



GRI Standards – Index

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

2 February 2023

Independent Auditor's Assurance Report

To the Management and the stakeholders of Landsbankinn hf.

We have been engaged by Landsbankinn hf. to provide reasonable assurance on Landsbankinn's GRI Standards index table for the year 2022 ("the Report") disclosed as part of Landsbankinn's Annual- and Sustainability report for the year 2022.

Our engagement was performed in order to:

- Assess whether the GRI Standards Index table for the year 2022 is presented according to GRI Standards;
- Assess underlying data processes and methods

We express a conclusion providing reasonable assurance.

Management's responsibility

The Management of Landsbankinn is responsible for collecting, analysing, aggregating and presenting the information in the report, ensuring that the information is free from material misstatement, whether due to fraud or error.

Our independence and quality control

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

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

Auditor's responsibility

Our responsibility is to express a reasonable assurance conclusion on GRI Standards index table in the Report. We have conducted our work in accordance with ISAE 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, to obtain reasonable assurance about our conclusion. In accordance with the standard we have planned and performed our work to obtain reasonable assurance about whether the Report is free from material misstatement.

Reasonable assurance is a high level of assurance but is not a guarantee that a review conducted in accordance with ISAE 3000 (revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the Report. Considering the risk of material misstatement, we planned and performed our work to obtain all information and explanations necessary to support our conclusion.

We performed reviews of data, recalculation of selected key performance indicators, reviews of the underlying data processes as well as interviews with those responsible for producing and preparing the data. Our work has included interviews with key employees of Landsbankinn, inquiries regarding procedures and methods to ensure that selected GRI indicators have been incorporated in accordance with the guidelines in GRI Standards. We have assessed processes, tools and controls for gathering, consolidating and aggregating GRI data at Landsbankinn, and performed analytical review procedures and tested data prepared against underlying documentation. Furthermore, we have evaluated the overall presentation in GRI Standards Appendix of the Report, including the consistency of information.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, in our opinion, the Landsbanki's GRI Standard Index table for the year 2022 is in all material respect in accordance with GRI Standards, and disclosures in the GRI Standards Appendix presented in accordance with disclosed indicators.

Kópavogi, February 2nd 2023

Deloitte ehf.



Birna María Sigurðardóttir
State Authorised Public Accountant

GRI content index

Landsbankinn has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022.

Title of GRI 1 used: GRI 1: Foundation 2021.

Reported disclosures from the GRI Standards, including the disclosure titles, can be found in the index below.

The titles of the GRI Standards that the reported disclosures come from are:

GRI 2 General Disclosures 2021

GRI 3 Material Topics 2021

GRI 201 Economic Performance 2016

GRI 202 Market Presence 2016

GRI 203 Indirect Economic Impact 2016

GRI 204 Procurement Practices 2016

GRI 205 Anti-corruption 2016

GRI 206 Anti-competitive Behaviour 2016

GRI 302 Energy 2016

GRI 305 Emissions 2016

GRI 308 Supplier Environmental Assessment 2016

GRI 401 Employment 2016

GRI 402 Labor/Management Relations 2016

GRI 403 Occupational Health and Safety 2018

GRI 404 Training and Education 2016

GRI 405 Diversity and Equal Opportunity 2016

GRI 406 Non-discrimination 2016

GRI 407 Freedom of Association and Collective Bargaining 2016

GRI 408 Child Labor 2016

GRI 409 Forced or Compulsory Labor 2016

GRI 413 Local Communities 2016

GRI 414 Supplier Social Assessment 2016

GRI 415 Public Policy 2016

GRI 417 Marketing and Labeling 2016

GRI 418 Customer Privacy 2016

Financial Sector Supplement

A list of the organizations's material topics is included in the GRI Standards Appendix on pages 3-5.

The GRI Sector Standard disclosures for banks has not been published yet. Material topics were evaluated according to GRI methods as described in GRI 3 Material Topics 2021. As a result, there are no applicable GRI Sector Standard material topics that Landsbankinn has determined to be non-applicable.


GRI index accompanying the 2022 Annual & Sustainability Report	Reporting	Information	Core standards not fulfilled	UN Sustainable Development Goals	Nasdaq ESG guidelines
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The company and disclosure

Disclosure					
2-1	About the company	Yes	Landsbankinn hf., registered address Austurstræti 11, 155 Reykjavík, was at year-end 2022 98.2% owned by the National Treasury of Iceland. Landsbankinn holds 1.58% of own shares and other shareholders, current and former employees of Landsbankinn and former guarantee capital owners of the savings banks Sparisjóður Vestmannaeyja and Sparisjóður Norðurlands (other than the state), hold 0.22%. Landsbankinn does not operate outside of Iceland.		
2-2	Entities included in the organization's sustainability reporting	Yes	Landsbankinn's Annual & Sustainability Report includes only the parent Landsbankinn hf.		
2-3	Reporting period, frequency and contact point	Yes	Landsbankinn's GRI Report is for the period 1 January 2022 to 31 December 2022, mirroring the company's Annual Financial Statement and Annual & Sustainability Report. The GRI Report is published as part of the Bank's sustainability statement on 2 February 2023. It will also be published as part of the Bank's Annual & Sustainability Report around mid-February 2023. Please direct queries about the Report to samskip-ti@landsbankinn.is		
2-4	Restatement of information	Yes	Restatements: Employee sentiment towards sustainability was not measures in 2022. Job categorisation was revised in 2022 and is reflected in indicators 405-1 and 405-2, which now show figures based on revised job categories.		
2-5	External assurance	Yes	Deloitte audits Landsbankinn's GRI Standards report. The auditor's endorsement accompanies the report. Landsbankinn's GRI Report has twice been audited with limited assurance and is now for the first time audited as reasonable assured. Landsbankinn's Sustainability Policy, approved by the Board of Directors and Executive Board, aims to show initiative in disclosure on sustainability issues. Good information disclosure practices include review of the data presented to ensure reliability and quality. Details about the auditing process and the reasonable assurance endorsement is provided in Deloitte's endorsement statement. The business relationship between Landsbankinn and Deloitte involves and agreement providing for this audit that is paid for in accordance with an accepted offer. Ownership of the two companies is completely separate.		G10



Activities and organisation

Disclosure

2-6	Activities, value chain and other business relationships	Yes	Landsbankinn provides traditional lending and deposit service plus market transactions, fund management through subsidiary Landsbréf, corporate finance, private banking and asset management services. Landsbankinn's Covenant of Ethical Conduct stipulates that staff is to act professionally and honestly by seeking information, abiding by law, rules, accepted work procedures and other criteria applying to their work in each instance. In addition to obeying general legislation on consumer protection and marketing, the Bank complies with the guiding ethics of the Society of Icelandic Advertising Agencies and the guidelines of the Consumer Spokesman and Ombudsman for Children on marketing targeting children. Furthermore, Landsbankinn takes note of the regulation on investor protection and the business conduct of financial undertakings No. 995/2007, which purpose it is to ensure that information on investment funds are presented clearly and correctly. No comments or legal complaints were received in 2019. No significant changes were made to Landsbankinn's supply chain, ownership or the company itself in 2021. Information about the size/scope of Landsbankinn is included in an appendix to the GRI index report, p. ?. The Bank's procurement categories describe its supply chain and are provided in the table Proportion of supplier turnover by category that is included as an appendix to the GRI index report, p. ?.			
2-7	Personnel	Yes	Appendix p. 6-8.			S4, S5
2-8	Workers who are not employees	Yes	Appendix p. 8.			

Governance

Disclosure

2-9	Organisational structure and committees	Yes	Corporate governance statement			G2
2-10	Nomination and selection of senior management	Yes	Corporate governance statement			G2
2-11	Chairman of the Board	Yes	Corporate governance statement			
2-12	Role of the highest governance body in overseeing the management of impacts	Yes	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.			E8, E9

2-13	Delegation of responsibility for managing impacts	Yes	Delegated through the Bank's Sustainability Policy which is approved by the Board of Directors.			E8, E9
2-14	Role of the highest governance body in sustainability reporting	Yes	<u>The Managing Director of Community reviews the material topics and methodology used to determine the topics. Details on the methodology are included in the chapter on Landsbankinn's material topics. One of the Bank's goals under its sustainability platform is to share sustainability information and all of the Bank's sustainability goals are approved by the Executive Board.</u>			
2-15	Conflict of interest	Yes	<u>Corporate governance statement</u>			
2-16	Communicating critical concerns	Yes	The Rules of Procedure for the Board of Directors provide for the correct channels to communicate critical concerns to the highest governance body. The Bank makes public information about certain issues submitted to the Board of Directors, such as interim and annual financial results. Other issues handled by the Board of Directors are subject to confidentiality.			
2-17	Collective knowledge of highest governance body	Yes	<u>Corporate governance statement</u>			
			<u>Rules of Procedure for the Board of Directors</u>			
2-18	Evaluating the highest governance body's performance	Yes	<u>Corporate governance statement</u>			
2-19	Remuneration policies	Yes	<u>Remuneration Committee</u>			G3
			<u>Annual financial statement - Notes to the consolidated financial statement</u>			
2-20	Process to determine remuneration	Yes	<u>Remuneration Committee</u>			
			<u>Annual General Meeting of Landsbankinn 2022</u>			
2-21	Annual total compensation ratio	Yes	The ratio of total wages paid to the CEO and median total wages full-time employees is 4.9			S1

Strategy, strategic goals and work practices


Disclosure





2-22	Statement on policy for sustainable development	Yes	<u>The Sustainability Policy is available on the Bank's website.</u>			
2-23	Obligations according to strategic goals	Yes	<u>The Sustainability Policy of Landsbankinn is approved by its Board of Directors, see the Sustainability Policy p. 3.</u>			G5, G6
2-24	Embedding policy commitments	Yes	<u>Landsbankinn's sustainability goals are based on its Sustainability Policy and approved by the Executive Board.</u>			


2-25	Processes to remediate negative impacts	In part	<u>Landsbankinn considers its greatest impact on sustainability to lie in emissions from its credit and asset portfolios. Emissions from the credit portfolio was initially calculated using PCAF methodology in 2021 for 2019. Landsbankinn's latest PCAF Report measures emissions from the credit portfolio for 2021 and is published in early 2023. The Bank now knows its impact and has determined to apply for approval of its goals to achieve reduction in indirect emissions by the Science-Based Target initiative in 2023. These goals will be measurable and time-bound.</u>	Data missing		
2-26	Mechanisms for seeking advice and raising concerns	Yes	See indicators 205-1-2-3 in this table			
2-27	Compliance with laws and regulations	Yes	There were no incidents of non-compliance with environmental laws and rules in 2022 nor any non-compliance with laws and regulations in the social and economic area in 2022.			
2-28	Memberships and partnerships	Yes	<u>Appendix p. 9.</u>			

Stakeholders' involvement

Disclosure

2-29	Approach to stakeholder engagement		<u>Appendix p. 2.</u>			
2-30	Collective bargaining agreements		All 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.		G4	
Material topics						
3-3	Description of material topics, a list of material topics and approach to their management.	Yes	<u>Appendix p. 2-5.</u>			E7, S6, S8, S9, S10, G5, G6

Financial performance						
201-1	Direct economic value generated and distributed	Yes	Appendix p. 6.			
201-2	Financial implications and other risks and opportunities due to climate change	Yes	Pillar III			
201-3	Defined benefit plan obligations and other retirement plans		In addition, Landsbankinn pays the equivalent of 5.5% of employee wages to a personal pension fund for the first three years of employment and 7% for subsequent years. The right to this payment is subject to the same rule as other seniority rights for employment at other financial undertakings. No other future liabilities due to pension plans are on the Bank's books. No future liabilities due to incentive systems are on the Bank's books.			
201-4	Financial assistance received from government		The State Treasury is the Bank's largest owner with a 98.2% share and the endowment capital has not been considered a government grant.			
Market presence						
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	No		Indicator 405-2 shows a break-down of salaries by gender and job category. Statistics for general minimum wages by job category is not available for the Bank. This prevents any significant comparison of beginners' wages by gender as beginners' wages differ across job categories.		
202-2	Proportion of senior management hired from the local community		Landsbankinn defines Iceland as its local community and all senior management is Icelandic.			
Indirect economic impact						
203-1	Infrastructure investments and services supported		Support for the community			

203-2	Significant indirect economic impacts	No		The scope of any significant indirect economic impact by Landsbankinn's operation on the community has not been assessed in more detail than disclosed in the materiality analysis in the appendix to the GRI Standards index.		
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Procurement impact

204-1	Proportion of spending on local suppliers	Yes	Appendix p. 10.			
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Anti-corruption











205-1	Operations assessed for risks related to corruption	Yes	Appendix p. 11.			
205-2	Communication and training about anti-corruption policies and procedures	Yes	Appendix p. 11-12.			
205-3	Confirmed incidents of corruption and actions taken	Yes	Appendix p. 12-13			











Anti-competitive behaviour











206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Yes	No instances in 2022			
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Environmental

Energy

302-1	Energy consumption within the organization	Yes	Appendix p. 13.		 	E3, E5
302-2	Energy consumption outside of the organization	Yes	Appendix p. 13.		 	E3, E5
302-3	Energy intensity	Yes	Appendix p. 14.		 	E4
302-4	Reduction of energy consumption	No		To reduce energy consumption, the Bank is phasing out all light bulbs other than LED. No other action has been determined.	 	
302-5	Reductions in energy requirements of products and services	No		No assessment has been made of options to reduce the energy need of products and services.	 	





Emissions						
305-1	Direct (Scope 1) GHG emissions	Yes	Appendix p. 14-15.			E1
305-2	Energy indirect (Scope 2) GHG emissions	Yes	Appendix p. 14-15.			E1
305-3	Other indirect (Scope 3) GHG emissions	Yes	Appendix p. 14-15.			E1
305-4	GHG emissions intensity	Yes	Appendix p. 16.			E1
305-5	Reduction of GHG emissions	Yes	Appendix p. 16.			
305-6	Emissions of ozone-depleting substances (ODS)	Yes	No cooling agents were used in 2022 and therefore no emissions to report			
Supplier environmental assessment						
308-1	New suppliers that were screened using environmental criteria	In part	Appendix p. 24.			
308-2	Negative environmental impacts in the supply chain and actions taken	No		No assessment has been carried out on the negative environmental impact in the Bank's supply chain nor any related action taken.		
Community						
Employment						
401-1	New employee hires and employee turnover	Yes	Appendix p. 16-18.		 	S3
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Yes	Appendix p. 18-19.			
401-3	Parental leave	Yes	Appendix p. 19.			
Labour/Management relations						
402-1	Minimum notice periods regarding operational changes	Yes	The general notice period is as follows: Trial employees – 2 months Permanent employees – 3 months Permanent employees with more than 10 years' work experience at a financial undertaking or at least 45 years of age - 6 months			

Occupational health and safety						
403-1	Governance of health and safety	In part	Landsbankinn has a Health and Safety Committee as provided for in Act No. 46/1980 on Facilities, Health and Hygiene Procedures and Safety in the Workplace. The Bank appoints two persons and the employees' association elects two other persons to the committee. The committee meets regularly and participation by representatives of the employees' association ensures collaboration with union representatives throughout the country.	Data missing.		
403-2	Hazard identification, risk assessment, and incident investigation	In part		Data missing.		
403-3	Occupational health services	In part		Data missing.		
403-4	Worker participation, consultation, and communication on occupational health and safety	In part		Data missing.		
403-5	Employee health and safety training	No		There has not been deemed need for employee health and safety training.		
403-6	Promotion of worker health	Yes	Employees can apply for a sports grant that accords with limits set by the Directorate of Internal Revenue, currently ISK 65,000 per calendar year. Every other year, all employees are offered detailed health checks by the consulting physician or at a health care centre. Further details on Landsbankinn's human resources and health policies are available here on the Bank's website.			
403-8	Workers covered by an occupational health and safety management system	Yes	100%			
Training and education						
404-1	Average hours of training per year per employee	Yes	Appendix p. 19.		 	
404-2	Programs for upgrading employee skills and transition assistance programs	Yes	Appendix p. 19-22.			
404-3	Percentage of employees receiving regular performance and career development reviews	No	Performance interviews at Landsbankinn are carried out by individual managers in line with the Bank's policy of boosting management independence. Performance interviews are carried out by each employee's immediate superior who is the responsible party. As a general rule, there are three performance interviews per annum, each focusing on a different area. The number and focus of interviews may vary depending on the manager and job in question and may be combined in one comprehensive annual interview. The Bank does not have information about how many employees participated in performance interviews in 2022.			

Diversity and equal opportunity						
405-1	Diversity of governance bodies and employees	Yes	Appendix p. 23.		 	S4, G1
405-2	Ratio of basic salary and remuneration of women to men	Yes	Appendix p. 24.			S2
Equality						
406-1	Incidents of discrimination and corrective actions taken	Yes	No violations of the equality policy were reported in 2022		 	
Freedom of association and collective bargaining						
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No		No assessment has been carried out to determine whether operating segments and suppliers may be at risk as regards the right to freedom of association and collective bargaining.		
Child labour						
408-1	Operations and suppliers at significant risk for incidents of child labour	No		No assessment has been carried out to determine whether operating segments and suppliers may be at significant risk for incidents of child labour.		
Forced or compulsory labour						
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	No.		No assessment has been carried out to determine whether operating segments and suppliers may be at significant risk for incidents of forced or compulsory labour.		
Local communities						
413-1	Operations with local community engagement, impact assessments, and development programs	No.		No assessment has been carried out to determine whether operations have local community engagement.		

413-2	Operations with significant actual and potential negative impacts on local communities	No.		No assessment has been carried out to determine whether operations may have significant actual and potential negative impacts on local communities.		
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Supplier social assessment

414-1	414-1 New suppliers that were screened using social criteria	In part	Appendix p. 24-25.		 	
414-2	Negative social impacts in the supply chain and actions taken	No.		No assessment has been carried out to determine whether there are negative social impacts in the supply chain.	 	

Public policy

415-1	Political contributions	Yes	No donations were made			
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Marketing and labelling

417-1	Requirements for product and service information and labelling	Yes	Requirements for product and service information and labelling do not apply as the Bank does not manufacture products in the traditional sense.			
417-2	Incidents of non-compliance concerning product and service information and labelling	Yes	No known violations			
417-3	Incidents of non-compliance concerning marketing communications	Yes	No known violations			

Personal data protection

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Yes	Appendix p. 25.			
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Financial sector supplement

Community

G4-FS13	Access points in low-populated or economically disadvantaged areas by type	Yes	Appendix p. 25-25.			
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	Yes	Appendix p. 26.			

Product responsibility						
G4-DMA (FS15)	Policies for the fair design and sale of financial products and services	Yes	Covenant of Ethical Conduct			
G4-DMA (FS16)	Action to improve financial literacy by target group	Yes	Appendix p. 26.			
Products						
G4-DMA (FS1)	Policies with specific environmental and social components applied to business lines	Yes	Landsbankinn's Sustainability Policy contains a chapter on responsible lending, p. 6.			
G4-DMA (FS3)	Processes to monitor customer implementation of and compliance with the environmental and social provisions of contracts or in business transactions	In part	Landsbankinn's Sustainability Policy contains a chapter on responsible investment, p. 5.	Data missing.		
G4-DMA (FS1)	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Yes	<p>Landsbankinn and the Nordic Investment Bank (NIB) signed a 7-year loan agreement in October 2018 under which Landsbankinn borrows USD 75 million to finance small and medium sized enterprises (SMEs) and environmental projects in Iceland.</p> <p>NIB is an international financial institution owned by eight member countries: Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden. The Bank finances private and public projects in and outside the member countries.</p>			

Review						
G4-DMA (FS9)	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	Yes	<p>Landsbankinn has a documented process to assess operational risk. All divisions undergo annual operational risk assessment. Operational risk is subsequently mapped on the group level. Where risk is higher than provided for in the Bank's current risk appetite, mitigating and preventative measures are applied and monitored. Assessment of operational risk extends to all components of operational risk, including insufficient or failing internal processes, human or systemic factors or external events. The assessment is not adjusted to specifically assess environmental or sustainability policies.</p> <p>Internal Audit is part of the Bank's risk management platform and of its internal monitoring system. Internal Audit assesses the Bank's operational efficiency, compliance with external and internal rules, and presents its findings to the Board of Directors. Internal Audit covers all divisions of the Bank, including operational risk and the audit process. International standards body BSI group reviewed the Bank's compliance with ISO 27001, an international standard for information security management. The Bank also regularly performs internal checks to monitor compliance with the standard. The Bank's external auditors adhere to standardised practices in their information gathering for audits of the Bank's consolidated financial statements. This includes review of internal control that applies to the preparation and credible presentation of accounts.</p>			
Active ownership						
G4-DMA (FS12)	Voting policy(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	Yes	Landsbankinn has not adopted a voting policy that applies to environmental or social concerns at AGMs where the Bank holds voting rights or advises on voting.			
G4-FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	In part	This has been done in some cases but no figures have been collected.	Data missing.		
G4-FS11	Ratio of assets analysed to determine environmental or social impact	In part	<u>Landsbankinn's Sustainability Policy contains a chapter on responsible investment, p. 5. It states that all assets are evaluated for ESG guidelines set in the Policy. No statistical data has been gathered to date.</u>	Data missing.		