



Landsbankinn's sustainability goals

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

February 2023



Sustainability Policy of Landsbankinn

Landsbankinn's Sustainability Policy extends to all divisions of the Bank, sets out our key focus areas as regards sustainability and describes how we will implement sustainability in our operation. The policy addresses the UN SDGs, climate concerns, social issues, governance, ESG risk rating, responsible investment and responsible lending.

Landsbankinn's sustainability goals

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

Our eight goals fall into the categories sustainability, environment, social and governance.

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

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

- Publish an annual GRI report.
- Discuss our climate risk in our Pillar III risk report according to the guidelines of the Task Force for Climate related Financial Disclosure (TCFD).
- Publish our emission accounts, including emissions from our loan book under the PCAF methodology.

Sustainability related disclosure is likely to increase in the near future, including under the Science Based Target initiative (SBTi), our obligations as a PBAF member and with audited sustainability accounts, including the GRI report and emission accounts, both of which are audited with reasonable assurance by Deloitte.

2. Emphasise responsible lending.

Issue Landsbankinn's Sustainable Financing Label to 20 entities for eligible loans in 2023, all of which must meet the sustainability criteria set out in the Bank's Sustainable Finance Framework. Loans that contribute to sustainable development are, all other things remaining equal, generally considered less risky. Having a large part of loans in the portfolio in that class is in the Bank's interest.

3. Achieve a reduction in direct GHG emissions.

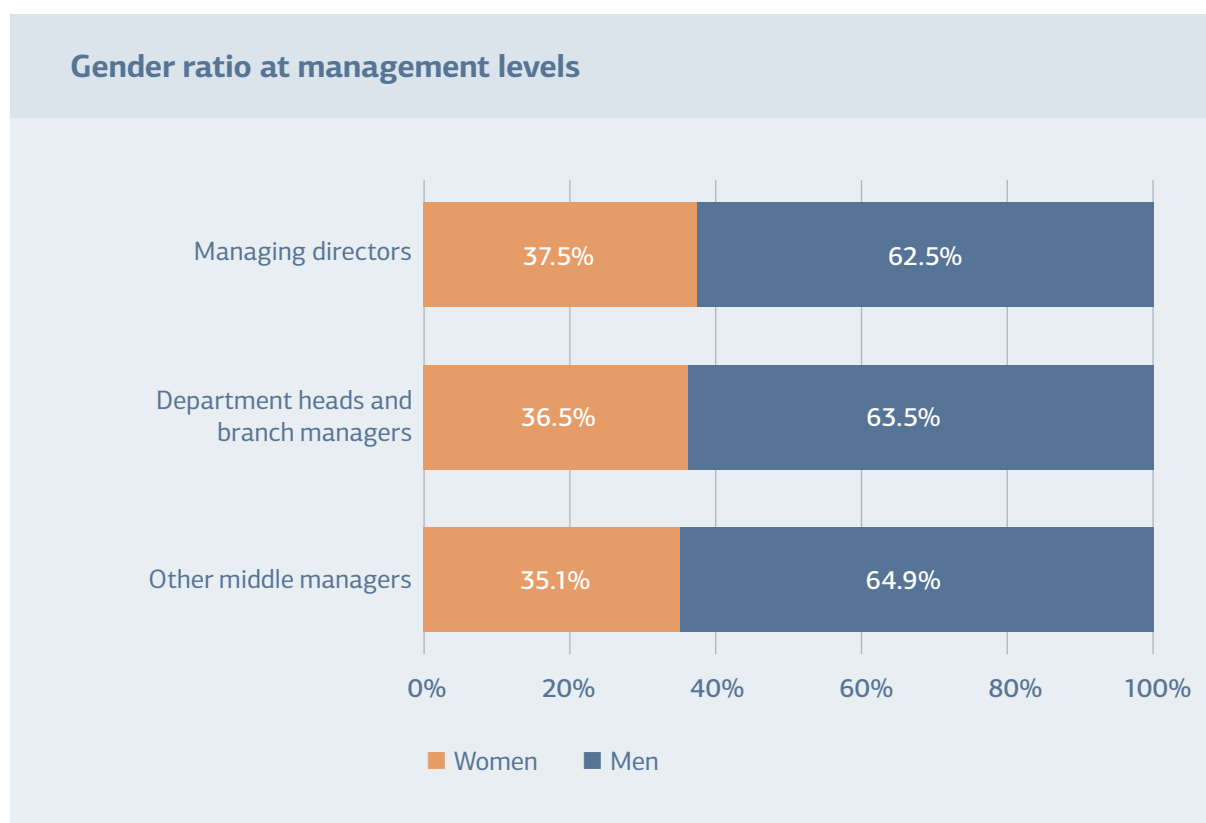
We aim to reduce emissions under Scope 1, i.e. the Bank's direct emissions, by 80% by 2025 compared with 2018 emissions and by around 100% in 2030. Landsbankinn shall also maintain its carbon neutral status under CarbonNeutral® from 2020 onwards.

4. Achieve a reduction in indirect GHG emissions.

In 2022, we applied to join the Science Based Target initiative, SBTi. In 2023, Landsbankinn intends to set goals to reduce indirect emissions using the SBTi guide for financial institutions and have them approved. We initially intended to have our goals approved in 2022 but that work was delayed.

5. Attain a gender ratio among executives that accords with set limits.

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



6. Measures to counteract discrimination - share information about EKKO.

We intend to do more to show how we use the Bank's EKKO policy to counteract bullying, sexual or gender-based harassment, and violence. Our sustainability report will contain information about incidents reported to Human Resources and number of incidents measured in the Bank's workplace audit.

EKKO incidents	2022
Number of incidents reported to Human Resources	0
Workplace analysis	
Percentage of employees who experienced:	
Bullying	2%
Sexual harassment	0%
Gender-based discrimination	1%

The results show that employees have experienced EKKO incidents in 2022 without reporting them to Human Resources.

7. Review sustainability information.

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

Current status:

- The GRI report and emission accounts are reviewed with reasonable assurance by Deloitte.
- The Bank's PRB and PCAF reports are audited with limited assurance.
- Landsbankinn's Sustainable Finance Framework is reviewed by a competent third party.
- The Bank's green bond impact report is reviewed by a competent third party.

8. Direct business to responsible suppliers.

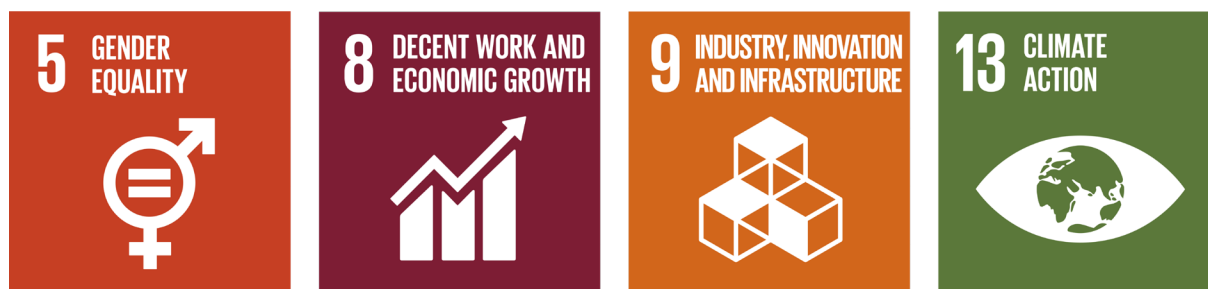
Our aim is that 80% of the cost of purchased services and goods will be paid to suppliers who have committed to the Bank's code of conduct by 2025 or who have adopted comparable rules.

Current status:

A code of conduct for suppliers was implemented at year-end 2021. At the same time, we set ourselves the goal of ensuring that 80% of the cost of purchased services and goods is paid to suppliers who have adopted the Bank's code of conduct or similar rules by 2025. We reached this goal already in 2022 and will focus on maintaining our goal of 80% compliance going forward.

Sustainable Development Goals

We are focused on four of the UN Sustainable Development Goals (SDGs).



These goals all directly correlate with the Bank's operation and working to achieve them maximises the Bank's positive impact on the environment and society. We also follow the Principles for Responsible Banking (PRB) which guide banks in their work on the SDGs and the Paris Agreement.