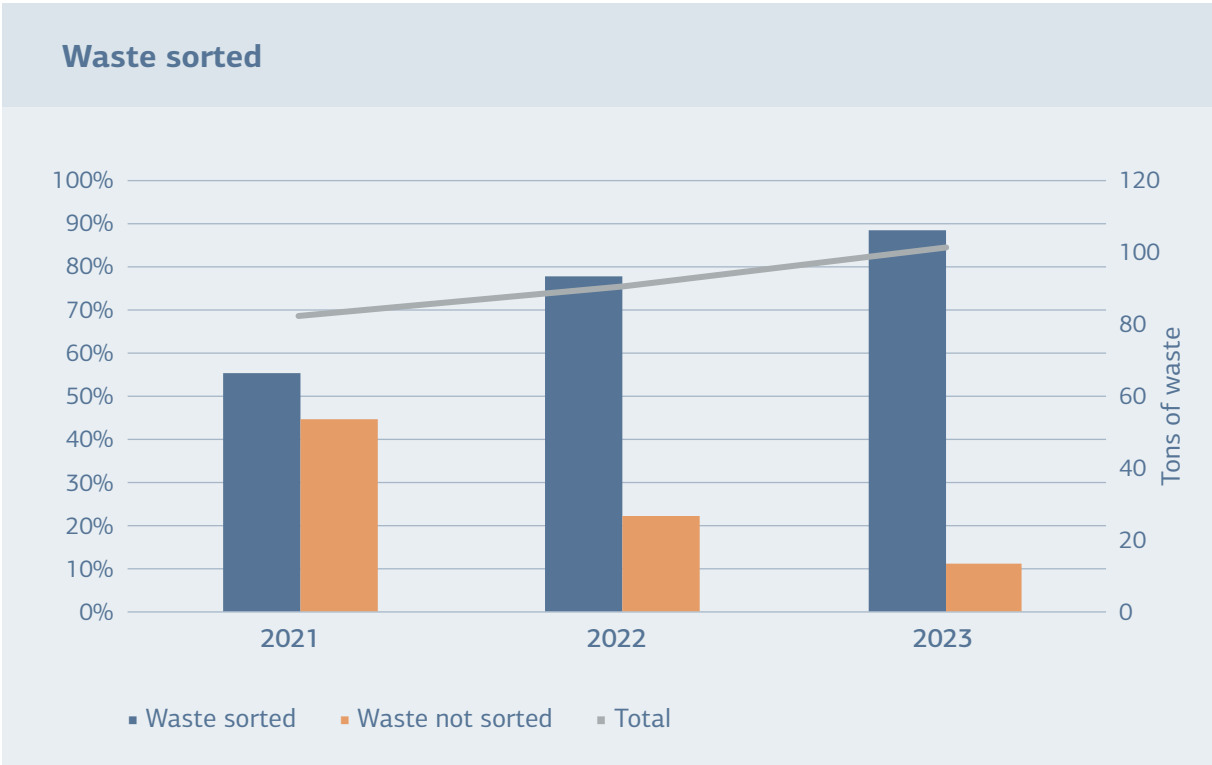
2018 was selected as base year as emissions have been calculated using the methodology of the GHG Protocol as of that year. Up to 2018, the Bank used standards from the Environment Agency of Iceland. The GHG methodology gives results that are comparable internationally and is considered the soundest method of keeping emission accounts.

To achieve a contraction in indirect GHG emissions, Landsbankinn has joined the Science-Based Targets initiative and intends to set goals to reduce indirect emissions using the SBTi guide for financial institutions. The aim was to apply for approval of SBTi targets in 2023, but that goal was not reached. The approval process is now expected to conclude in the first quarter of 2024, resulting in an SBTi approved target for a reduction in Landsbankinn's indirect emissions.

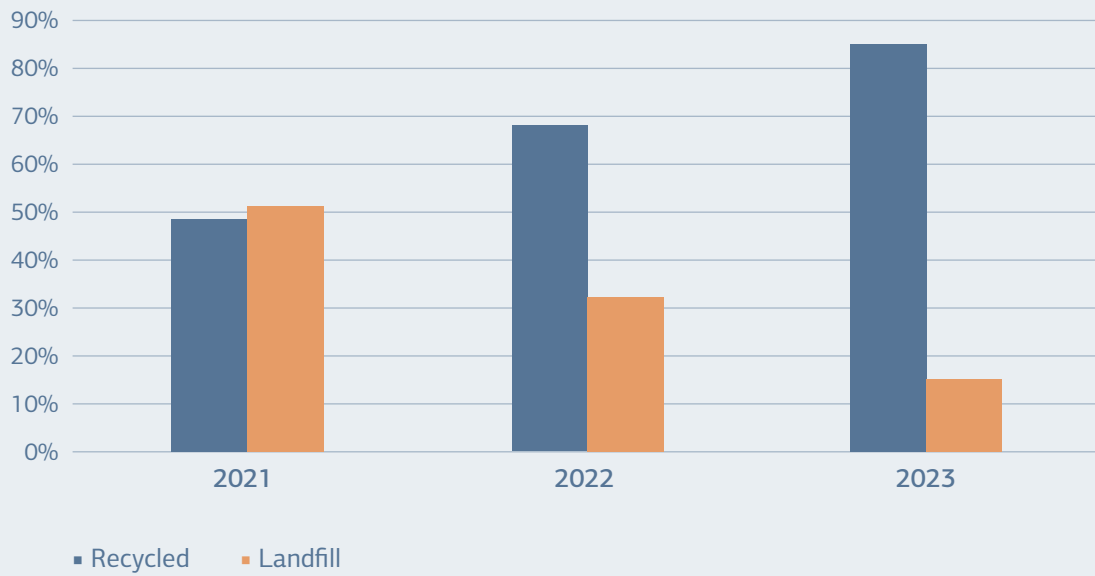
306-2 Waste by type and disposal method

Waste from the Bank is sorted and recycled as far as possible. The following is information about the Bank’s sorting and recycling ratios.

Waste sorted				
Type	Unit	2023	2022	2021
Waste sorted	kg	90.066	70.612	45.718
Waste not sorted	kg	11.356	20.087	36.923
Total	kg	101.422	90.699	82.641



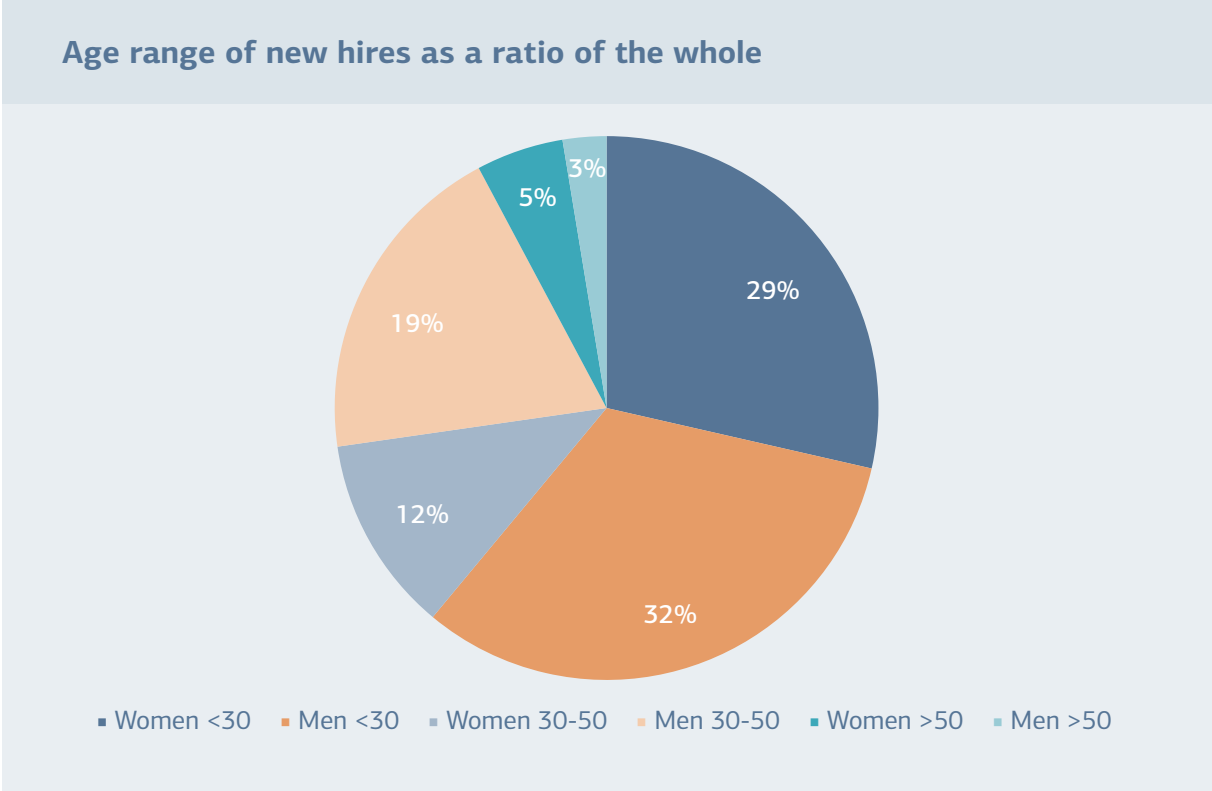
Recycled



Waste recycled				
Type	Unit	2023	2022	2021
Recycled	kg	86.173	61.672	40.226
Landfill	kg	15.249	29.027	42.415
Total	kg	101.422	90.699	82.641

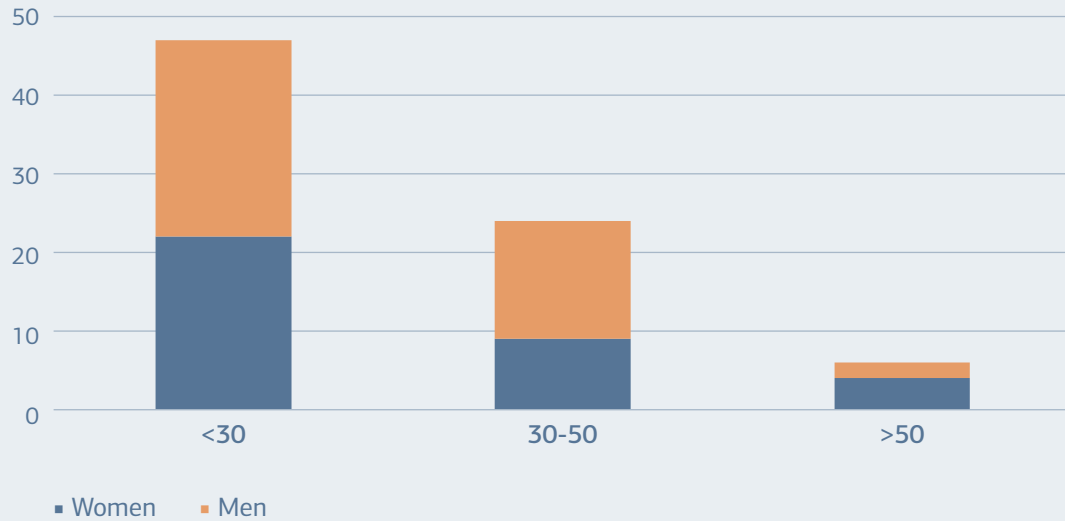
401-1 New employee hires and employee turnover

At year-end 2023, Landsbankinn had 845 employees working in the equivalent of 796 full-time positions.



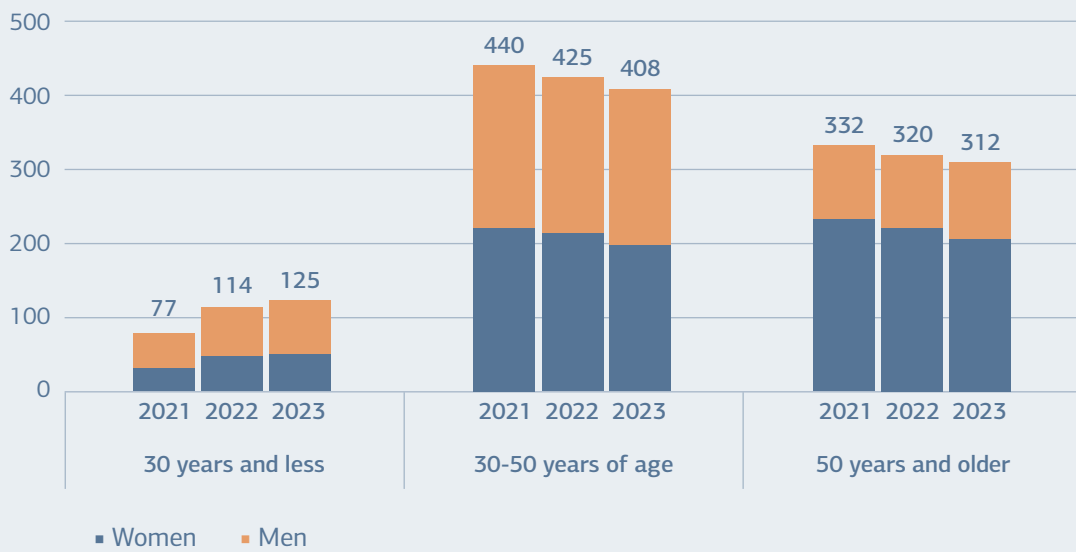
Age range of new hires as a ratio of the whole	2023	2022	2021
Women <30	29%	23%	26%
Men <30	32%	36%	38%
Women 30-50	12%	15%	26%
Men 30-50	19%	22%	5%
Women >50	5%	3%	5%
Men >50	3%	0%	0%

New hires 2023



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

Age distribution by gender



New hires were 45% women, 55% men.

Age distribution by gender	2023	2022	2021
Women <30	52	49	32
Men <30	73	65	45
Women 30-50	200	215	221
Men 30-50	208	210	219
Women >50	210	222	234
Men >50	102	98	98

Employee turnover by gender and age over the past three years.:

Employee turnover - all jobs	2023	2022	2021
Women <30	0,82%	1,52%	1,35%
Men <30	1,29%	0,94%	0,79%
Women 30-50	1,88%	2,81%	3,50%
Men 30-50	1,41%	3,74%	0,68%
Women >50	2,58%	4,33%	4,85%
Men >50	1,17%	1,40%	1,24%
	9,14%	14,74%	12,41%

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*	2023	2022	2021
Women	20	24	30
Men	34	41	50
Number of employees who took parental leave*	2023	2022	2021
Women	20	24	30
Men	33	40	47
Number of employees who returned to work following parental leave*	2023	2022	2021
Women	20	23	28
Men	31	37	42
Number of employees who returned to work following parental leave and was still employed 12 months later*	2023	2022	2021
Women	22	28	27
Men	32	40	31
Number of employees who did not return to work following parental leave	2023	2022	2021
Women	0	1	2
Men	2	3	0
Number of employees who return to work	2023	2022	2021
Women	83.33%	76.67%	93.33%
Men	77.50%	78.72%	100%
Retention rate (employed 12 months after parental leave)	2023	2022	2021
Women	95.65%	100%	84.38%
Men	86.49%	95.24%	88.57%

* In Iceland, the right to parental leave extends over two years, meaning that the figures for 2022 show parental leave rights for children born between 2020-2022; 2021 shows parental leave rights for children born between 2019-2021, and 2020 rights for children born between 2018-2020.

404-1 Average hours of training per year per employee

Figures were not recorded for training hours in 2023 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 Emphasis on learning in corporate culture

In 2023, the majority of the Bank's employees moved to its new headquarters at Reykjastræti 6, finally joining forces under one roof after having worked out of various locations in central Reykjavík for decades. Emphasis was placed on cultivating a positive corporate culture that inevitably changed when such a large step is taken. Corporate culture is constantly evolving and the work environment is large and important influence on both culture and success.

In response to the move, the focus was placed on instruction and training on welfare and well-being, both physical and psychological. The aim was to create a work environment where employees felt good, that supports development, success and personal growth as well as a balance between personal and professional life.

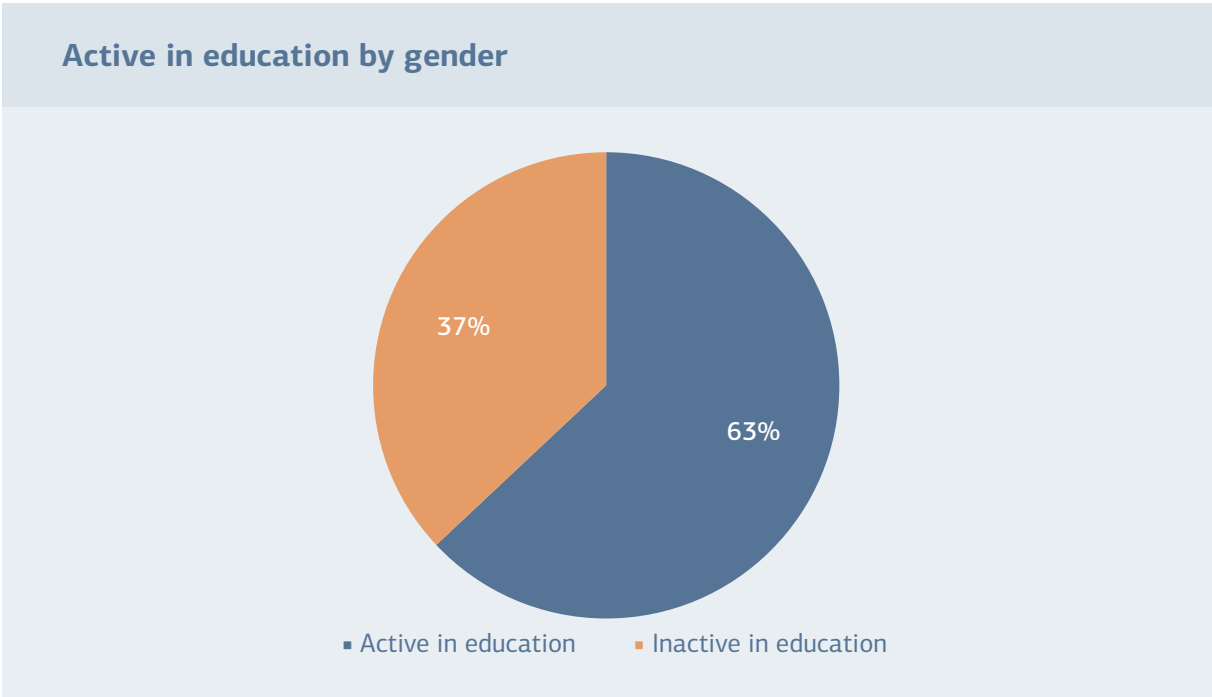
Robust job-related education

Employees were as before offered access to numerous job-related courses aimed at deepening professional abilities, such as security courses and a course to renew securities brokerage licences. Information on sustainability was front and centre, such as on how to improve utilisation of our possessions, sort of waste better, on biodiversity and PCAF.

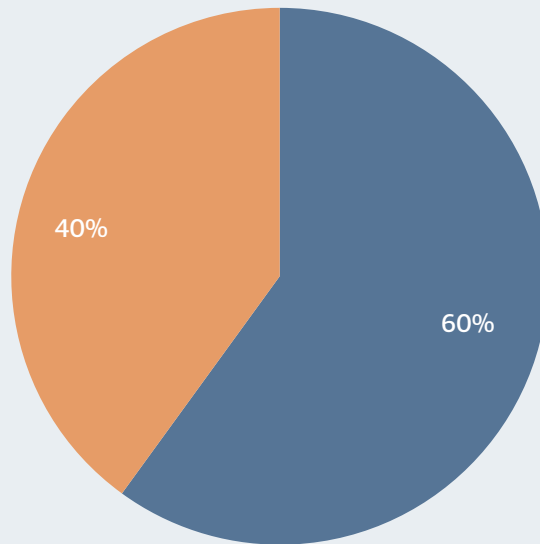
A success Annual Employee Conference was held in September and several educational events aimed to support the Bank’s strategy and purpose, “banking for our future”.

Active in education

Not counting obligatory instruction, 63% of employees attended educational events in 2023. Employees attended an average of 5 items on the Bank’s education programme (physical, remote and/or online education) during the year. A comparison with 2022 reveals that activity has decreased between years. There were also fewer courses on offer in 2023. This contraction in both activity and availability was caused by the focus of the staff of Training & Development on the move to new headquarters.



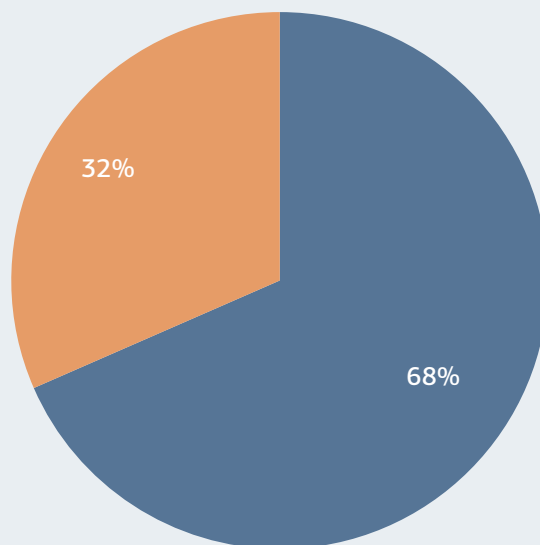
Participation by gender



■ Women who completed courses ■ Men who completed courses

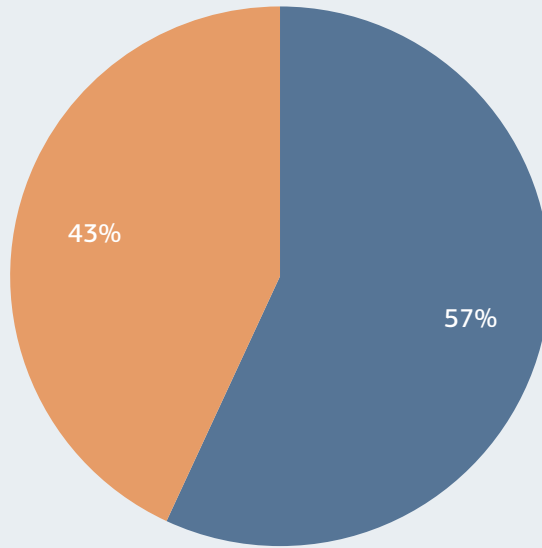
We are focused on ensuring that everyone enjoys equal education opportunities. Not counting obligatory instruction, 60% of participants are female, 40% male.

Women who were active in instruction and training



■ Women who completed courses ■ Women who did not complete courses

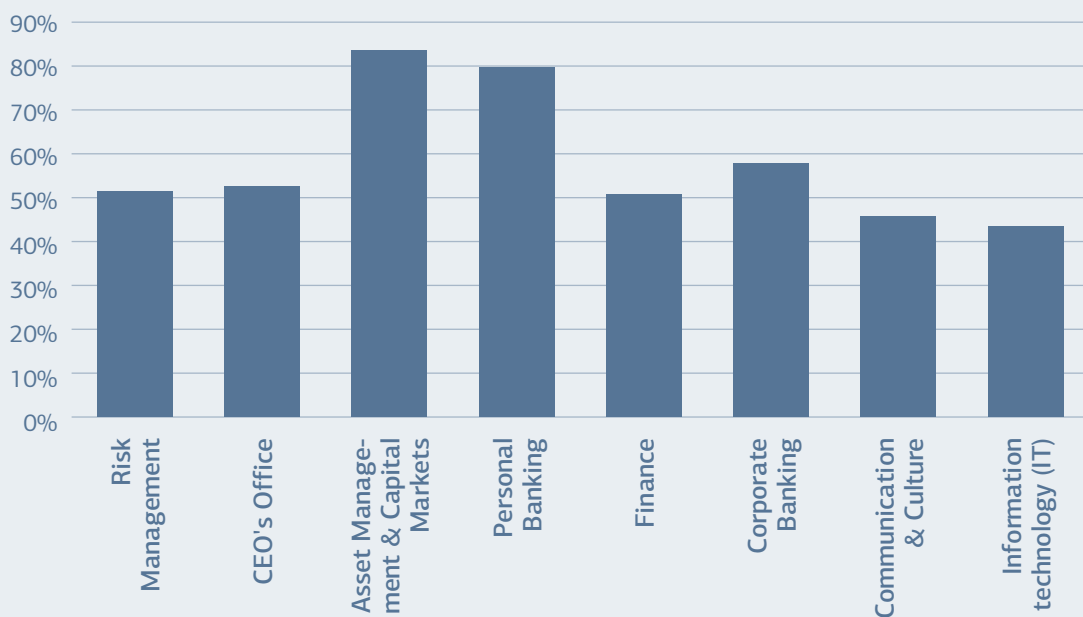
Men who were active in instruction and training



■ Men who completed courses ■ Men who did not complete courses

Breakdown by gender shows that 68% of women participated in education that is not mandatory while 57% of men did likewise.

Active in education by division*



* The figures show the Bank's seven divisions and employees in the CEO's Office.

Considering conditions in 2023, participation in education was highest in Asset Management & Capital Markets (84%) and Personal Banking (80%). 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.

Management training

A robust management training programme was offered in 2023. The main emphasis of the programme, which extends throughout 2024, is on equality, inclusion and diversity, and is based on input from experts and advisors. In support of this programme, a series of meetings has been scheduled for executives to share information, consult on various issues and develop skills and abilities. The first such meeting was held in November and the agenda was recent research and development on remote work and the workplace as an amalgamation of both remote and on-site work.

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 conduct. Managers are responsible for ensuring that new employees receive a warm welcome and appropriate training. All new summer employees participate in a mandatory training session where the focus is on the Bank's main rules and procedures.

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. A total of 33 employees completed a retirement course in November 2023.

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 category. The CEO is not part of the categorisation.

Detailed description of job categories:

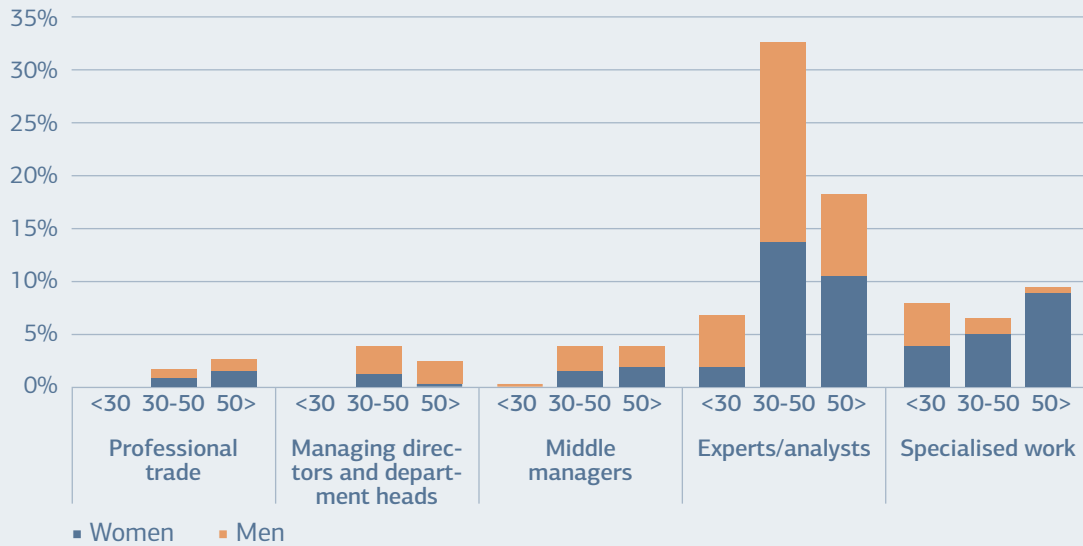
There are five job groups comprised of 2-7 categories each, a total of 17 job categories.

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

The 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
- Work load

Diversity of governance bodies and employees

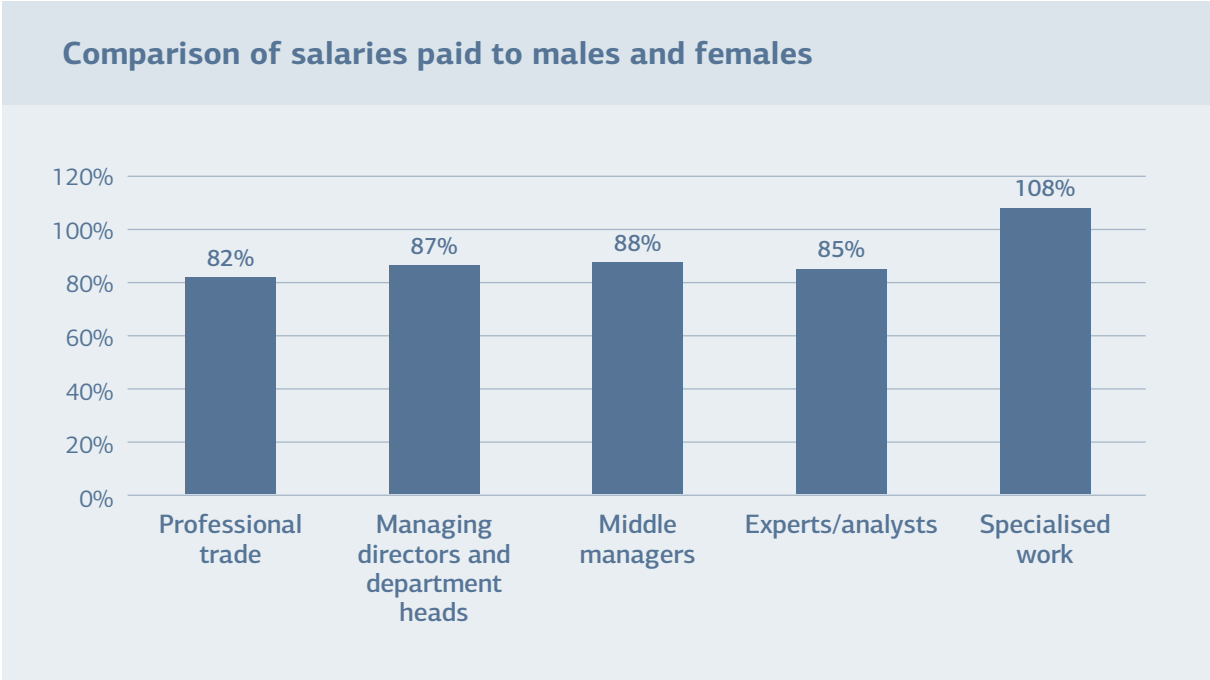


	Men		
	<30	30-50	>50
Professional trade	0%	1%	1%
Managing directors and department heads	0%	2%	2%
Middle managers	0%	2%	2%
Experts/analysts	5%	18%	7%
Specialised work	4%	1%	0%

	Women		
	<30	30-50	>50
Professional trade	0%	1%	2%
Managing directors and department heads	0%	2%	1%
Middle managers	0%	2%	2%
Experts/analysts	2%	14%	11%
Specialised work	4%	5%	9%

405-2 Comparison of salaries paid to males and females

Median wages are compared with position and gender.



Comparison of salaries paid to males and females	2023
Professional trade	82%
Managing directors and department heads	87%
Middle managers	88%
Experts/analysts	85%
Specialised work	108%

414-1 New suppliers that were screened using social criteria

New suppliers/other than in IT

A security and quality appraisal is carried out on the governance, service and production methods of suppliers with whom the Bank has a contractual relationship. The appraisal, including a questionnaire, is carried out on new suppliers before entering into a contractual relationship, in accordance with the Bank’s rules on security and quality appraisal of suppliers.

Supervision of current suppliers

Significant suppliers to the Bank are sent a security and quality survey every 12 months as part of on-going supervision of suppliers. Determination of which suppliers receive the survey is based on the scope of the underlying contract and the importance and nature of the service/product involved. As a general rule, the survey is not sent to suppliers that are small service/product providers, contractors or independent operators.

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 evaluates 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 procedure is set out in the rule Security and quality appraisal of suppliers. Landsbankinn initially began supervision of suppliers in 2016 and several domestic suppliers have received the questionnaire annually since. In 2019, the Bank began including international suppliers in the appraisal. In 2023, 31 suppliers responded to Landsbankinn’s security and quality appraisal, with the following results from ESG questions:

	Yes	No	In part	Total
Has the company adopted an environmental policy?	22	8	1	31
Has the company adopted a CSR policy?	23	7	1	31
Does the company support the freedom of association and collective bargaining rights?	28	3	0	31
Has the company taken measures to prevent the exploitation of child labour in its operation?	23	7	1	31
Has the company taken measures to prevent exploitation of forced or compulsory labour in its operation?	23	7	1	31

	Yes	No	In part	Total
Has the company adopted an environmental policy?	71%	26%	3%	100%
Has the company adopted a CSR policy?	74%	23%	3%	100%
Does the company support the freedom of association and collective bargaining rights?	90%	10%	0%	100%
Has the company taken measures to prevent the exploitation of child labour in its operation?	74%	23%	3%	100%
Has the company taken measures to prevent exploitation of forced or compulsory labour in its operation?	74%	23%	3%	100%

In some instances, a supplier responded that a question did not apply. This was classified as measures do not exist; the same if a supplier did not respond to a question.

Visit to suppliers

In 2022, supervision of suppliers was enhanced in that visits were carried out to certain suppliers and a review of the results of the security and quality appraisal performed. The aim of these visits is to confirm the supplier’s responses to gain a more informed understanding of answers to the security and quality appraisal and assess risks, if appropriate. The work process is under development and, according to the review schedule, four to five suppliers will be visited annually. In 2022, one supplier was visited and four were visited in 2023.

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

In 2023, Landsbankinn received 5 complaints from customers regarding searches for their Id.Nos. in the Bank's systems. Upon examination, it was not possible in one instance to confirm the objective of the search and the issue was subsequently treated in accordance with the Bank's internal rules and processes. Other searches were confirmed to be based on objective reasons and professional purposes, or as part of the Bank's control and risk management activity.

Landsbankinn received on query from the Data Protection Authority in 2023 connected to a customer's complaint. The complaint involved the Bank's decision about a request for access to personal data. The Data Protection Authority's judgement or ruling in the case has not been forthcoming. The Data Protection Authority rules in one complaint from 2020 involving a complaint about Landsbankinn's processing that included a request for an Id.No. in connection with a cash transaction with the Bank. The Authority concluded that Landsbankinn's processing had complied with the provisions of the Act on Data Protection and the Processing of Personal Data. There were no instances of lost or compromised personal data in 2023. One notification about a security breach was reported to the Data Protection Authority. The Authority has finalised its examination of the security breach and concluded that no action would be taken. No other confirmed deviations from customer privacy were recorded.

G4-DMA (FS8) Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose

Partnership with the Nordic Investment Bank

Landsbankinn has four active loan facilities with the Nordic Investment Bank (NIB). Three of these loan agreements, each in the amount of USD 75 million, are intended for the financing of small and medium-sized enterprises in Iceland and projects with an environmental component. The most recent of these agreements was concluded in December 2023. The fourth facility, in the amount of USD 40 million, is funding of the Bank's new headquarters at Reykjastræti 6, a building that will be BREEAM certified as "Excellent".

Green bond issuance of Landsbankinn

Landsbankinn has thrice issued green bonds in the total amount of EUR 900 million under its EMTN programme and with reference to the Bank's Sustainable Finance Framework, certified by international rating agency Sustainalytics. The green bonds were issued in February 2021, November 2021 and September 2023.

The Bank's Sustainable Finance Framework, published in 2021, sets out the criteria projects and undertakings must meet to be considered sustainable. The Framework is aligned with ICMA's guidelines on green and social bonds and the EU's Taxonomy for green and social financing, where possible, and the UN guidelines on blue bonds.

An annual impact report on sustainable funding contains a review of the loans the Bank's green bond issuance funds and information about which categories of the Framework they fit into. Impact reports are verified by a third party who confirms the accuracy of information disclosed in the report and compliance with the criteria of the Sustainable Finance Framework.

In the latter part of 2023, work began on updating the Sustainable Finance Framework and is expected to conclude in early 2024. It is necessary to revise sustainable finance frameworks regularly as market requirements for sustainable issuance change rapidly, for both green, social, blue or sustainable bonds. The revision is intended to define more clearly the categories of the older Framework and fulfil EU demands in so far as possible, both the Green Bond Principles and the EU Taxonomy.

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 offer 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 deposit and withdraw cash, purchase foreign currency, purchase gift cards, view account balance 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 89 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 2023, 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 tends to advisory service, meaning that customers can expect to meet with an employee in a different geographic location.

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

The department Business Solutions in Private Banking 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. Significant effort is put into ensuring that all schools are able to receive this instruction. In 2023, the school Hússtjómarskólinn was invited to visit Landsbankinn's new headquarters to attend a session as the school has not been able to host the course in its own facilities. The Bank hosted a total of 12 financial events in 2023.

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.