

Second-Party Opinion

Landsbankinn Sustainable Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Landsbankinn Sustainable Finance Framework is credible and impactful and aligns with the four core components of the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds¹ are aligned with those recognized by the Green Bond Principles and the Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 6, 7, 8, 9, 11, 12, 14 and 15.



PROJECT EVALUATION AND SELECTION Landsbankinn's Sustainable Finance Committee is responsible for overseeing the process of project evaluation and selection in line with the Framework's eligibility criteria. Landsbankinn has internal procedures in place to identify and manage potential environmental and social risks associated with eligible projects, which apply to all allocation decisions made under the Framework. This is in line with market practice.



MANAGEMENT OF PROCEEDS Landsbankinn's Sustainability Committee will be responsible for the management of proceeds on a portfolio basis and will track the allocation of proceeds using an internal tracking mechanism. Landsbankinn intends to allocate all proceeds within 24 months of issuance. Pending allocation, unallocated proceeds will be temporarily invested according to Landsbankinn's liquidity investment guidelines. This is in line with market practice.



REPORTING Landsbankinn commits to report on the allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include amounts allocated to eligible projects in each eligible category, the balance of unallocated net proceeds and share of financing versus refinancing. In addition, Landsbankinn intends to report on relevant impact metrics. Sustainalytics views Landsbankinn's allocation and impact reporting as aligned with market practice.

EU Taxonomy

Sustainalytics has assessed the Landsbankinn Sustainable Finance Framework for alignment with the technical screening criteria for substantial contribution (SC) to the environmental objectives of the EU Taxonomy. The criteria defined in the Landsbankinn Sustainable Finance Framework's use of proceeds categories map to 59 activities in the EU Taxonomy. Sustainalytics is of the opinion that 46 activities align, six partially align and seven does not align with the applicable SC criteria. Sustainalytics is also of the opinion that the activities and projects to be financed under the Landsbankinn Sustainable Finance Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards. Landsbankinn Sustainable Finance Framework was not assessed for alignment with the do no significant harm (DNSH) criteria of the EU Taxonomy in this report.

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Issuer Location Reykjavik, Iceland

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¹ Renewable Energy; Clean Transportation; Green Buildings; Energy and emission efficient products, solutions and manufacturing; Environmentally sustainable management of living resources and land use; Sustainable Water and Wastewater Management; Pollution Prevention and Control, Access to Essential Services, Affordable Housing, and Employment Generation, via SME Financing in Fragile Areas.

² This document updates Sustainalytics' Second-Party Opinion published on 21 January 2021.

Introduction

Landsbankinn hf (“Landsbankinn”, or the “Bank”) is a commercial bank in Iceland. Established in 2008, the Bank provides a range of financial services including retail and corporate banking services, capital markets services and asset and wealth management. Headquartered in Reykjavik, the Bank has 35 branches across Iceland and employs 813 individuals as of 31 December 2022.³

Landsbankinn has developed the Landsbankinn Sustainable Finance Framework dated January 2024 (the “Framework”) under which it intends to issue debt instruments such as listed and non-listed,⁴ senior or subordinated bonds, secured or unsecured bonds, commercial paper and bilateral agreements⁵ and use the proceeds to finance and refinance, in whole or in part, existing or future projects that are expected to create positive environmental and social impact in Iceland.

The Framework defines eligibility criteria in seven green areas:

1. Renewable Energy
2. Clean Transportation
3. Green Buildings
4. Energy and Emission Efficient Products, Solutions and Manufacturing
5. Environmentally Sustainable Management of Living Resources and Land Use
6. Sustainable Water and Wastewater Management
7. Pollution Prevention and Control

The Framework defines eligibility criteria in three social areas:

8. Access to Essential Services
9. Affordable Housing
10. Employment Generation, via SME Financing in Fragile Areas

Landsbankinn engaged Sustainalytics to review the Framework and provide a Second-Party Opinion⁶ on the Framework’s environmental credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP) and Social Bond Principles 2023 (SBP).⁷ The Framework has been published in a separate document.⁸

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁹ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The use of proceeds criteria alignment with the technical screening criteria for substantial contribution to the climate change mitigation objective and the Minimum Safeguards of of the EU Taxonomy;

³ Landsbankinn, “Landsbankinn Factbook”, (2022), at: <https://www.landsbankinn.is/uploads/documents/arsskyrsluoguppjor/Fact-book-2022-EN.pdf>

⁴ Landsbankinn has confirmed to Sustainalytics that listed and unlisted debt instruments can be both listed on a stock exchange or standalone non-listed bond issuances.

⁵ Bilateral agreements are loan agreements directly between lender and borrower.

⁶ The Framework updates and replaces Landsbankinn’s 2021 Sustainability Finance Framework, for which Sustainalytics has provided a Second-Party Opinion. Sustainalytics, “Second Party Opinion: Landsbankinn Sustainable Finance Framework Second-Party Opinion (2021)”, at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/landsbankinn/landsbankinn-sustainable-finance-framework-second-party-opinion-\(2021\)/landsbankinn-sustainable-finance-framework-second-party-opinion-\(2021\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/landsbankinn/landsbankinn-sustainable-finance-framework-second-party-opinion-(2021)/landsbankinn-sustainable-finance-framework-second-party-opinion-(2021))

⁷ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

⁸ The Landsbankinn Sustainable Finance Framework is available on Landsbankinn’s website at: <https://www.landsbankinn.is/en>

⁹ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.15, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Landsbankinn's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Landsbankinn representatives have confirmed (1) they understand it is the sole responsibility of Landsbankinn to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Landsbankinn.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date stated herein, Landsbankinn is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Landsbankinn has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Landsbankinn Sustainable Finance Framework

Sustainalytics is of the opinion that the Landsbankinn Sustainable Finance Framework is credible, impactful and aligns with the four core components of the GBP and SBP. In addition, Sustainalytics notes Landsbankinn intention to align with the ICMA's Practitioners Guide for Bonds to Finance the Sustainable Blue Economy¹⁰ and the UN Blue Bond Reference Paper for Investments Accelerating Sustainable Ocean Business.¹¹ Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy; Clean Transportation; Green Buildings; Energy and emission efficient products, solutions and manufacturing; Environmentally Sustainable Management of Living Resources and Land Use; Sustainable Water and Wastewater Management; Pollution Prevention and Control Access to Essential Services, Affordable Housing; Employment Generation, via SME financing in fragile areas – are aligned with those recognized by the GBP and SBP.
 - Landsbankinn has established a three-year look-back period for refinancing operational expenditures under the Framework, which Sustainalytics views to be in line with market practice.

¹⁰ ICMA, "Bonds to Finance the Sustainable Blue Economy", (2023), at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/Bonds-to-Finance-the-Sustainable-Blue-Economy-a-Practitioners-Guide-September-2023.pdf>

¹¹ UNGB, "Blue Bonds Reference Paper", (2020), at: <https://unglobalcompact.org/library/5741>

- Under the Framework, Landsbankinn also intends to use the proceeds for project-based lending and general-purpose financing for pure play companies that derive at least 90% of their revenue from eligible categories as identified in the Framework. Sustainalytics recognizes that the GBP and SBP favour project-based lending and financing, which provide better transparency in general than non-project-based lending. Nevertheless, Sustainalytics recognizes that the financing of pure play companies through green and social bonds is commonly accepted as an approach that can generate positive impact.
- Under the Renewable Energy category, the Bank may finance or refinance the development, construction, and operation of renewable energy projects related to electricity and heat generation, where the life cycle emissions intensity is below 100gCO₂e/kWh.¹² These facilities may include:
 - Installation and operation of electrical heat pump. The Bank confirms that: i) it will exclude financing of heat pumps with high global warming potential refrigerants; and ii) the heat pumps will have a refrigerant management system in place to measure refrigerant leakage, and measures will be taken to minimize leakage such as leak detection alarm systems, conducting regular leak detection inspections, and equipment maintenance and cleaning.
 - Bioenergy Projects^{13, 14} such as production of biogas, biofuels or bioliquids,^{15, 16} and generation of electricity, heat or combined heat and power (CHP) facilities, excluding biofuel blending facilities.
 - Geothermal electricity generation projects with life cycle emissions below 100 gCO₂/kWh.
 - Hydropower projects that: i) are run-of-river projects without an artificial reservoir; ii) have a power density greater than 5 W/m² or iii) have a life cycle intensity below 100 gCO₂e/kWh. The Bank has confirmed that all new hydropower projects will undergo an environmental and social impact assessment and that no new projects will be undertaken if the assessment has identified significant negative impacts or associated controversies.
 - Ocean energy generation projects
 - Solar PV generation.
 - Facilities that produce heating or cooling by reusing waste heat. Landsbankinn confirmed that financed heating and cooling systems will be electricity powered and that it will exclude projects that source waste heat from fossil fuel operations and hard to abate industries.
 - Onshore wind energy generation.
 - Hydrogen projects including: i) production of hydrogen through electrolysis powered by renewables or from sustainably sourced biomass, biogas, renewable natural gas or landfill gas; or ii) production of green hydrogen-based synthetic fuels such as methane, methanol, ammonia¹⁷, using CO₂ sourced from non-fossil fuel operations.
 - Landsbankinn communicated to Sustainalytics that sustainably sourced biomass includes those biomasses derived from renewable and responsible management practices such as protection of biodiversity, and prevention of deforestation. These may also include biomass certified under Forest Stewardship Council (FSC), Aquaculture Stewardship Council (ASC) or Programme for the Endorsement of Forest Certification (PEFC).

¹² Landsbankinn has communicated to Sustainalytics that the life cycle GHG emission savings are calculated using Commission Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018 or ISO 14064-1:2018 and the quantified lifecycle GHG emissions are verified by an independent third party.

¹³ Landsbankinn has communicated to Sustainalytics that the GHG savings from the use of biomass in cogeneration installations will be at least 80% in relation to the GHG emission saving methodology and fossil fuel comparator as set out in Annex VI to Directive (EU) 2018/2001.

¹⁴ Landsbankinn confirmed that the bioenergy projects supply chain sustainability will be preferably verified under the certification systems such as the International Sustainability & Carbon Certification (ISCC), Sustainable Biomass Partnership (SBP), Roundtable on Sustainable Biomass (RSB), Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC).

¹⁵ Production process of biofuels or bioliquids include biofuel preparation, pre-treatment and bio-refinery facilities.

¹⁶ Landsbankinn has communicated to Sustainalytics that agricultural and forestry residues used in the activity complies with the criteria of Directive (EU) 2018/2001, as laid down in the Article 29, paragraph 2 to 5 and 6 to 7 respectively.

¹⁷ Landsbankinn has communicated to Sustainalytics that the ammonia may be produced using Haber Bosch methodology.

Sustainalytics considers these certifications to be credible and further encourages Landsbankinn to report on sustainable sourcing of the biomass.

- Energy storage infrastructure including:
 - Hydrogen storage connected to renewable energy sources.
 - Pumped hydropower storage connected to renewable energy sources, where Landsbankinn has confirmed that a credible body will conduct an environmental and social impact assessment for every project and finance only those projects where no significant risk or negative impact is identified.
 - Thermal energy storage connected to renewable energy sources, such as Underground Thermal Energy Storage (UTES) or Aquifer Thermal Energy Storage (ATES).
 - Retrofitting underground gas storage facilities to hydrogen storage facilities.
- Transmission and distribution infrastructure for electricity including:
 - New or existing transmission networks dedicated to the transmission of renewable electricity.
 - Transmission systems where the average system grid emissions is below 100 gCO_{2e}/kWh or more than two-thirds of newly enabled generation installed capacity in the system is below the emissions threshold of 100 gCO_{2e}/kWh, measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period;
 - Development of technology or components including smart grids, storage facilities, metering systems, and systems dedicated to increasing system efficiency and reducing energy losses.
- District heating distribution networks powered by: i) at least 50% renewable energy, and 50% waste heat; ii) 75% cogenerated heat;¹⁸ or iii) a combination of 50% of renewable energy and heat. The Bank confirmed this will exclude waste heat from fossil fuel production and operations.
- Construction, operation, transmission and distribution networks dedicated to hydrogen, low-carbon gases such as methane produced from renewables, including the conversion of existing natural gas networks to 100% hydrogen.
 - The Bank confirmed this expenditure will exclude financing new pipelines to distribute natural gas. While recognizing that financing the conversion of existing natural gas networks is intended for integrating green hydrogen, which is consistent with the EU Taxonomy Delegated Act, Sustainalytics notes that the networks would be used to distribute natural gas during the estimated period of project completion and they may prolong fossil fuel consumption.
 - Regarding infrastructure related to methane distribution, Landsbankinn has communicated that operational expenditures may also include leak detection system and repair of existing methane gas pipelines to reduce methane leakage. Sustainalytics notes that Landsbankinn will finance distribution infrastructure of methane produced from renewables, however, Sustainalytics considers methane generation from sustainably sourced feedstock, such as biodegradable waste from households, to be market practice and thus encourages the Bank to report on methane feedstock.
- Sustainalytics considers these expenditures to be aligned with market practice.
- Under the Clean Transportation category, the Bank may finance or refinance the development, manufacturing, construction, operation, and retrofitting of electric vehicles and its related infrastructure for passenger and freight transport according to the following criteria:
 - Zero direct emissions electric vehicles such as passenger cars, buses, trucks, motorbikes, and light commercial vehicles where the vehicles of category M1 and N1 will be in accordance with Activity 6.5 “Transport by motorbikes, passenger cars and light commercial vehicles” of the EU Taxonomy June 2021 Delegated Act. The Bank confirmed that such expenditure will exclude freight vehicles dedicated to the transport

¹⁸ Sustainalytics notes that district heating in Iceland is powered by 100% renewables.

of fossil fuels or fossil fuels blended with alternative fuels. Sustainalytics considers this activity to be aligned with market practice.

- Zero direct emissions electric ships for: i) inland passenger transport, for example passenger ship, Herjolfur;¹⁹ ii) inland, sea and coastal freight transport; and iii) vessels for port operations and auxiliary activities such as tugboats, salvage vessels and icebreakers. The Bank confirmed the following:
 - Until 31 December 2025, hybrid and dual-fuel vessels that derive at least 25% of their energy from zero direct (tailpipe) CO₂ emission fuels or plug-in power for their normal operations at sea or in ports;
 - Until 31 December 2025, vessels operating on zero direct (tailpipe) emission fuels or on fuels from renewable sources that have attained Energy Efficiency Design Index (EEDI) value 10% below the EEDI requirements applicable on 1 April 2022. Sustainalytics considers this expenditure to be credible given its potential to support the transition towards decarbonization of the shipping sector and deliver positive environmental impacts.
 - Retrofits that reduce fuel consumption of the vessel by at least 10% expressed in grams of fuel per deadweight tonnes per nautical mile, as demonstrated by computational fluid dynamics (CFD), tank tests or similar engineering calculations until 31 December 2025.
 - Landsbankinn confirmed to Sustainalytics that such expenditures will be limited to ships fueled by low-carbon sources such as biofuels. Sustainalytics considers financing these expenditures to be aligned with market practice.
- Zero direct emissions aircraft for transporting passengers and freight. Additionally, Landsbankinn may also finance renting and leasing of zero direct emissions aircraft parts and equipment such as electric engines or motors. Landsbankinn confirmed to Sustainalytics that such equipment will be solely dedicated to zero direct emissions aircrafts.
- Equipment and service activities incidental to air transportation, including ground service activities at airports and cargo handling. This includes economic activities a) to g) under 6.20: Air transport ground handling operations as listed in the amended EU Taxonomy Climate Delegated Act.²⁰
 - Sustainalytics notes that the ground handling vehicles will be operating on zero direct (tailpipe) emissions and the propulsion of all ground handling devices and equipment will come from zero-emissions motor.
 - Sustainalytics notes that such investments may reduce fuel consumption or improve energy efficiency in airports. While noting that these criteria are in line with the amended EU Taxonomy Climate Delegated Act, Sustainalytics encourages the Bank to prioritize financing such equipment dedicated to zero emission aircrafts.
- Personal mobility devices such as bicycles. This also includes electric scooters and bicycles for delivering mails or goods from warehouse to customer's houses. Sustainalytics considers this activity to be aligned with market practice.
- Construction, modernisation, maintenance and operation of infrastructure projects such as:
 - Roads, motorway bridges and tunnels dedicated for cycling and pedestrians.
 - Infrastructure dedicated for zero-emissions road transport, specifically charging station for electric vehicles.
 - Infrastructure dedicated for zero-emissions vessels, specifically charging station for ships or the port's own operations..
 - Infrastructure dedicated for zero-emissions aircrafts or the airport's own operations, specifically fixed electrical ground power, electricity charging and hydrogen refueling, electric charging points, electricity grid connection upgrades which are connected to renewable energy sources, hydrogen refueling stations.

¹⁹ Herjolfur is a passenger ships that sails between Iceland's mainland and Westman islands. More details at: <https://www.marinetraffic.com/en/ais/details/ships/shipid:5772165/mmsi:251337110/imo:9825099/vessel:HERJOLFUR>

²⁰ European Commission, "EU Taxonomy Climate Delegated Act", (2023), at: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2022-climate-annex-1_en.pdf

- Sustainalytics notes that the Framework excludes financing vehicles, vessels and infrastructure dedicated to the transport of fossil fuels.
 - Sustainalytics considers these expenditures to be aligned with market practice.
 - Under the Green Buildings category, the Bank may finance or refinance building expenditures based on the following criteria:
 - Construction and refurbishment of public, residential and commercial buildings achieving one of the following certifications: i) LEED (Gold and above);²¹ ii) BREEAM (Excellent and above);²² iii) Nordic Swan Ecolabel.²³ Sustainalytics views the certification scheme and levels specified under the Framework to be credible.
 - Acquisition and ownership of residential buildings built on or before 31 December 2020 belonging to the top 15% of the national building stock expressed as operational Primary Energy Demand (PED). Sustainalytics notes the absence of definition of the PED and implementation of EPC in Iceland's regulations. However, Sustainalytics also notes that Landsbankinn has developed a methodology demonstrating a comparison of the performance of the selected energy-efficient residential buildings versus the national building stock. Sustainalytics considers this expenditure to be aligned with market practice.
 - Installation, maintenance and repair of: i) on-site renewable energy technologies, such as electric heat pumps;²⁴ ii) instruments and devices for measuring, regulating and controlling energy performance of buildings, such as smart meters for monitoring electricity and heat;²⁵ and iii) charging stations for electric vehicles in buildings and parking spaces attached to buildings and iv) energy efficiency equipment.
 - Landsbankinn communicated to Sustainalytics that the financed energy efficiency equipment will comply with TSC criteria of EU Taxonomy activity 7.3 "Installation, maintenance and repair of energy efficiency equipment". This may include: i) addition of insulation to existing envelope components; ii) replacement of existing windows with more energy-efficient ones; iii) replacement of existing external doors with more energy-efficient ones; iv) installation and replacement of more energy-efficient light sources; v) installation, replacement, maintenance and repair of heating, ventilation and air conditioning (HVAC) and water heating systems; and vi) installation of low water and energy using kitchen and sanitary water fittings.
 - Renovation of existing buildings where the total cost of the renovation relating to the building envelope or the technical building systems is more than 25 % of the value of the building, (excluding the value of the land upon which the building is situated); or more than 25% of the surface of the building envelope undergoes renovation. Additionally, Landsbankinn may finance renovation projects that result in at least a 30% reduction in net PED compared to pre-renovation levels.
 - Sustainalytics notes that the EU Taxonomy requires meeting the relevant cost-optimal minimum energy performance requirements in accordance with the EPBD, which varies among countries. Sustainalytics therefore encourages Landsbankinn to report on the actual improvement on primary energy demand performance or energy savings achieved in comparison with the existing building stock in the area or region.
 - Sustainalytics considers these expenditures to be aligned with market practice.
 - Under the Energy and emission efficient products, solutions and manufacturing category, the Bank may finance or refinance expenditures related to data management and solutions, upgrading communication networks and the energy efficiency of industrial processes according to following criteria:

²¹ LEED, at: <https://www.usgbc.org/leed>

²² BREEAM, at: <https://bregroup.com/products/breeam/>

²³ Nordic Swan Ecolabel, at: <https://www.nordic-swane-colabel.org/official-nordic-ecolabel/>

²⁴ Landsbankinn has confirmed to Sustainalytics that i) Financing of high GWP refrigerants will be excluded and ii) there would be a refrigerant management system in place, i.e. measurement of leakage and measures taken to minimize this such as installation of leak detection alarm systems, conducting regular leak detection inspections, and equipment maintenance and cleaning.

²⁵ Sustainalytics notes that smart meters will not be financed to monitor natural gas.

- Energy efficient operation of data centres and related infrastructure such as ICT equipment and services, cooling, data centre power equipment, data centre power distribution equipment, data centre building, monitoring systems. Sustainalytics notes that: i) energy efficiency improvement will be carried out in accordance with the latest version of the European Code of Conduct on Data Centre Energy Efficiency;²⁶ and ii) data centres or equipment for data centres will have an annualized PUE equal to or lower than 1.5. Sustainalytics highlights that Landsbankinn has committed to: i) procure renewable energy (or primarily power the data centre with renewables); or ii) use free cooling technology that takes advantage of cool ambient conditions and reduces the need for mechanical cooling and associated power. Sustainalytics believes that data centres with annualized Power usage effectiveness (PUE) < 1.5 with renewable energy procurement or free cooling technology will significantly reduce scope 1 and 2 emissions.
 - Development or use of ICT solutions for the provision of data and analytics enabling GHG emissions reduction, i.e., Internet of Things (IoT), upgrading older technology to 5G and Artificial Intelligence.
 - While deployment of 5G technologies from previous generation networks could lead to increased energy demand on the network, Sustainalytics believes that the energy efficiency gains achieved through such investments will result in a net energy reduction per unit of data transmitted. This will be achieved specifically by enabling the energy efficiency of data transmission as well as operational efficiency across a range of industries and activities downstream of the network provider. Sustainalytics encourages Landsbankinn to report on the energy efficiency gains from financing such projects.
 - Sustainalytics recognizes that IoT technologies carry two risks in terms of impact. Firstly, they have a broad impact and can drive energy-efficiency gains in a variety of industries, including the fossil fuel industry. Sustainalytics notes that the Framework excludes specific activities that are associated with fossil fuels. Also, Sustainalytics understands that the Bank cannot control the use and application of IoT-enabling technologies once sold. Secondly, the expansion of IoT networks and increasing data flow resulting from IoT solutions may result in additional energy demands on telecommunications networks. However, there is evidence that telecommunications technologies may result in net energy savings and carbon reductions.²⁷
 - Installation and operation of fibre and high-speed mobile networks intended to replace copper-based communication networks.
 - Development, manufacture, distribution or installation of products or services that increase the energy efficiency of industrial processes. These include financing LEDs in greenhouses, and machinery equipment in fishery operations that are certified with Marine Stewardship Council, Aquaculture Stewardship Council or Iceland Responsible Fisheries. The financing will exclude products and services related to energy efficiency improvements in fossil fuel production or distribution. Further, Landsbankinn has confirmed to Sustainalytics that the financing will exclude products and services designed or intended for processes that are inherently carbon intensive, primarily driven or powered by fossil fuels such as oil or gas fired boilers, cogeneration and combine heat and power units as well as for heavy industries such as steel, cement and aluminium.
 - Sustainalytics considers these expenditures to be aligned with market practice.
- Under Environmentally Sustainable Management of Living Resources and Land Use category, the Bank may finance or refinance expenditures related to the following:

²⁶ European Commission, "Data Centres Code of Conduct", at: <https://e3p.jrc.ec.europa.eu/communities/data-centres-code-conduct>

²⁷ Global System for Mobile Association, "The Enablement Effect", (2019), at:

https://www.gsma.com/betterfuture/wp-content/uploads/2019/12/GSMA_Enablement_Effect.pdf

- Acquisition, maintenance and operation of sustainable agricultures projects or products that have been certified under Tún,²⁸ or EU Organic. Landsbankinn confirmed to Sustainalytics that such projects will exclude the use of pesticides, synthetic fertilizers and livestock management. Sustainalytics views these certification schemes as robust and credible and considers these investments to be aligned with market practice.
 - Catching, producing and processing products that have been certified under the Marine Stewardship Council (MSC),²⁹ Aquaculture Stewardship Council (ASC)³⁰ or Iceland Responsible Fisheries.³¹ Expenditures may also include financing companies that derive at least 90% of their revenue from activities that are certified by the above certifications. Sustainalytics views these certification schemes as robust and credible and considers these investments to be aligned with market practice.
 - Acquisition, maintenance and management of sustainable forestry or agriculture projects or products, such as reclamation of natural wetlands, that have been certified under Forest Stewardship Council (FSC)³² and Programme for the Endorsement of Forest Certification (PEFC).³³ Landsbankinn confirmed to Sustainalytics that such projects will exclude the use of pesticides and synthetic fertilizers. Sustainalytics views these certification schemes as robust and credible and considers these investments to be aligned with market practice.
- Under the Sustainable Water and Wastewater Management category, the Bank may finance or refinance projects related to the following criteria:
 - Construction, extension, renewal and operation of water collection, treatment, and supply systems.
 - Construction, extension, renewal and operation of centralized wastewater treatment plants.
 - Landsbankinn confirmed to Sustainalytics that it will exclude financing of the treatment of wastewater from fossil fuel operations.
 - Sustainalytics considers these investments to be aligned with market practice.
- Under the Pollution Prevention and Control category, the Bank may finance or refinance projects related to waste and emissions management according to the following criteria:
 - Waste management projects including facilities for: i) collection, sorting, transport, ³⁴reuse and recycling of non-hazardous waste with source segregation of the waste; ii) treatment of biowaste through anaerobic digestion resulting in production of compost, biogas and digestate; and iii) sorting and processing of minimum 50% of waste, by weight, to produce secondary raw materials through mechanical reprocessing, excluding materials used for backfilling purposes. The Bank confirmed that the recycling of e-waste or waste from electrical and electronic equipment will include a robust waste management process to mitigate the associated risks. Examples include waste-to-energy facilities that produce methane from organic waste from households and fish residues which are certified by ASC, MSC or Iceland Responsible Fisheries. For such projects, Landsbankinn communicated that segregation of recyclables including plastics and metals, from the feedstock will be ensured, before waste incineration.
 - Installation and operation of infrastructure or facilities and their related equipment for landfill gas capture from closed or decommissioned landfills where gas capture efficiency will be preferably 75% or more. Sustainalytics notes that landfill gas capture for energy generation is one of the key waste management strategies for reducing methane emissions from landfills with no gas capture and from open dumps. Sustainalytics views financing of facilities with landfill gas capture efficiency of equal

²⁸ Tún. At: <https://www.tun.is/>

²⁹ Marine Stewardship Council. At: <https://www.msc.org/>

³⁰ Aquaculture Stewardship Council. At: <https://asc-aqua.org/>

³¹ Iceland Responsible Fisheries. At: <https://www.responsiblefisheries.is/certification>

³² Forest Stewardship Council. At: <https://fsc.org/en>

³³ Programme for the Endorsement of Forest Certification: at: <https://pefc.org/discover-pefc/what-is-pefc>

³⁴ Landsbankinn has confirmed to Sustainalytics that vehicles financed under this activity will comply with threshold mentioned under Clean Transportation category under this Framework.

- to or greater than 75% to be market practice and encourage the Bank to finance such facilities that meet the criteria.
- Remediation projects and decontamination of industrial sites such as soil remediation, groundwater cleanup, air quality improvements and landfill remediation. The Bank confirmed such projects will exclude: i) fossil fuel related activities; and ii) projects related to the contamination or negative environmental externality from the borrower's own activities.
 - Projects related captured CO₂ from geothermal powerplants including: i) construction and operation of pipelines for transport of captured CO₂ with an appropriate leak detection system, ii) storage of captured CO₂ with an appropriate geological formation. The Bank has confirmed that these projects will exclude storage and transport of CO₂ from fossil fuel extraction, production, and refining activities.
 - Sustainalytics considers expenditures under this category to be aligned with market practice.
- Under the Access to essential services category, the Bank intends to finance or refinance the construction, purchase, maintenance, refurbishment, or development of public infrastructure and related equipment or services such as schools, healthcare services, housing for the elderly, and kindergartens. Landsbankinn confirmed to Sustainalytics that these facilities will be accessible to all regardless of the ability to pay. Sustainalytics considers this activity to be socially impactful.
 - Under the Affordable Housing category, the Bank intends to finance or refinance the construction; purchase; maintenance or refurbishment of affordable housing projects for low-income groups according to Article 6 of Iceland's Regulation No. 183/2020: "Regulation on state and local capital contributions, housing self-ownership organizations and public apartments".³⁵ This regulation defines the low-income population as people having an annual income at or below ISK 7.69 million (USD 56,515) for individuals, ISK 10.77 million (USD 79,156) for married couples or cohabitants. Additionally, ISK 1.92 million (USD 14,112) is added to that amount for each child or youth up to the age of 20 living in the household. Sustainalytics further notes that Iceland's annual median income for individuals was ISK 6.0 million (USD 44,101) in 2021.³⁶ While this is consistent with Iceland's regulation, Sustainalytics considers it a good practice to target populations earning below national median income and further notes that the income threshold for individuals defined by the Icelandic government is higher than the median income. Therefore, Sustainalytics encourages the Bank to prioritize financing to low-income individuals with annual income lower than the median level, in order to maximize the social benefit and report on the impacts on beneficiaries.
 - Under the Employment Generation category, the Bank may finance or refinance small and medium-sized enterprises (SMEs)³⁷ that belong to fragile communities or areas³⁸ of Iceland. Sustainalytics views financing under this category to be socially impactful.
 - Sustainalytics notes that Landsbankinn excludes financing activities related to deforestation and degradation of forests, adult entertainment, manufacture of alcoholic beverages, activities directly related to the nuclear or fossil fuel industries (including exploration, production or distribution), defence goods, gambling, military activities, predatory lending, tobacco products, conflict minerals, child labour and forced labour under the Framework.
- Project Evaluation and Selection:
 - Landsbankinn's Sustainable Finance Committee (SFC) is responsible for overseeing the process of project evaluation and selection in line with the Framework's eligibility criteria. The SFC consists of representatives from the Bank's Corporate Banking, Risk Management, Finance and Operations, and a sustainability specialist appointed by the head of the SFC.
 - Landsbankinn's project evaluation and selection process considers evaluating potential environmental, social, and governance risks. Landsbankinn has in place internal procedures to

³⁵ Iceland regulations, "Regulation on state and local capital contributions, housing self-ownership organizations and public apartments", (2023), at: <https://island.is/reglugerdir/nr/0183-2020>

³⁶ Statistics Iceland, "Monthly personal income 640 thousand ISK on average 2021", (2022), at: <https://www.statice.is/publications/news-archive/wages-and-income/income-tax-return/#:~:text=The%20annual%20personal%20income%20in,500%20thousand%20ISK%20per%20month.>

³⁷ SME definition as per EU Commission, at https://single-market-economy.ec.europa.eu/smes/sme-definition_en

³⁸ Landsbankinn communicated to Sustainalytics that fragile communities or areas are defined as per the Icelandic Regional Development Institute (Byggðastofnun). At: <https://www.byggdastofnun.is/is/verkefni/brothaettar-byggdir>

identify and manage potential environmental and social risks associated with assets financed in line with Iceland's laws and regulations, which are applicable to all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk assessment procedures to be adequate and aligned with market expectation. For additional details, see Section 2.

- Based on the establishment of SFC for project evaluation and selection, and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Landsbankinn's Risk- and finance Committee will be responsible for the management of proceeds on a portfolio basis and will track the allocation of proceeds using an internal tracking mechanism. The allocation of net proceeds will be reviewed and approved by the SFC on at least an annual basis until full allocation.
 - Landsbankinn intends to allocate all proceeds to eligible assets and activities within two years of issuance. Pending allocation, proceeds will be temporarily invested according to the Bank's liquidity investment guidelines.
 - Based on the presence of internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Landsbankinn will report on the allocation of proceeds and corresponding impact on an annual basis until full allocation either as a standalone document or in its annual sustainability reports or its annual report which will be available on the Bank's website.
 - Allocation reporting will include overview and value of outstanding sustainable finance instruments, amounts allocated to eligible projects in each eligible category, the balance of unallocated net proceeds and share of financing versus refinancing.
 - Where feasible, the Bank intends to report on the impact according to the ICMA Harmonized Framework for Impact Reporting Handbook.³⁹ This may include annual GHG emissions reduced or avoided (measured in tCO₂e), total number of financed zero-emission cars, tonnes of waste reduced, number and area (measured in m²) of social or affordable housing financed and amounts disbursed to SMEs in fragile areas.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Landsbankinn Sustainable Finance Framework aligns with the four core components of the GBP and SBP. For detailed information please refer to Appendix 3: Sustainability Bond/Sustainability Bond Programme External Review Form.

Alignment with the EU Taxonomy

Sustainalytics has assessed each of the Framework's eligible green use of proceeds criterion against the relevant technical screening criteria in the EU Taxonomy to determine their alignment with two of the EU Taxonomy's three sets of requirements. The results of this assessment are as follows:

1. Substantial Contribution to an Environmental Objective of the EU Taxonomy
 - The criteria defined in the eight green categories of the Framework were mapped to 59 activities of the EU Taxonomy.⁴⁰ Of the 59 activities, 46 were assessed as aligned with the applicable SC criteria of the EU Taxonomy. Six activities were assessed as partially aligned and seven not aligned.
2. Minimum Safeguards
 - Based on a consideration of the policies and management systems applicable to Framework criteria, as well as the regulatory context in which financing will occur, Sustainalytics is of the opinion that the EU Taxonomy's Minimum Safeguards requirements will be met.

³⁹ ICMA, "Harmonised Framework for Impact Reporting", (2022), at: https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Green-Bonds_June-2022-280622.pdf

⁴⁰ The Framework includes eligibility criteria for agriculture, fishery and aquaculture. Sustainalytics notes that, as of January 2024, there are no TSC for these activities in the substantial contribution to the climate change mitigation annex of the EU taxonomy. Hence, no assessment was provided in this second-party opinion.

- For Sustainalytics’ assessment of alignment with the EU Taxonomy’s Minimum Safeguards, see Section 2 below.

Table 1 provides an overview of the alignment of the criteria in the Framework with the applicable technical screening criteria for the environmental objectives in the EU Taxonomy

Table 1: Summary of Alignment of Framework Criteria with the EU Taxonomy

Framework Criterion	Alignment with the SC criteria per Environmental Objective of the EU Taxonomy
	Mitigation
Installation and operation of electric heat pumps	■
Electricity generation from bioenergy	□
Manufacture of biogas and biofuels for use in transport and of bioliquids	□
Cogeneration of heat/cool and power from bioenergy	□
Production of heat/cool from bioenergy	□
Electricity generation from geothermal energy	■
Cogeneration of heat/cool and power from geothermal energy	■
Production of heat/cool from geothermal energy	■
Electricity generation from hydropower	■
Electricity generation from ocean energy technologies	■
Electricity generation using solar photovoltaic technology	■
Production of heat/cool from solar thermal heating	■
Production of heat/cool using waste heat	■
Electricity generation from wind power	■
Manufacture of hydrogen	■
Storage of electricity	■
Storage of thermal energy	■
Storage of hydrogen	■
Transmission and distribution of electricity	■
Transmission and distribution networks for renewable and low-carbon gases	■
District heating/cooling distribution	■
Urban and suburban transport, road passenger transport	■
Operation of personal mobility devices, cycle logistics	■

Transport by motorbikes, passenger cars and light commercial vehicles	■
Freight transport services by road	■
Inland passenger water transport	■
Retrofitting of inland water passenger and freight transport	■
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	■
Sea and coastal passenger water transport	■
Retrofitting of sea and coastal freight and passenger water transport	■
Leasing of aircraft	■
Passenger and freight air transport	■
Air transport ground handling operations	■
Infrastructure for personal mobility, cycle logistics	■
Infrastructure enabling low-carbon road transport and public transport	■
Infrastructure enabling low carbon water transport	■
Low carbon airport infrastructure	■
Construction of new buildings	☒
Acquisition and ownership of buildings	□
Installation, maintenance and repair of energy efficiency equipment	■
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	■
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	■
Installation, maintenance and repair of renewable energy technologies	■
Renovation of existing buildings	■
Data processing, hosting and related activities	■
Data-driven solutions for GHG emissions reductions	■
Forest management	☒
Restoration of wetlands	☒
Construction, extension and operation of water collection, treatment and supply systems	☒
Renewal of water collection, treatment and supply systems	☒
Construction, extension and operation of wastewater collection and treatment	☒
Renewal of wastewater collection and treatment	☒

Collection and transport of non-hazardous waste in source segregated fractions	■
Anaerobic digestion of bio-waste.	■
Composting of bio-waste	□
Material recovery from non-hazardous waste	■
Landfill gas capture and utilisation	■
Transport of CO ₂	■
Underground permanent geological storage of CO ₂	■

Legend	
Aligned	■
Partially aligned	□
Not aligned	☒
Grey shading indicates the primary EU Environmental Objective	

Section 2: Sustainability Strategy of Landsbankinn

Contribution to Landsbankinn hf.'s sustainability strategy

Sustainalytics is of the opinion that Landsbankinn demonstrates a commitment to sustainability by adopting a sustainable business strategy, which focuses on the following environmental and social areas: i) reducing GHG emissions; ii) disclosing Bank's sustainability impacts; iii) conducting responsible lending; iv) using responsible suppliers; and v) balancing its gender ratio and reducing discrimination in its office.⁴¹

Landsbankinn has set a target to reduce its scope 1 emissions from its own operations by 80% by 2025 compared to a 2018 baseline and achieve 100% reduction by 2030.⁴² In addition, the Bank aims to develop targets to reduce its indirect GHG emissions and have it approved by SBTi by the end of January 2024. The Bank achieved carbon neutral status from the CarbonNeutral® company in 2020 and aims to maintain this status from 2020 onwards. Moreover, the Bank intends to disclose its sustainability impacts annually by i) publishing an GRI report; ii) disclosing potential climate risks in its Pillar III risk report according to the guidelines of the Task Force for Climate Related Financial Disclosure (TCFD); and iii) assessing and publishing its emissions accounts using the Partnership for Carbon Accounting Financials (PCAF) methodology.⁴³ The Bank emphasizes on responsible lending, and in 2023 it aims to issue sustainable financing label to 20 entities for eligible loans which comply with the sustainability criteria set out in its sustainable finance framework.⁴⁴ Moreover, by 2025, the Bank aims to direct 80% of the cost of purchased goods and services to suppliers committed to the Bank's code of conduct or those who adopt comparable policies. To balance its gender ratio, the Bank has set a 2030 target to maintain a ratio in top management⁴⁵ that does not exceed 60% representation by one gender.⁴⁶ The Bank also aims to reduce discrimination at workplace by having a response plan in place to counteract bullying, gender-based discrimination, sexual harassment and violence (EKKO).⁴⁷ Additionally, Landsbankinn participates in various initiatives related to environmental sustainability which include: i) Partnership for Carbon Accounting Financials (PCAF),⁴⁸ a standard to measure and report GHG emissions tied to the financial institution's lending and investment activities;⁴⁹ ii) Partnership for

⁴¹ Landsbankinn, "Sustainability goals", (2023), at: <https://www.landsbankinn.is/uploads/documents/arsskyrsluroguppjor/sjalfbaerni/Sustainability-goals-2022-EN.pdf>

⁴² Ibid.

⁴³ Ibid.

⁴⁴ Landsbankinn, "Sustainable Finance Framework", (2021), at: <https://www.landsbankinn.is/Uploads/Documents/English/Investor-relations/2021-01-21-LB-Sustainable-Finance-Framework.pdf>

⁴⁵ Top management in Landsbankinn includes i) managing directors, ii) department heads, iii) branch managers and iv) middle managers.

⁴⁶ Landsbankinn, "Sustainability goals", (2023), at: <https://www.landsbankinn.is/uploads/documents/arsskyrsluroguppjor/sjalfbaerni/Sustainability-goals-2022-EN.pdf>

⁴⁷ Ibid.

⁴⁸ Partnership for Carbon Accounting Financials. At: <https://carbonaccountingfinancials.com/>

⁴⁹ Landsbankinn, "Launch of first global standard to measure and report financed emissions", (2020), at: <https://www.landsbankinn.is/en/news/2020/11/18/launch-of-first-global-standard-to-measure-and-report-financed-emissions>

Biodiversity Accounting Financials (PBAF),⁵⁰ an association to enable financial institutions assess and disclose impact and dependencies of its loans and investments on biodiversity; and iii) PCAF Nordic,⁵¹ a platform to promote the measurement and disclosure of GHG emissions, such as improving data quality and aligning with national guidelines, associated with financial activities in the Nordic countries.⁵²

Sustainalytics is of the opinion that the Landsbankinn Sustainable Finance Framework is aligned with the Bank's overall sustainability strategy and initiatives and will further the Bank's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving land use and biodiversity issues associated with large-scale infrastructure development, emissions, effluents and waste during construction, occupational health and safety, responsible lending and community relations. While the Bank plays a limited role in the development of specific projects, by offering lending and financial services, it is exposed to risks associated with the companies or projects that it may finance.

Sustainalytics is of the opinion that Landsbankinn is able to manage or mitigate potential risks through implementation of the following:

- To address land use and biodiversity related risks and manage emissions, effluents and waste during construction, the Bank complies with the Environmental Impact Assessment Act which applies to all projects that may have significant environmental effects and mandates to conduct an environmental impact assessment to assess and develop mitigation measures wherever relevant, to minimize the negative environmental impacts.⁵³ The Bank also ensures compliance with Iceland's Act on Plan for nature protection and energy utilization which requires the utilization of geographical areas for construction of power plants for energy generation, through an assessment of the energy utilization value of the land areas and its economic, environmental and social impacts.⁵⁴ Additionally, Iceland is a signatory to the 1992 Convention on Biological Diversity since 1992, pledging to conserve biodiversity and support sustainable use of natural resources.⁵⁵ Additionally, the Bank assesses indirect emissions from its loan portfolio as per PCAF method,⁵⁶ which enables the Bank to develop and implement an approach to assess and track GHG emissions associated with its loans and investments.⁵⁷
- Regarding occupational health and safety risks, the Bank complies with the Government of Iceland's Act on Working Environment, Health and Safety in Workplaces, which governs the working conditions of all factories and construction sites in Iceland and mandates employers to undertake measures, such as risk assessments to prevent health hazards and provide trainings on the use of safety and protective equipment to minimize risks related to accidents and health hazards.⁵⁸
- To ensure responsible lending practices, the Bank's sustainability policy commits to responsible lending and outlines a methodology to conduct a risk assessment of its borrowers to assess customers' credit quality during the lending process.⁵⁹ This risk assessment involves conducting an active dialogue with customers, and evaluating and integrating their ESG factors into the Bank's analysis and lending decisions.⁶⁰ In addition, the Bank's Code of Ethics commits to using fair

⁵⁰ Partnership for Biodiversity Accounting Financials. At: <https://www.pbafglobal.com/>

⁵¹ PCAF, "Nordic Chapter", (2023), at: <https://carbonaccountingfinancials.com/en/newsitem/the-partnership-for-carbon-accounting-financials-pcaf-launches-the-nordic-chapter>

⁵² Landsbankinn, "Sustainability goals", (2023), at: <https://www.landsbankinn.is/uploads/documents/arsskyrsluoguppgjor/sjalbfaerni/Sustainability-goals-2022-EN.pdf>

⁵³ Government of Iceland, "Environmental Impact Assessment No. 106, 25 May 2000", at: <https://www.skipulag.is/media/umhverfismat/MAUlogm2005br.pdf>

⁵⁴ Ministry of Environment and Natural Resources, Government of Iceland, "The Master Plan Act – Act No. 48/2011", at: <https://www.ramma.is/english/general-information/laws-and-regulations/the-master-plan-act/>

⁵⁵ Convention on Biological Diversity, "List of Parties", at: <https://www.cbd.int/information/parties.shtml>

⁵⁶ Partnership for Carbon Accounting Financials, "About PCAF", at: <https://carbonaccountingfinancials.com/about>

⁵⁷ Landsbankinn hf, "Sustainability Policy of Landsbankinn (2021)", at: <https://www.landsbankinn.is/uploads/documents/bankinn/sjalbfaerni/sustainability-policy-of-landsbankinn.pdf>

⁵⁸ Government of Iceland, "Act on Working Environment, Health and Safety in Workplaces, No. 46/1980", at: <https://www.government.is/library/04-Legislation/Act%20No%2046%201980%20with%20subsequent%20amendments%202018.pdf>

⁵⁹ Landsbankinn hf, "Sustainability Policy of Landsbankinn (28 September 2021)", at: <https://www.landsbankinn.is/uploads/documents/bankinn/sjalbfaerni/sustainability-policy-of-landsbankinn.pdf>

⁶⁰ Ibid.

business practices and safeguards the interests of its customers.⁶¹ The Bank has also established a policy which outlines preventive measures and due diligence procedures to prevent money laundering and combat terrorist financing.⁶² Furthermore, the Bank commits to implementing and complying with the Principles for Responsible Banking which requires the Bank to align its business strategy with the individual's and society's needs in line with the UN SDGs.^{63, 64}

- In terms of community relations, Sustainalytics notes that the eligible projects financed under the Framework will be based in Iceland, which is recognized as a Designated Country under the Equator Principles indicating the presence of robust environmental and social governance systems, legislation and institutional capacity for protecting the environment and communities.⁶⁵ The Equator Principles require organizations to demonstrate effective stakeholder management by disclosing the environmental or social risks and any adverse impacts on an ongoing basis with affected communities, workers or indigenous people in a local language and in a culturally appropriate manner. For projects with a potentially adverse impact on affected communities, the responsible organization is required to consider the risks and impacts of the projects through a consultation and participation process, involving all key stakeholders. The principles also require the organizations to establish an effective grievance mechanism designed for use by affected communities and workers. Through a costless, transparent, consultative process, the organizations receive and facilitate the communities' and workers' concerns and grievances regarding the project's environmental and social performance.⁶⁶

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Landsbankinn has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Alignment with the EU Taxonomy's Minimum Safeguards

The EU Taxonomy recommends that companies have policies aligned with international and regional guidelines and regulations pertaining to human rights, labour rights, and combating bribery and corruption. Specifically, activities should be carried out in alignment with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Additionally, companies should comply with the International Labour Organisation's Declaration on Fundamental Rights and Principles at Work.

Human and Labour Rights

Landsbankinn has implemented the following policies and procedures regarding human rights:

- Landsbankinn has established a sustainability policy that ensures its commitment to the OECD Guidelines for Multinational Companies and the UN Global Compact which provide guidelines on respecting human rights and addressing adverse impact of business operations on human rights.^{67,68,69} Also, the policy highlights the Bank's adherence to the fundamental conventions of the International Labour Organization (ILO) and Icelandic labour legislation.⁷⁰
- The Bank has a supplier code of conduct in place, which requires its suppliers to adhere to responsible business practices and to comply with the fundamental objectives of the UN Global Compact, which outlines guidelines for the suppliers to create safe work environment and give due consideration to the human rights of minority groups and undertake measures to prevent human rights violations.^{71, 72} The code also requires suppliers to ensure compliance with the objectives of freedom of association, no forced and child labour and equal opportunities.⁷³

⁶¹ Landsbankinn hf, "Code of Ethics", at: <https://www.landsbankinn.is/Uploads/documents/UmLandsbankann/reglur/code-of-ethics.pdf>

⁶² Landsbankinn hf, "Landsbankinn's Policy on Measures Against Money Laundering and Terrorist Financing", at:

<https://www.landsbankinn.is/Uploads/Documents/UmLandsbankann/reglur/Stefna-Landsbankans-um-adgerdir-gegn-peningathvaetti-enska.pdf>

⁶³ Landsbankinn hf, "Annual Report 2020 – Joint effort for sustainability", at: <https://arsskyrsla2020.landsbankinn.is/en/sustainability/sustainability-strategy>

⁶⁴ UN Environment Programme, "Principles for Responsible Banking", at: <https://www.unepfi.org/banking/bankingprinciples/>

⁶⁵ Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

⁶⁶ Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

⁶⁷ OECD, "OECD Guidelines for Multinational Enterprises", (2011), at: <https://www.oecd.org/daf/inv/mne/48004323.pdf>

⁶⁸ Landsbankinn hf, "Sustainability Policy of Landsbankinn (2021)", at:

<https://www.landsbankinn.is/uploads/documents/bankinn/sjalbfaerni/sustainability-policy-of-landsbankinn.pdf>

⁶⁹ UN, "Global Compact", at: <https://unglobalcompact.org/what-is-gc/mission/principles>

⁷⁰ Landsbankinn hf, "Sustainability Policy of Landsbankinn (2021)", at:

<https://www.landsbankinn.is/uploads/documents/bankinn/sjalbfaerni/sustainability-policy-of-landsbankinn.pdf>

⁷¹ Landsbankinn hf, "Code of Conduct for Suppliers", at: https://www.landsbankinn.is/uploads/documents/bankinn/sjalbfaerni/sidareglur-birgja_ens.pdf

⁷² UN, "Global Compact", at: <https://unglobalcompact.org/what-is-gc/mission/principles>

⁷³ Landsbankinn hf, "Code of Conduct for Suppliers", at: https://www.landsbankinn.is/uploads/documents/bankinn/sjalbfaerni/sidareglur-birgja_ens.pdf

- The Bank communicated to Sustainalytics that its business managers conduct project assessments, at the initial stages of a business relationship and take into consideration sustainability aspects including, among others, human and labour rights..

Based on the work of its research services and its ESG Risk Rating assessment, Sustainalytics evaluated the performance of the Landsbankinn in the area of human and labour rights, and has not detected involvement in any controversies that would suggest that the above policies are inadequate to address key risks.

Sustainalytics is of the opinion that these measures appropriately safeguard minimum standards on human and labour rights in relation to the activities of the Framework.

Anti-bribery and anti-corruption

Landsbankinn has implemented the following policies and procedures aimed at ensuring anti-bribery and anti-corruption:

- Landsbankinn has established a policy on measures against bribery and corruption in alignment with the United Nations Convention against corruption.⁷⁴ This policy outlines effective organizational and managerial processes to minimize risk associated with corruption and bribery in the Bank's operations and in its associations with key stakeholders such as, among others, customers, employees, regulators, auditors, and competitors.⁷⁵
- In line with its policy to take measures against bribery and corruption, the Bank undertakes a risk assessment for its customers and operations, including all its products, services and distribution channels. Based on the Bank's risk-based internal control approach, the assessment is conducted to identify risks related to fraud, bribery, money laundering and terrorist financing.⁷⁶ At the end of 2022, the Bank had completed risk assessments for 18 segments out of a total 21, which corresponds to 85.7% of its business segments.⁷⁷
- Furthermore, the Bank provides to all its employees trainings on anti-corruption procedures along with other aspects such as conflict of interest, misconduct and actions to combat money laundering and terrorist financing.⁷⁸ The Bank has a whistleblowing system in place to enable employees to report any breaches related to corruption and misconduct.⁷⁹

Based on the work of its research services and its ESG Risk Rating assessment, Sustainalytics evaluated the performance of Landsbankinn in the area of anti-bribery and anti-corruption, and has not detected involvement in any relevant controversies that would suggest that the above policies are inadequate to address key risks.

Sustainalytics is of the opinion that these measures appropriately safeguard anti-bribery and anti-corruption in relation to the activities of the Framework.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Landsbankinn's policies, guidelines and commitments are sufficient to demonstrate that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Section 3: Impact of Use of Proceeds

All eleven use of proceeds categories are aligned with those recognized by the GBP and SBP. Sustainalytics has focused on below where the impact is specifically relevant in the local context.

Importance of financing sustainable fisheries' projects in Iceland

In 2020, global fisheries and aquaculture production increased by 60% as compared to the average annual production in the 1990s.⁸⁰ Rising incomes, urbanization, improvements in post-harvest practices and changes in dietary trends have led to an increase in per capita aquatic food consumption from an average of 9.9 kg in the 1960s to 20.2 kg in 2020.⁸¹ However, the proportion of fish stocks at biologically sustainable levels

⁷⁴ Landsbankinn hf, "GRI Standards – Appendix (February 2023)", at:

<https://www.landsbankinn.is/uploads/documents/arsskyrsluroguppjor/sjalfbaerni/GRI-Standards-Appendix-2022-EN.pdf>

⁷⁵ Ibid.

⁷⁶ Ibid.

⁷⁷ Ibid.

⁷⁸ Ibid.

⁷⁹ Ibid.

⁸⁰ Food and Agriculture Organization of the United Nations, "The State of World Fisheries and Aquaculture", (2022), at:

<https://www.fao.org/3/cc0461en/cc0461en.pdf>

⁸¹ Ibid

dropped from 90% in 1974 to 64.6% in 2019.⁸² This underscores the need to enhance the management of fisheries and aquaculture to ensure that future generations continue to benefit from ocean resources and ecosystem services.⁸³

In 2022, Iceland ranked as the 18th largest fishing nation globally and the second largest in Europe.⁸⁴ Additionally, in 2019, Iceland exceeded the global average of 20.5 kg per capita consumption of aquatic food by consuming over 80 kg of aquatic foods per capita annually, placing it among the nations with the highest per capita consumption.⁸⁵ Moreover, Iceland, as a net exporter of marine product, which include fish species such as cods, and mackerel, had shipped out a total of 604,129 tonnes, contributing to 40% of the total value of exported goods in 2020, highlighting the importance of fishery industry in the country's economy.⁸⁶ To further promote sustainable fisheries, the Icelandic government aims to support and pursue responsible and sustainable harvesting strategies. These include setting quotas for the catch of fish in its waters in 1983 and passing Iceland's Fisheries Management Act in 1990 to foster conservation and efficient utilization of fish stocks and ensure stable employment and settlement throughout Iceland.⁸⁷

Through the adoption of Sustainable Development Goal 14, Life Below Water, member countries of the United Nations committed to halting overfishing and implementing effective regulations for fishing activities by controlling the quantity of fish caught and enforcing scientifically established total allowable catches (TACs) for key commercial species by 2020.⁸⁸ Iceland's Minister of Fisheries and Agriculture sets the TAC quotas for each fishing year⁸⁹ based on recommendations by the Marine Research Institute.⁹⁰ These quotas specify the amount of fish by weight each company is allowed to catch, resulting in efficient, and environmentally sustainable fishing practices.⁹¹ Additionally, Iceland promotes regional, national, and international efforts to regulate the use of living marine resources and to protect and improve the health of the marine environment. The country took an active role in establishing the UN Convention on the Law of the Sea, the Straddling Fish Stocks Agreement and the UN Compliance Agreement.⁹² Iceland also actively collaborates on promoting the conservation and utilization of marine ecosystems with its neighbouring countries through organizations such as the Northwest Atlantic Fisheries Organization, the Northeast Atlantic Fisheries Commission, the International Whaling Commission, the International Convention on Conservation of Atlantic Tunas and the North Atlantic Marine Mammal Commission.⁹³

Considering the above, Sustainalytics is of the opinion that Landsbankinn's investments in sustainable fisheries in Iceland may contribute to the country's efforts in promoting the sustainable use and conservation of fisheries, thereby creating a positive impact on fisheries and aquaculture production.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Landsbankinn Sustainable Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 Increase substantially the share of renewable energy in the global energy mix.

⁸² Ibid

⁸³ OECD, "Fisheries and Aquaculture in Iceland", (2021), at: https://www.oecd.org/agriculture/topics/fisheries-and-aquaculture/documents/report_cn_fish_isl.pdf

⁸⁴ Food and Agriculture Organization of the United Nations, "The State of World Fisheries and Aquaculture", (2022), at: <https://www.fao.org/3/cc0461en/cc0461en.pdf>

⁸⁵ Ibid

⁸⁶ Iceland Responsible Fisheries, "A nation with fishing in its genes", at: <https://www.responsiblefisheries.is/seafood-industry/a-nation-with-fishing-in-its-genes>

⁸⁷ Marine Stewardship Council, "Iceland: An Olympic effort in sustainable fishing", at: <http://iceland-olympic-fishing-stories.msc.org/>

⁸⁸ OECD, "Fisheries and Aquaculture in Iceland", (2021), at: https://www.oecd.org/agriculture/topics/fisheries-and-aquaculture/documents/report_cn_fish_isl.pdf

⁸⁹ Fishing year starts from September to August.

⁹⁰ Iceland Responsible Fisheries, "A nation with fishing in its genes", at: <https://www.responsiblefisheries.is/seafood-industry/a-nation-with-fishing-in-its-genes>

⁹¹ Marine Stewardship Council, "Iceland: An Olympic effort in sustainable fishing", at: <http://iceland-olympic-fishing-stories.msc.org/>

⁹² Government of Iceland, Ministry of Food, Agriculture and Fisheries, "International policy", at: <https://www.government.is/topics/business-and-industry/fisheries-in-iceland/international-policy/>

⁹³ Ibid

Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Energy and Emission Efficient Products, Solutions and Manufacturing	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Environmentally Sustainable Management of Living Resources and Land Use	14. Life Below Water	14.4 By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics
	15. Life on Land	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
Sustainable water and Wastewater Management	6. Clean Water and Sanitation	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
Pollution Prevention and Control	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Access to Essential Services	3. Good Health and Wellbeing	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
	4. Quality Education	4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

Employment Generation, via SME financing in Fragile Areas	8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
		8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Conclusion

Landsbankinn has developed the Landsbankinn Sustainable Finance Framework under which it will issue listed and non-listed instruments, senior or subordinated bonds, secured or unsecured bonds, commercial paper and bilateral agreements and the use of proceeds to finance or refinance projects related to Renewable Energy; Clean Transportation, Green Buildings; Energy and Emission Efficient Products, Solutions and Manufacturing; Environmentally Sustainable Management of Living Resources and Land Use; Sustainable Water and Wastewater Management; Pollution Prevention and Control; Affordable Housing; and Employment Generation, via SME financing in Fragile Areas. Sustainalytics considers that the projects are expected to have provide positive environmental and social impacts in Iceland.

The Landsbankinn Sustainable Finance Framework outlines a process by which proceeds will be tracked, allocated and managed, and commitments have been made for reporting on allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Landsbankinn Sustainable Finance Framework is aligned with the overall sustainability strategy of the Bank and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 3, 4, 6, 7, 8, 9, 11, 12, 14 and 15. Additionally, Sustainalytics is of the opinion that Landsbankinn has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Sustainalytics has assessed the Landsbankinn Sustainable Financing Framework for alignment with the technical screening criteria for substantial contribution to the environmental objectives of the EU Taxonomy. The Framework’s eight green use of proceeds criteria map to 59 activities in the EU Taxonomy, of which 46 were assessed aligned, six as partially aligned and seven as not aligned with the applicable SC criteria. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy’s Minimum Safeguards.

Based on the above, Sustainalytics is confident that Landsbankinn is well positioned to issue listed and non-listed instruments, senior or subordinated bonds, secured or unsecured bonds, commercial paper and bilateral agreements and that the Landsbankinn Sustainable Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Social Bond Principles 2023.

Appendices

Appendix 1: Approach to Assessing Alignment with the EU Taxonomy

Sustainalytics has assessed the criteria in the Framework against the technical screening criteria for substantial contribution to an environmental objective of the EU Taxonomy that apply to each corresponding activity in the EU Taxonomy.⁹⁴ This appendix describes Sustainalytics’ process and presents the outcome of its assessment on the alignment of the criteria in the Framework with the EU Taxonomy’s applicable technical screening criteria. Sustainalytics’ assessment involves two steps:

1. Mapping Framework Criteria to Activities in the EU Taxonomy

The initial step in Sustainalytics’ assessment process involves mapping each criterion in the Framework to a relevant and applicable activity in the EU Taxonomy. Note that each Framework criterion may be relevant and applicable to more than one activity in the EU Taxonomy and vice versa. Sustainalytics recognizes that some Framework criteria relate to projects that do not map well to a specific activity in the EU Taxonomy. In such cases, Sustainalytics has mapped to the activity that is most relevant to the primary environmental objective established in the EU Taxonomy.

In some cases, the Framework criteria cannot be mapped to an activity in the EU Taxonomy because some economic activities are not yet covered by the EU Taxonomy. In other cases, categories of activities which are traditionally included in green bonds and loans may not be associated with a specific EU Taxonomy activity. While recognizing that financing projects in these areas may still have environmental benefits, Sustainalytics has not assessed these criteria in this report.

Table 2 below displays Sustainalytics’ mapping process for this report.

2. Determining Alignment with the EU Taxonomy Technical Screening Criteria (TSC)

The second step in Sustainalytics’ process is to determine the alignment of each criterion in the Framework with the relevant technical screening criteria for substantial contribution to an environmental objective for the corresponding activity in the EU Taxonomy. Alignment with the SC criteria is usually based on the specific criteria defined in the Framework and may in many cases also be based on management systems, processes or regulatory compliance. To assess alignment with the EU Taxonomy’s Minimum Safeguards, Sustainalytics has conducted an assessment of policies, management systems and processes applicable to the use of proceeds criteria, including the regulatory context in the geographical location of activities and projects. (See Section 2 above.)

The EU Taxonomy only provides SC criteria for activities intended to contribute to the environmental objectives of climate mitigation and climate adaptation.

Sustainalytics’ detailed assessment of alignment is provided in Appendix 2.

Table 2: Framework mapping table

Framework Category	Framework Criterion (Eligible Use of Proceeds)	EU Taxonomy Activity	Corresponding NACE Code	Environmental Objective	Refer to Table
Renewable Energy	Ambient Energy	4.16 Installation and operation of electric heat pumps	D35.30 and F43.22	Mitigation	Table 03
	Bioenergy	4.8. Electricity generation from bioenergy	D 35.11		Table 04
		4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids	D35.21		Table 05
		4.20 Cogeneration of heat/cool and power from bioenergy	D35.11 and D35.30		Table 06
		4.24 Production of heat/cool from bioenergy	D35.30		Table 07

⁹⁴ The EU Taxonomy establishes a list of “environmentally sustainable economic activities” which, where possible, follows the classification of economic activities laid down in the NACE system of economic activities (established by Regulation EC 1893/2006).

	Geothermal energy	4.6. Electricity generation from geothermal energy	D35.11, F42.22		Table 08
		4.18 Cogeneration of heat/cool and power from geothermal energy	D35.11 and D35.30		Table 09
		4.22. Production of heat/cool from geothermal energy	D 35.30		Table 10
	Hydropower	4.5. Electricity generation from hydropower	D35.11, F42.22		Table 11
	Ocean energy	4.4. Electricity generation from ocean energy technologies	D35.11, F42.22		Table 12
	Solar Energy	4.1. Electricity generation using solar photovoltaic technology	D35.11, F42.22		Table 13
		4.21. Production of heat/cool from solar thermal heating	D35.30		Table 14
	Waste energy	4.25 Production of heat/cool using waste heat	D35.30		Table 15
	Wind energy	4.3. Electricity generation from wind power	D35.11, F42.22		Table 16
	Hydrogen	3.10. Manufacture of hydrogen	C 20.11		Table 17
	Energy Storage	4.10. Storage of electricity	No dedicated NACE code		Table 18
		4.11. Storage of thermal energy	No dedicated NACE code		Table 19
		4.12. Storage of hydrogen	No dedicated NACE code		Table 20
	Energy Transmission	4.9. Transmission and distribution of electricity	D35.12 and D35.13		Table 21
		4.14. Transmission and distribution networks for renewable and low-carbon gases	D35.22, F42.21 and H49.50		Table 22
4.15. District heating/cooling distribution		D35.30	Table 23		
Clean Transportation	Transportation	6.3. Urban and suburban transport, road passenger transport	H49.31, H49.3.9, N77.39 and N77.11	Mitigation	Table 24
		6.4. Operation of personal mobility devices, cycle logistics	N77.11 and N77.21		Table 25
		6.5. Transport by motorbikes, passenger cars and light commercial vehicles	H49.32, H49.39 and N77.11		Table 26
		6.6. Freight transport services by road	H49.4.1, H53.10, H53.20 and N77.12		Table 27

		6.7. Inland passenger water transport	H50.30		Table 28
		6.9. Retrofitting of inland water passenger and freight transport	H50.4, H50.30 and C33.15		Table 29
		6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	H50.2, H52.22 and N77.34		Table 30
		6.11. Sea and coastal passenger water transport	H50.10, N77.21 and N77.34		Table 31
		6.12. Retrofitting of sea and coastal freight and passenger water transport	H50.10, H50.2, H52.22, C33.15, N77.21 and N.77.34		Table 32
		6.18. Leasing of aircraft	N77.35		Table 33
		6.19. Passenger and freight air transport	H51.1 and H51.21		Table 34
		6.20. Air transport ground handling operations	H52.23, H52.24 and H52.29		Table 35
	Infrastructure	6.13. Infrastructure for personal mobility, cycle logistics	F42.11, F42.12, F43.21, F71.1 and F71.20		Table 36
		6.15. Infrastructure enabling low-carbon road transport and public transport	F42.11, F42.13, F71.1 and F71.20		Table 37
		6.16. Infrastructure enabling low carbon water transport	F42.91, F71.1 or F71.20		Table 38
		6.17. Low carbon airport infrastructure	F41.20 and F42.99		Table 39
Green buildings	New buildings and refurbishment	7.1 Construction of new buildings	F41.1 and F41.2	Mitigation	Table 40
	Acquisition and ownership of residential buildings	7.7. Acquisition and ownership of buildings	L68		Table 41
	Individual installations	7.3. Installation, maintenance and repair of energy efficiency equipment	D35.30 and F43.22		Table 42
		7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28		Table 43
		7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings			Table 44

		7.6. Installation, maintenance and repair of renewable energy technologies			Table 45
	Major renovation	7.2. Renovation of existing buildings	F41 and F43		Table 46
Energy and emission efficient products, solutions and manufacturing	Data management and solutions	8.1. Data processing, hosting and related activities	J63.11	Mitigation	Table 47
		8.2. Data-driven solutions for GHG emissions reductions	J61, J62 and J63.11		Table 48
Environmentally sustainable management of living resources and land use	Forests, forestry and wetlands	1.3. Forest management	A2	Mitigation	Table 49
		2.1. Restoration of wetlands	No dedicated NACE code		Table 50
Sustainable water and wastewater management	Water	5.1. Construction, extension and operation of water collection, treatment and supply systems	E36.00 and F42.99	Mitigation	Table 51
		5.2. Renewal of water collection, treatment and supply systems			Table 52
	Wastewater	5.3. Construction, extension and operation of wastewater collection and treatment	E37.00 and F42.99		Table 53
		5.4. Renewal of wastewater collection and treatment	E37.00		Table 54
Pollution prevention and control	Waste prevention, reduction, recycling, sorting and reuse.	5.5. Collection and transport of non-hazardous waste in source segregated fractions	E 38. 11	Mitigation	Table 55
		5.7 Anaerobic digestion of bio-waste.	E38.21 and F42.99		Table 56
		5.8 Composting of bio-waste	E38.21 and F42.99		Table 57
		5.9. Material recovery from non-hazardous waste	E38.32, F42.99		Table 58
		5.10 Landfill gas capture and utilisation	E38.21		Table 59
	Emissions management	5.11. Transport of CO ₂	F42.21 and H49.50		Table 60
		5.12. Underground permanent geological storage of CO ₂	E39.00		Table 61

Appendix 2: Comprehensive EU Taxonomy Alignment Assessment

The tables below provide a detailed assessment of the alignment of the Framework criteria with the technical screening criteria(TSC) for substantial contribution (SC) to an environmental objective for each relevant EU Taxonomy activity.

Table 03

Framework Activity assessed		Ambient Energy	
EU Taxonomy Activity		4.16. Installation and operation of electric heat pumps	
Corresponding NACE Code		D35.30 and F43.22	
SC Criteria		Alignment	
Mitigation	The installation and operation of electric heat pumps complies with both of the following criteria: a. refrigerant threshold: Global Warming Potential does not exceed 675; b. energy efficiency requirements laid down in the implementing regulations ⁹⁵ under Directive 2009/125/EC are met.	Landsbankinn has confirmed to adhere to the outlined TSC for this activity.	Aligned

Table 04

Framework Activity assessed		Bioenergy	
EU Taxonomy Activity		4.8. Electricity generation from bioenergy	
Corresponding NACE Code		D 35.11	
SC Criteria		Alignment	
Mitigation	1. Agricultural biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 2 to 5, of Directive (EU) 2018/2001. Forest biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 6 and 7 of that Directive. 2. The greenhouse gas emission savings from the use of biomass are at least 80 % in relation to the GHG saving methodology and the relative fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001.	Landsbankinn has confirmed to adhere to the outlined TSC for this activity, apart from the mentioned EU Directives. Further, Landsbankinn has confirmed to Sustainalytics that it expects its borrowers to comply with i) law no. 30/2008 on responsibility of origin for electricity produced with renewable energy sources; ii) cf. number 4. Paragraph 1 Article 1 of the Electricity Act no. 65/2003 aiming to promote the use of renewable energy sources; and iii) cf. Paragraph 1 Article 2 of the Act on	Partially Aligned

⁹⁵ Commission Regulation (EU) No 206/2012 of 6 March 2012 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for air conditioners and comfort fans (OJ L 72, 10.3.2012, p. 7), Commission Regulation (EU) No 813/2013 of 2 August 2013 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for space heaters and combination heaters (OJ L 239, 6.9.2013, p. 136) and Commission Regulation (EU) 2016/2281 Commission Regulation (EU) 2016/2281 of 30 November 2016 implementing Directive 2009/125/EC of the European Parliament and of the Council establishing a framework for the setting of ecodesign requirements for energy-related products, with regard to ecodesign requirements for air heating products, cooling products, high temperature process chillers and fan coil units (OJ L 346, 20.12.2016, p. 1).

	<ol style="list-style-type: none"> 3. Where the installations rely on anaerobic digestion of organic material, the production of the digestate meets the criteria in Sections 5.6 and criteria 1 and 2 of Section 5.7 of the Annex of the Climate Delegated Act, as applicable. 4. Points 1 and 2 do not apply to electricity generation installations with a total rated thermal input below 2 MW and using gaseous biomass fuels. 5. For electricity generation installations with a total rated thermal input from 50 to 100 MW, the activity applies high-efficiency cogeneration technology, or, for electricity-only installations, the activity meets an energy efficiency level associated with the best available techniques (BAT-AEL) ranges set out in the latest relevant best available techniques (BAT) conclusions, including the best available techniques (BAT) conclusions for large combustion plants. 6. For electricity generation installations with a total rated thermal input above 100 MW, the activity complies with one or more of the following criteria: <ol style="list-style-type: none"> a) attains electrical efficiency of at least 36%; b) applies highly efficient CHP (combined heat and power) technology as referred to in Directive 2012/27/EU of the European Parliament and of the Council; c) uses carbon capture and storage technology. Where the CO₂ that would otherwise be emitted from the electricity generation process is captured for the purpose of underground storage, the CO₂ is transported and stored underground in accordance with the technical screening criteria set out in Sections 5.11 and 5.12, respectively, of the Annex of the Climate Delegated Act. 	<p>Energy Fund no. 76/2020 with an aim to increase the use of domestic renewable energy sources.⁹⁶</p> <p>Under point 3, Landsbankinn has confirmed that it does not intend to finance the activity of 5.6 Anaerobic digestion of sewage under the Framework. However, the Bank has communicated to Sustainalytics that they will adhere to the TSC related to 5.6.</p> <p>Landsbankinn has communicated to Sustainalytics that Directive (EU) 2018/2001 and Directive 2012/27/EU, mentioned in the TSC, are yet to be implemented or their implementation is under review in Iceland. Sustainalytics recognizes Landsbankinn’s intention to ensure compliance of its borrowers with the aforementioned national laws and legislations, which the Bank considers equivalent to applicable EU Directives.</p> <p>Sustainalytics notes that while Iceland’s national laws and regulations promote sustainable renewable energy generation, they may not fully ensure the fulfillment of the EU Taxonomy’s TSC criteria. Hence, Sustainalytics has assessed this activity to be partially aligned.</p>	
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⁹⁶ Orkustofnun, “Energy Fund”, at: <https://orkustofnun.is/orkuskipti/orkusjodur>

Table 05

Framework Activity assessed		Bioenergy	
EU Taxonomy Activity		4.13. Manufacture of biogas and biofuels for use in transport and of bioliquids	
Corresponding NACE Code		D35.21	
		SC Criteria	Alignment
Mitigation	<ol style="list-style-type: none"> 1. Agricultural biomass used for the manufacture of biogas or biofuels for use in transport and for the manufacture of bioliquids complies with the criteria laid down in Article 29, paragraphs 2 to 5, of Directive (EU) 2018/2001. Forest biomass used for the manufacture of biogas or biofuels for use in transport and for the manufacture of bioliquids complies with the criteria laid down in Article 29, paragraphs 6 and 7, of that Directive. Food-and feed crops are not used for the manufacture of biofuels for use in transport and for the manufacture of bioliquids. 2. The greenhouse gas emission savings from the manufacture of biofuels and biogas for use in transport and from the manufacture of bioliquids are at least 65% in relation to the GHG saving methodology and the relative fossil fuel comparator set out in Annex V to Directive (EU) 2018/2001. 3. Where the manufacture of biogas relies on anaerobic digestion of organic material, the production of the digestate meets the criteria in Sections 5.6 and criteria 1 and 2 of Section 5.7 of this Annex, as applicable. 4. Where the CO₂ that otherwise would be emitted from the manufacturing process is captured for the purpose of underground storage, the CO₂ is transported and stored underground in accordance with the technical screening criteria set out in Sections 5.11 and 5.12 of this Annex. 	<p>Landsbankinn has confirmed to adhere to the outlined TSC for this activity, apart from the mentioned EU Directives.</p> <p>Further, Landsbankinn has confirmed to Sustainalytics that it expects its borrowers to comply with: i) law no. 30/2008 on responsibility of origin for electricity produced with renewable energy sources; ii) cf. number 4. Paragraph 1 Article 1 of the Electricity Act no. 65/2003 aiming to promote the use of renewable energy sources; and iii) cf. Paragraph 1 Article 2 of the Act on Energy Fund no. 76/2020 with an aim to increase the use of domestic renewable energy sources.⁹⁷</p> <p>Under point 3 and 4, Landsbankinn has confirmed that it does not intend to finance the activity of 5.6 Anaerobic digestion of sewage, 5.11. Transport of CO₂ and 5.12. Underground permanent geological storage of CO₂ under the Framework. However, the Bank has also communicated to Sustainalytics to that they will adhere to the TSC related to 5.6, 5.11 and 5.12.</p> <p>Landsbankinn has communicated to Sustainalytics that Directive (EU) 2018/2001, mentioned in the TSC, is yet to be implemented in Iceland. Sustainalytics recognizes Landsbankinn's intention to ensure compliance of its borrowers with the aforementioned national laws and legislations, which the Bank considers equivalent to applicable EU Directive.</p> <p>Sustainalytics notes that while Iceland's national laws and regulations promote sustainable renewable energy, they may not fully ensure the fulfillment of the EU Taxonomy's TSC. Hence, Sustainalytics has assessed this activity to be partially aligned.</p>	Partially Aligned

⁹⁷ Orkustofnun, "Energy Fund", at: <https://orkustofnun.is/orkuskipti/orkusjodur>

Table 06

Framework Activity assessed		Bioenergy	
EU Taxonomy Activity		4.20. Cogeneration of heat/cool and power from bioenergy	
Corresponding NACE Code		D35.11 and D35.30	
SC Criteria		Alignment	
Mitigation	<ol style="list-style-type: none"> 1. Agricultural biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 2 to 5, of Directive (EU) 2018/2001. Forest biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 6 and 7 of that Directive. 2. The greenhouse gas emission savings from the use of biomass in cogeneration installations are at least 80 % in relation to the GHG emission saving methodology and fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001. 3. Where the cogeneration installations rely on anaerobic digestion of organic material, the production of the digestate meets the criteria in Sections 5.6 and criteria 1 and 2 of Section 5.7 of this Annex, as applicable. 4. Points 1 and 2 do not apply to cogeneration installations with a total rated thermal input below 2 MW and using gaseous biomass fuels. 	<p>Landsbankinn has confirmed to adhere to the outlined TSC for this activity, apart from the mentioned EU Directives.</p> <p>Further, Landsbankinn has confirmed to Sustainalytics that it expects its borrowers to comply with i) law no. 30/2008 on responsibility of origin for electricity produced with renewable energy sources; ii) cf. number 4. Paragraph 1 Article 1 of the Electricity Act no. 65/2003 aiming to promote the use of renewable energy sources; and iii) cf. Paragraph 1 Article 2 of the Act on Energy Fund no. 76/2020 with an aim to increase the use of domestic renewable energy sources.⁹⁸</p> <p>Under point 3, Landsbankinn has confirmed that it does not intend to finance the activity of 5.6 Anaerobic digestion of sewage under the Framework. However, the Bank has also communicated to Sustainalytics that they will adhere the TSC related to 5.6.</p> <p>Landsbankinn has communicated to Sustainalytics that Directive (EU) 2018/2001, mentioned in the TSC, is yet to be implemented in Iceland. Sustainalytics recognizes Landsbankinn's intention to ensure compliance of its borrowers with the aforementioned national laws and legislations, which the Bank considers equivalent to applicable EU Directive.</p> <p>Sustainalytics notes that while Iceland's national laws and regulations promote sustainable renewable energy, they may not fully ensure the fulfillment of the EU Taxonomy's TSC. Hence, Sustainalytics has assessed this activity to be partially aligned.</p>	Partially Aligned

⁹⁸ Orkustofnun, "Energy Fund", at: <https://orkustofnun.is/orkuskipti/orkusjodur>

Table 07

Framework Activity assessed		Bioenergy	
EU Taxonomy Activity		4.24. Production of heat/cool from bioenergy	
Corresponding NACE Code		D35.30	
		SC Criteria	Alignment
Mitigation	<ol style="list-style-type: none"> 1. Agricultural biomass used in the activity for the production of heat and cool complies with the criteria laid down in Article 29, paragraphs 2 to 5, of Directive (EU) 2018/2001. Forest biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 6 and 7, of that Directive. 2. The greenhouse gas emission savings from the use of biomass are at least 80 % in relation to the GHG emission saving methodology and relative fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001. 3. Where the installations rely on anaerobic digestion of organic material, the production of the digestate meets the criteria in Sections 5.6 and criteria 1 and 2 of Section 5.7 of this Annex, as applicable. 4. Points 1 and 2 do not apply to heat generation installations with a total rated thermal input below 2 MW and using gaseous biomass fuels. 	<p>Landsbankinn has confirmed to adhere to the outlined TSC for this activity, apart from the mentioned EU Directives.</p> <p>Further, Landsbankinn has confirmed to Sustainalytics that it expects its borrowers to comply with i) law no. 30/2008 on responsibility of origin for electricity produced with renewable energy sources; ii) cf. number 4. Paragraph 1 Article 1 of the Electricity Act no. 65/2003 aiming to promote the use of renewable energy sources; and iii) cf. Paragraph 1 Article 2 of the Act on Energy Fund no. 76/2020 with an aim to increase the use of domestic renewable energy sources.⁹⁹</p> <p>Under point 3, Landsbankinn has confirmed that it does not intend to finance the activity of 5.6 Anaerobic digestion of sewage under the Framework. However, the Bank has also communicated to Sustainalytics that they will adhere the TSC related to 5.6.</p> <p>Landsbankinn has communicated to Sustainalytics that Directive (EU) 2018/2001, mentioned in the TSC, is yet to be implemented in Iceland. Sustainalytics recognizes Landsbankinn’s intention to ensure compliance of its borrowers with the aforementioned national laws and legislations, which the Bank considers equivalent to applicable EU Directive.</p> <p>Sustainalytics notes that while Iceland’s national laws and regulations promote sustainable renewable energy, they may not fully ensure the fulfillment of the EU Taxonomy’s TSC. Hence, Sustainalytics has assessed this activity to be partially aligned.</p>	Partially Aligned

⁹⁹ Orkustofnun, “Energy Fund”, at: <https://orkustofnun.is/orkuskipti/orkusjodur>

Table 08

Framework Activity assessed		Geothermal energy	
EU Taxonomy Activity		4.6. Electricity generation from geothermal energy	
Corresponding NACE Code		D35.11, F42.22	
		SC Criteria	Alignment
Mitigation	<ul style="list-style-type: none"> a) Lifecycle GHG emissions from the generation of electricity from geothermal energy are lower than 100 gCO₂e/kWh. b) Lifecycle GHG emission savings are calculated using Commission Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018¹⁰⁰ or ISO 14064-1:2018.¹⁰¹ c) Quantified life cycle GHG emissions are verified by an independent third party. 	<ul style="list-style-type: none"> a) The eligibility criteria defined in the Framework is aligned with the criteria under the EU Taxonomy. b) Landsbankinn has confirmed that lifecycle GHG emissions savings will be calculated using ISO 14067:2018 or ISO 14064-1:2018. c) Quantified life cycle GHG emissions will be verified by an independent third party. 	Aligned

Table 09

Framework Activity assessed		Geothermal energy	
EU Taxonomy Activity		4.18 Cogeneration of heat/cool and power from geothermal energy	
Corresponding NACE Code		D35.11 and D35.30	
		SC Criteria	Alignment
Mitigation	<ul style="list-style-type: none"> 1. The life cycle GHG emissions from the combined generation of heat/cool and power¹⁰² from geothermal energy are lower than 100gCO₂e/kWh of energy output from the combined generation. 2. Lifecycle GHG emissions are calculated based on project-specific data, where available, using Commission Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018¹⁰³ or ISO 14064-1:2018.¹⁰⁴ 3. Quantified life cycle GHG emissions are verified by an independent third party. 	<ul style="list-style-type: none"> 1. The eligibility criteria defined in the Framework is aligned with the criteria under the EU Taxonomy. 2. Landsbankinn has confirmed that lifecycle GHG emissions savings will be calculated using ISO 14067:2018 or ISO 14064-1:2018. 3. Quantified life cycle GHG emissions will be verified by an independent third party. 	Aligned

¹⁰⁰ ISO standard 14067:2018, Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification

¹⁰¹ ISO standard 14064-1:2018, Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals

¹⁰² Cogeneration is defined in Article 2 point 30 of Directive 2012/27/EU.

¹⁰³ ISO standard 14067:2018, Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification

¹⁰⁴ ISO standard 14064-1:2018, Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals

Table 10

Framework Activity assessed		Geothermal energy	
EU Taxonomy Activity		4.22. Production of heat/cool from geothermal energy	
Corresponding NACE Code		D 35.30	
SC Criteria		Alignment	
Mitigation	<ul style="list-style-type: none"> a) Lifecycle GHG emissions from the generation of electricity from geothermal energy are lower than 100gCO₂e/kWh. b) Lifecycle GHG emission savings are calculated using Commission Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018 or ISO 14064-1:2018. c) Quantified life cycle GHG emissions are verified by an independent third party. 	<ul style="list-style-type: none"> a) The eligibility criteria defined in the Framework is aligned with the criteria under the EU Taxonomy. b) Landsbankinn has confirmed that lifecycle GHG emissions savings will be calculated using ISO 14067:2018 or ISO 14064-1:2018. c) Quantified life cycle GHG emissions will be verified by an independent third party. 	Aligned

Table 11

Framework Activity assessed		Hydropower	
EU Taxonomy Activity		4.5. Electricity generation from hydropower	
Corresponding NACE Code		D35.11, F42.22	
SC Criteria		Alignment	
Mitigation	<p>The activity complies with either of the following criteria:</p> <ul style="list-style-type: none"> a) the electricity generation facility is a run-of-river plant and does not have an artificial reservoir; b) the power density of the electricity generation facility is above 5 W/m²; c) the life cycle GHG emissions from the generation of electricity from hydropower, are lower than 100gCO₂e/kWh. The life cycle GHG emissions are calculated using Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018,¹⁰⁵ ISO 14064-1:2018¹⁰⁶ or the G-res tool.¹⁰⁷ Quantified life cycle GHG emissions are verified by an independent third party. 	<p>The eligibility criteria defined in the Framework is aligned with the criteria under the EU Taxonomy.</p> <p>Landsbankinn has confirmed that life cycle GHG emissions are calculated using ISO 14067:2018 or ISO 14064 -1:2018. Quantified life cycle GHG emissions are verified by an independent third party.</p>	Aligned

¹⁰⁵ ISO standard 14067:2018, Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification

¹⁰⁶ ISO standard 14064-1:2018, Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals

¹⁰⁷ Publicly available online tool developed by the International Hydropower Association (IHA) in collaboration with the UNESCO Chair for Global Environmental Change

Table 12

Framework Activity assessed		Ocean energy	
EU Taxonomy Activity		4.4. Electricity generation from ocean energy technologies	
Corresponding NACE Code		D35.11, F42.22	
SC Criteria		Alignment	
Mitigation	The activity generates electricity from ocean energy.	Eligible by default.	Aligned

Table 13

Framework Activity assessed		Solar Energy	
EU Taxonomy Activity		4.1. Electricity generation using solar photovoltaic technology	
Corresponding NACE Code		D35.11, F42.22	
SC Criteria		Alignment	
Mitigation	The activity generates electricity using solar PV technology.	Eligible by default.	Aligned

Table 14

Framework Activity assessed		Solar Energy	
EU Taxonomy Activity		4.21. Production of heat/cool from solar thermal heating	
Corresponding NACE Code		D35.30	
SC Criteria		Alignment	
Mitigation	The activity produces heat/cool using solar thermal heating.	Eligible by default.	Aligned

Table 15

Framework Activity assessed		Waste Energy	
EU Taxonomy Activity		4.25. Production of heat/cool using waste heat	
Corresponding NACE Code		D 35.30	
		SC Criteria	
Mitigation	The activity produces heat/cool from waste heat.	Eligible by default.	Aligned

Table 16

Framework Activity assessed		Wind Energy	
EU Taxonomy Activity		4.3. Electricity generation from wind power	
Corresponding NACE Code		D35.11, F42.22	
		SC Criteria	
Mitigation	The activity generates electricity from wind power.	Eligible by default.	Aligned

Table 17

Framework Activity assessed		Hydrogen	
EU Taxonomy Activity		3.10. Manufacture of hydrogen	
Corresponding NACE Code		C 20.11	
		SC Criteria	
Mitigation	a) The activity complies with the life cycle GHG emissions savings requirement of 73.4% for hydrogen [resulting in life-cycle GHG emissions lower than 3tCO ₂ e/tH ₂] and 70% for hydrogen-based synthetic fuels relative to a fossil fuel comparator of 94g CO ₂ e/MJ in analogy to the approach set out in Article 25(2) of and Annex V to Directive (EU) 2018/2001.	a) Landsbankinn has confirmed to adhere to the outlined TSC for this activity. Further, Landsbankinn has confirmed to Sustainalytics that it expects its borrowers to comply with i) law no. 30/2008 on responsibility of origin for electricity produced with renewable energy sources; ii) cf. number 4. Paragraph 1 Article 1 of the Electricity Act no. 65/2003 aiming to promote the use of renewable energy sources; and iii) cf. Paragraph 1 Article 2 of the Act on Energy Fund no. 76/2020	Aligned

	<p>b) Lifecycle GHG emissions savings are calculated using the methodology referred to in Article 28(5) of Directive (EU) 2018/2001 or, alternatively, using ISO 14067:2018¹⁰⁸ or ISO 14064- 1:2018.¹⁰⁹</p> <p>c) Quantified life cycle GHG emission savings are verified in line with Article 30 of Directive (EU) 2018/2001 where applicable, or by an independent third party.</p> <p>d) Where the CO₂ that would otherwise be emitted from the manufacturing process is captured for the purpose of underground storage, the CO₂ is transported and stored underground, in accordance with the technical screening criteria set out in Sections 5.11 and 5.12, respectively, of this Annex.</p>	<p>with an aim to increase the use of domestic renewable energy sources.¹¹⁰</p> <p>b) Landsbankinn has confirmed that lifecycle GHG emissions savings will be calculated using ISO 14067:2018 or ISO 14064- 1:2018.</p> <p>c) Quantified life cycle GHG emissions will be verified by an independent third party.</p> <p>d) Landsbankinn has confirmed that to finance the activity of 5.11. Transport of CO₂ and 5.12. Underground permanent geological storage of CO₂ under the Framework whose TSC is assessed in table 60 and table 61 below.</p> <p>Landsbankinn has communicated to Sustainalytics that Directive (EU) 2018/2001, mentioned in the TSC, are yet to be implemented in Iceland. Sustainalytics recognizes Landsbankinn’s intention to ensure compliance of its borrowers with the aforementioned national laws and legislations, which the Bank considers equivalent to applicable EU Directive.</p>	
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Table 18

Framework Activity assessed		Storage Infrastructure	
EU Taxonomy Activity		4.10. Storage of electricity	
Corresponding NACE Code		No dedicated NACE code	
SC Criteria		Alignment	
Mitigation	<p>The activity is the construction and operation of electricity storage including pumped hydropower storage.</p> <p>Where the activity includes chemical energy storage, the medium of storage (such as hydrogen or ammonia) complies with the criteria for manufacturing of the corresponding product specified in Sections 3.7 to 3.17 of the Climate Delegated Act Annex I. In case of using hydrogen as electricity storage, where hydrogen meets the technical screening criteria specified in Section 3.10 of the Climate Delegated Act Annex I, re-electrification of hydrogen is also considered part of the activity.</p>	<p>Landsbankinn has confirmed that this activity is limited to pumped hydropower storage, underground thermal energy storage and conversion of existing underground gas storage facilities to dedicated hydrogen-storage facilities.</p> <p>Chemical energy storage is excluded from financing under the Framework.</p>	Aligned

¹⁰⁸ ISO standard 14067:2018, Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification (version of [adoption date]: <https://www.iso.org/standard/71206.html>).

¹⁰⁹ ISO standard 14064-1:2018, Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals (version of [adoption date]: <https://www.iso.org/standard/66453.html>).

¹¹⁰ Orkustofnun, “Energy Fund”, at: <https://orkustofnun.is/orkuskripti/orkusjodur>

Table 19

Framework Activity assessed		Storage Infrastructure	
EU Taxonomy Activity		4.11. Storage of thermal energy	
Corresponding NACE Code		No dedicated NACE code	
		SC Criteria	
Mitigation	The activity stores thermal energy, including Underground Thermal Energy Storage (UTES) or Aquifer Thermal Energy Storage (ATES).	Landsbankinn has confirmed to finance UTES in the Framework this activity.	Aligned

Table 20

Framework Activity assessed		Storage Infrastructure	
EU Taxonomy Activity		4.12. Storage of hydrogen	
Corresponding NACE Code		No dedicated NACE code	
		SC Criteria	
Mitigation	The activity is one of the following: a. construction of hydrogen storage facilities; b. conversion of existing underground gas storage facilities into storage facilities dedicated to hydrogen-storage; c. operation of hydrogen storage facilities where the hydrogen stored in the facility meets the criteria for manufacture of hydrogen set out in Section 3.10. of the Climate Delegated Act Annex I.	Landsbankinn has confirmed to adhere to the outlined TSC for this activity.	Aligned

Table 21

Framework Activity assessed		Electricity transmission and distribution infrastructure	
EU Taxonomy Activity		4.9. Transmission and distribution of electricity	
Corresponding NACE Code		D35.12 and D35.13	
		SC Criteria	
Mitigation	The activity complies with one of the following criteria: 1. The transmission and distribution infrastructure or equipment is in an electricity system that complies with at least one of the following criteria: a. the system is the interconnected European system, i.e. the interconnected control areas of Member States, Norway,	1. Landsbankinn has confirmed to comply with activity (1.b) and (1.c). The Bank will exclude Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more	Aligned

	<p>Switzerland and the United Kingdom, and its subordinated systems;</p> <ul style="list-style-type: none"> b. more than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO₂e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period; c. the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 gCO₂e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period; <p>Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 gCO₂e/kWh measured on a life cycle basis is not compliant.</p> <p>Installation of metering infrastructure that does not meet the requirements of smart metering systems of Article 20 of Directive (EU) 2019/944 is not compliant.</p> <p>2. The activity is one of the following:</p> <ul style="list-style-type: none"> a. construction and operation of direct connection, or expansion of existing direct connection, of low carbon electricity generation below the threshold of 100 gCO₂e/kWh measured on a life cycle basis to a substation or network; b. construction and operation of electric vehicle (EV) charging stations and supporting electric infrastructure for the electrification of transport, subject to compliance with the technical screening criteria under the transport Section of this Annex; c. installation of transmission and distribution transformers that comply with the Tier 2 (1 July 2021) requirements set out in Annex I to the Commission Regulation (EU) No 548/2014¹¹¹ and, for medium power transformers with highest voltage for equipment not exceeding 36 kV, with AAA0 level requirements on no-load losses set out in standard EN 50588-1.¹¹² d. construction/installation and operation of equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation; e. installation of equipment to increase the controllability and observability of the electricity system and to enable the 	<p>greenhouse gas intensive than 100 gCO₂e/kWh measured on a life cycle basis.</p> <p>Further, the Bank confirmed metering infrastructure will not be financed under this Framework.</p> <p>2. Landsbankinn confirmed to adhering to the activities mentioned in point (2). However, the Bank has communicated to Sustainalytics that Directives mentioned in the TSC are yet to be implemented in Iceland. Given that point 2 of this TSC requires to comply with any one activity and criteria 2.a. does not have any directives, Sustainalytics considers financing such projects to be aligned with this EU Taxonomy's TSC.</p>	
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¹¹¹ Commission Regulation (EU) No 548/2014 of 21 May 2014 on implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to small, medium and large power transformers (OJ L 152, 22.5.2014, p. 1)

¹¹² CEI EN 50588-1 Medium power transformers 50 Hz, with highest voltage for equipment not exceeding 36 kV.

	<p>development and integration of renewable energy sources, including:</p> <ul style="list-style-type: none"> i. sensors and measurement tools (including meteorological sensors for forecasting renewable production); ii. communication and control (including advanced software and control rooms, automation of substations or feeders, and voltage control capabilities to adapt to more decentralised renewable infeed). <p>f. installation of equipment such as, but not limited to future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council,¹¹³ which meet the requirements of Article 20 of Directive (EU) 2019/944, able to carry information to users for remotely acting on consumption, including customer data hubs;</p> <p>g. construction/installation of equipment to allow for exchange of specifically renewable electricity between users;</p> <p>h. construction and operation of interconnectors between transmission systems, provided that one of the systems is compliant.</p> <p>For the purposes of this Section, the following specifications apply:</p> <ul style="list-style-type: none"> a. the rolling five-year period used in determining compliance with the thresholds is based on five consecutive historical years, including the year for which the most recent data are available; b. a ‘system’ means the power control area of the transmission or distribution network where the infrastructure or equipment is installed; c. transmission systems may include generation capacity connected to subordinated distribution systems; d. distribution systems subordinated to a transmission system that is deemed to be on a trajectory to full decarbonisation may also be deemed to be on a trajectory to full decarbonisation; e. to determine compliance, it is possible to consider a system covering multiple control areas which are interconnected and with significant energy exchanges between them, in which case the weighted average emissions factor across all included control areas is used, and individual subordinated transmission or distribution systems within that system is not required to demonstrate compliance separately; f. it is possible for a system to become non-compliant after having previously been compliant. In systems that become non- 		
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¹¹³ Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on rules for the internal market for electricity and amending Directive 2012/27/EU (OJ L 158/125, 14.6.2019),

	<p>compliant, no new transmission and distribution activities are compliant from that moment onward, until the system complies again with the threshold (except for those activities that are always compliant, see above). Activities in subordinated systems may still be compliant, where those subordinated systems meet the criteria of this Section;</p> <p>g. a direct connection or expansion of an existing direct connection to production plants includes infrastructure that is indispensable to carry the associated electricity from the power generating facility to a substation or to the network.</p>		
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Table 22

Framework Activity assessed		Transmission and Distribution Infrastructure		
EU Taxonomy Activity		4.14. Transmission and distribution networks for renewable and low-carbon gases		
Corresponding NACE Code		D35.22, F42.21 and H49.50		
		SC Criteria		
Mitigation	<ol style="list-style-type: none"> 1. The activity consists in one of the following: <ol style="list-style-type: none"> a. construction or operation of new transmission and distribution networks dedicated to hydrogen or other low-carbon gases; b. conversion/repurposing of existing natural gas networks to 100% hydrogen; c. retrofit of gas transmission and distribution networks that enables the integration of hydrogen and other low-carbon gases in the network, including any gas transmission or distribution network activity that enables the increase of the blend of hydrogen or other low carbon gasses in the gas system; 2. The activity includes leak detection and repair of existing gas pipelines and other network elements to reduce methane leakage. 	Alignment		
		Landsbankinn has confirmed to adhere to the outlined TSC for this activity.	Aligned	

Table 23

Framework Activity assessed		District heating distribution networks connected to renewable energy		
EU Taxonomy Activity		4.15. District heating/cooling distribution		
Corresponding NACE Code		D35.30		
		SC Criteria		
Mitigation	<p>The activity complies with one of the following criteria:</p> <ol style="list-style-type: none"> a. for construction and operation of pipelines and associated infrastructure for distributing heating and cooling, the system meets 	Alignment		
		Landsbankinn has confirmed to adhere to the outlined TSC for this activity.	Aligned	

	<p>the definition of efficient district heating and cooling systems laid down in Article 2, point 41, of Directive 2012/27/EU;</p> <p>b. for refurbishment of pipelines and associated infrastructure for distributing heating and cooling, the investment that makes the system meet the definition of efficient district heating or cooling laid down in Article 2, point 41, of Directive 2012/27/EU starts within a three-year period as underpinned by a contractual obligation or an equivalent in case of operators in charge of both generation and the network;</p> <p>c. the activity is the following:</p> <ul style="list-style-type: none"> i. modification to lower temperature regimes; ii. advanced pilot systems (control and energy management systems, Internet of Things). 	<p>Landsbankinn has communicated to Sustainalytics that Directive 2012/27/EU, mentioned in the TSC, is yet to be implemented in Iceland and the decision on the implementation of the Directive is still under review. However, the Bank has communicated that district heating in Iceland is close to 100% from renewable energy sources and hence the requirement goes beyond complying with the Directive 2012/27/EU.</p>	
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Table 24

Framework Activity assessed	Electric water and sea vessels (operated in passenger or freight transport) and retrofitting.		
EU Taxonomy Activity	6.3. Urban and suburban transport, road passenger transport		
Corresponding NACE Code	H49.31, H49.3.9, N77.39 and N77.11		
	SC Criteria	Alignment	
Mitigation	<p>1) The activity complies with the one of following criteria:</p> <ul style="list-style-type: none"> a) the activity provides urban or suburban passenger transport and its direct (tailpipe) CO₂ emissions are zero; b) until 31 December 2025, the activity provides interurban passenger road transport using vehicles designated as categories M2 and M3 that have a type of bodywork classified as 'CA' (single-deck vehicle), 'CB' (double-deck vehicle), 'CC' (singledeck articulated vehicle) or 'CD' (double-deck articulated vehicle), and comply with the latest EURO VI standard, i.e. both with the requirements of Regulation (EC) No 595/2009 and, from the time of the entry into force of amendments to that Regulation, in those amending acts, even before they become applicable, and with the latest step of the Euro VI standard set out in Table 1 of Appendix 9 to Annex I to Regulation (EU) No 582/2011 where the provisions governing that step have entered into force but have not yet become applicable for this type of vehicle. Where such standard is not available, the direct CO₂ emissions of the vehicles are zero. 	Landsbankinn has confirmed to adhere to the outlined TSC for this activity.	Aligned

Table 25

Framework Activity assessed		Infrastructure for bicycles and pedestrians.	
EU Taxonomy Activity		6.4. Operation of personal mobility devices, cycle logistics	
Corresponding NACE Code		N77.11 and N77.21	
		SC Criteria	
Mitigation	<ol style="list-style-type: none"> 1. The propulsion of personal mobility devices comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity. 2. The personal mobility devices are allowed to be operated on the same public infrastructure as bikes or pedestrians. 	Landsbankinn has confirmed to adhere to the outlined TSC for this activity.	Aligned

Table 26

Framework Activity assessed		Electric water and sea vessels (operated in passenger or freight transport) and retrofitting.	
EU Taxonomy Activity		6.5. Transport by motorbikes, passenger cars and light commercial vehicles	
Corresponding NACE Code		H49.32, H49.39 and N77.11	
		SC Criteria	
Mitigation	<p>The activity complies with the following criteria:</p> <ol style="list-style-type: none"> a) for vehicles of category M1 and N1, both falling under the scope of Regulation (EC) No 715/2007: (i) until 31 December 2025, specific emissions of CO₂, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are lower than 50gCO₂/km (low- and zero-emission light-duty vehicles); (ii) from 1 January 2026, specific emissions of CO₂, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are zero. b) for vehicles of category L, the tailpipe CO₂ emissions equal to 0g CO₂e/km calculated in accordance with the emission test laid down in Regulation (EU) 168/2013. 	Landsbankinn has confirmed to adhere to the outlined TSC for this activity.	Aligned

Table 27

Framework Activity assessed		Electric water and sea vessels (operated in passenger or freight transport) and retrofitting.	
EU Taxonomy Activity		6.6. Freight transport services by road	
Corresponding NACE Code		H49.4.1, H53.10, H53.20 and N77.12	
		SC Criteria	Alignment
Mitigation	<ol style="list-style-type: none"> 1. The activity complies with one of the following criteria: <ol style="list-style-type: none"> a) vehicles of category N1 have zero direct (tailpipe) CO₂ emissions; b) vehicles of category N2 and N3 with a technically permissible maximum laden mass not exceeding 7,5 tonnes are 'zero-emission heavy-duty vehicles' as defined in Article 3, point (11), of Regulation (EU) 2019/1242; c) vehicles of category N2 and N3 with a technically permissible maximum laden mass exceeding 7,5 tonnes are one of the following: (i) 'zero-emission heavy-duty vehicles', as defined in Article 3, point (11), of Regulation (EU) 2019/1242; (ii) where technologically and economically not feasible to comply with the criterion in point (i), 'low-emission heavy-duty vehicles' as defined in Article 3, point (12), of that Regulation. 2. Vehicles are not dedicated to the transport of fossil fuels. 	<ol style="list-style-type: none"> 1. Landsbankinn has confirmed to adhere to the outlined TSC for this activity. However, the Bank has communicated to Sustainalytics that Iceland does not manufacture any vehicles. The country imports all of its vehicles and expects them to be checked for taxonomy eligibility when they are delivered from the producer or when they arrive to the country. Further, the EEA joint committee's decision on implementing Regulation (EU) 2019/1242 in Iceland was approved but has not entered into force.¹¹⁴ However, the Bank has confirmed that the implementation of the EU regulation is the part of its internal procedure and will be able to provide further information on the same during the reporting. 2. Landsbankinn confirmed it excludes financing vehicles that are not dedicated to the transport of fossil fuels. 	Aligned

Table 28

Framework Activity assessed		Electric water and sea vessels (operated in passenger or freight transport) and retrofitting.	
EU Taxonomy Activity		6.7. Inland passenger water transport	
Corresponding NACE Code		H 50.30	
		SC Criteria	Alignment
Mitigation	<p>The activity complies with one of the following criteria:</p> <ol style="list-style-type: none"> a) the vessels have zero direct (tailpipe) CO₂ emissions; b) until 31 December 2025, hybrid and dual fuel vessels derive at least 50% of their energy from zero direct (tailpipe) CO₂ emission fuels or plug-in power for their normal operation. 	Landsbankinn has confirmed to adhere to the outlined TSC for this activity.	Aligned

¹¹⁴ Government Council of Iceland, "32019R1242: Regulation (EU) 2019/1242 of the European Parliament and of the Council of 20 June 2019 setting CO₂ emission performance standards for new heavy-duty vehicles and amending Regulations (EC) No 595/2009 and (EU) 2018/956 of the European Parliament and of the Council and Council Directive 96/53/EC", at: <https://gagnagrunnur.ees.is/32019R1242>

Table 29

Framework Activity assessed	Electric water and sea vessels (operated in passenger or freight transport) and retrofitting.		
EU Taxonomy Activity	6.9. Retrofitting of inland water passenger and freight transport		
Corresponding NACE Code	H50.4, H50.30 and C33.15		
SC Criteria		Alignment	
Mitigation	<ol style="list-style-type: none"> 1. Until 31 December 2025, the retrofitting activity reduces fuel consumption of the vessel by at least 10 % expressed in litre of fuel per tonne kilometre, as demonstrated by a comparative calculation for the representative navigation areas (including representative load profiles) in which the vessel is to operate or by means of the results of model tests or simulations. 2. Vessels retrofitted or upgraded are not dedicated to transport of fossil fuels. 	Landsbankinn has confirmed to adhere to the outlined TSC for this activity.	Aligned

Table 30

Framework Activity assessed	Electric water and sea vessels (operated in passenger or freight transport) and retrofitting.		
EU Taxonomy Activity	6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities		
Corresponding NACE Code	H50.2, H52.22 and N77.34		
SC Criteria		Alignment	
Mitigation	<ol style="list-style-type: none"> 1. The activity complies with one or more of the following criteria: <ol style="list-style-type: none"> a) the vessels have zero direct (tailpipe) CO₂ emissions; b) until 31 December 2025, hybrid and dual fuel vessels derive at least 25 % of their energy from zero direct (tailpipe) CO₂ emission fuels or plug-in power for their normal operation at sea and in ports; c) where technologically and economically not feasible to comply with the criterion in point (a), until 31 December 2025, and only where it can be proved that the vessels are used exclusively for operating coastal and short sea services designed to enable modal shift of freight currently transported by land to sea, the vessels have direct (tailpipe) CO₂ emissions, calculated using the International Maritime Organization (IMO) Energy Efficiency Design Index (EEDI), 50 % lower than the average reference CO₂ emissions value defined for heavy duty vehicles (vehicle sub 	<p>Landsbankinn has confirmed to adhere to point 1.(a), 1.(b) and 1.(d) outlined in the TSC for this activity. Further, the Bank confirmed compliance with point (2).</p> <p>Further, the Bank has confirmed to comply with point 1.(c) communicating that the EEA joint committee's decision on implementing Regulation (EU) 2019/1242 in Iceland was approved but has not entered into force.¹¹⁵</p> <p>Noting that TSC for this activity requires compliance with at least one criterion, Sustainalytics has assessed the activity as aligned with the mentioned TSC criteria.</p>	Aligned

¹¹⁵ Government Council of Iceland, "32019R1242: Regulation (EU) 2019/1242 of the European Parliament and of the Council of 20 June 2019 setting CO₂ emission performance standards for new heavy-duty vehicles and amending Regulations (EC) No 595/2009 and (EU) 2018/956 of the European Parliament and of the Council and Council Directive 96/53/EC", at: <https://gagnagrunnur.ees.is/32019R1242>

	<p>group 5- LH) in accordance with Article 11 of Regulation 2019/1242;</p> <p>d) where technologically and economically not feasible to comply with the criterion in point (a), until 31 December 2025, the vessels have an attained Energy Efficiency Design Index (EEDI) value 10 % below the EEDI requirements applicable on 1 April 2022 if the vessels are able to run on zero direct (tailpipe) CO₂ emission fuels or on fuels from renewable source.</p> <p>2. Vessels are not dedicated to the transport of fossil fuels</p>		
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Table 31

Framework Activity assessed		Electric water and sea vessels (operated in passenger or freight transport) and retrofitting.	
EU Taxonomy Activity		6.11. Sea and coastal passenger water transport	
Corresponding NACE Code		H50.10, N77.21 and N77.34	
SC Criteria		Alignment	
Mitigation	<p>The activity complies with one or more of the following criteria:</p> <p>a) the vessels have zero direct (tailpipe) CO₂ emissions;</p> <p>b) where technologically and economically not feasible to comply with the criterion in point (a), until 31 December 2025, hybrid and dual fuel vessels derive at least 25% of their energy from zero direct (tailpipe) CO₂ emission fuels or plug-in power for their normal operation at sea and in ports;</p> <p>c) where technologically and economically not feasible to comply with the criterion in point (a), until 31 December 2025, the vessels have an attained Energy Efficiency Design Index (EEDI) value 10% below the EEDI requirements applicable on 1 April 2022, if the vessels are able to run on zero direct (tailpipe) emission fuels or on fuels from renewable sources.</p>	Landsbankinn has confirmed to adhere to the outlined TSC for this activity.	Aligned

Table 32

Framework Activity assessed		Electric water and sea vessels (operated in passenger or freight transport) and retrofitting.	
EU Taxonomy Activity		6.12. Retrofitting of sea and coastal freight and passenger water transport	
Corresponding NACE Code		H50.10, H50.2, H52.22, C33.15, N77.21 and N.77.34	
		SC Criteria	
Mitigation	<ol style="list-style-type: none"> 1. Until 31 December 2025, the retrofitting activity reduces fuel consumption of the vessel by at least 10 % expressed in grams of fuel per deadweight tons per nautical mile, as demonstrated by computational fluid dynamics (CFD), tank tests or similar engineering calculations. 2. Vessels are not dedicated to the transport of fossil fuels. 	Landsbankinn has confirmed to adhere to the outlined TSC for this activity.	Aligned

Table 33

Framework Activity assessed		Zero direct (tailpipe) CO ₂ emissions aircrafts for transport of passengers and goods, and renting and leasing of it, including aircraft parts and equipment	
EU Taxonomy Activity		6.18. Leasing of aircraft	
Corresponding NACE Code		N77.35	
		SC Criteria	
Mitigation	<p>The activity consists of renting or leasing of one of the following:</p> <ol style="list-style-type: none"> a) the aircraft with zero direct (tailpipe) CO₂ emissions; b) the aircraft delivered before 11 December 2023, complying with the technical screening criteria referred to in Section 3.21., subsection 'Substantial contribution to climate change mitigation', points (b) or (c); c) the aircraft delivered after 11 December 2023 complying with the technical screening criteria referred to in Section 3.21., subsection "Substantial contribution to climate change mitigation", points (b) or (c) and with the commitment that another non-compliant aircraft in the fleet is either: <ol style="list-style-type: none"> i. permanently withdrawn from use within 6 months of delivery of the compliant aircraft, in which case, the replacement ratio does not apply; or ii. permanently withdrawn from the fleet within six months of delivery of the compliant aircraft in which case the share of Taxonomy compliance of eligible aircraft is limited by the replacement ratio as set out in Section 3.21; 	Landsbankinn has confirmed to adhere to the outlined TSC for this activity.	Aligned

	<p>whereby the aircraft permanently withdrawn from use or from the fleet:</p> <ul style="list-style-type: none"> i. is non-compliant with the margins set out in Section 3.21., subsection “Substantial contribution to climate change mitigation”, point (b); ii. has at least 80 % of maximum take-off weight of the compliant aircraft; iii. has remained in the fleet within at least 12 months prior to its withdrawal; iv. has a proof of airworthiness dating back less than 6 months prior to the delivery of the compliant aircraft. <p>The lessor ensures that aircraft in point (b) or (c) is operated on sustainable aviation fuels (SAF) consistently with the criteria specified in point (d) and paragraph 2 of Section 6.19 of this Annex.</p>		
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Table 34

Framework Activity assessed		Zero direct (tailpipe) CO ₂ emissions aircrafts for transport of passengers and goods		
EU Taxonomy Activity		6.19. Passenger and freight air transport		
Corresponding NACE Code		H51.1 and H51.21		
		SC Criteria	Alignment	
Mitigation	<p>The activity is performed using one of the following:</p> <ul style="list-style-type: none"> a) the aircraft with zero direct (tailpipe) CO₂ emissions; b) until 31 December 2029, the aircraft acquired before 11 December 2023, complying with the technical screening criteria specified in Section 3.21., subsection “Substantial contribution to climate change mitigation”, points (b) or (c); c) until 31 December 2029, the aircraft acquired after 11 December 2023, complying with the technical screening criteria specified in Section 3.21., subsection “Substantial contribution to climate change mitigation”, points (b) or (c), and with the commitment that another non-compliant aircraft in the fleet is either: <ul style="list-style-type: none"> i. permanently withdrawn from use within 6 months of delivery of the compliant aircraft in which case, the replacement ratio does not apply; or ii. permanently withdrawn from the fleet within 6 months of delivery of the compliant aircraft in which case, the share of Taxonomy compliance of eligible aircraft is limited by the replacement ratio as set out in Section 3.21; whereby the aircraft permanently withdrawn from use or from the fleet: 		<p>Landsbankinn has confirmed to adhere to the outlined TSC for this activity.</p>	Aligned

	<ul style="list-style-type: none"> i is non-compliant with the margins defined in Section 3.21., subsection “Substantial contribution to climate change mitigation”, point (b); ii has at least 80 % of maximum take-off weight of the compliant aircraft; iii has remained in the fleet within at least 12 months prior to its withdrawal; iv has a proof of airworthiness dating back less than 6 months prior to the delivery of the compliant aircraft; <p>d) from 1 January 2030, the aircraft meeting technical screening criteria specified in points (b) or (c) above and operated with a minimum share of sustainable aviation fuels (SAF), corresponding to 15 % in 2030 and increased by 2 percentage points annually thereafter;</p> <p>e) the aircraft operated with a minimum share of sustainable aviation fuels (SAF), corresponding to 5 % SAF in 2022, with the percentage of SAF increasing by 2 percentage points annually thereafter.</p> <p>The SAF use requirement referred to in points (d) and (e) is calculated with reference to the total aviation fuel used by the compliant aircraft and SAF used at the fleet level. Operators calculate compliance as the ratio of the quantity (expressed in tonnes) of SAF purchased at the fleet level divided by the total aviation fuel used by the compliant aircraft multiplied by 100. SAF are defined in a regulation on ensuring a level playing field for sustainable air transport.</p>		
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Table 35

Framework Activity assessed		Ground service activities at airports and cargo handling	
EU Taxonomy Activity		6.20. Air transport ground handling operations	
Corresponding NACE Code		H52.23, H52.24 and H52.29	
		Alignment	
Mitigation	<p>Ground handling vehicles’ direct (tailpipe) CO₂ emissions are zero.</p> <p>The propulsion of all ground handling devices and equipment comes from a zero-emissions motor.</p>	Landsbankinn has confirmed to adhere to the outlined TSC for this activity.	Aligned

Table 36

Framework Activity assessed		Infrastructure for bicycles and pedestrians.	
EU Taxonomy Activity		6.13. Infrastructure for personal mobility, cycle logistics	
Corresponding NACE Code		F42.11, F42.12, F43.21, F71.1 and F71.20	
		SC Criteria	
Mitigation	The infrastructure that is constructed and operated is dedicated to personal mobility or cycle logistics: pavements, bike lanes and pedestrian zones, electrical charging and hydrogen refuelling installations for personal mobility devices.	Landsbankinn has confirmed to adhere to the outlined TSC for this activity.	Aligned

Table 37

Framework Activity assessed		Infrastructure related to public transport and transportation on road	
EU Taxonomy Activity		6.15. Infrastructure enabling low-carbon road transport and public transport	
Corresponding NACE Code		F42.11, F42.13, F71.1 and F71.20	
		SC Criteria	
Mitigation	<ol style="list-style-type: none"> 1. The activity complies with one or more of the following criteria: <ol style="list-style-type: none"> a. the infrastructure is dedicated to the operation of vehicles with zero tailpipe CO₂ emissions: electric charging points, electricity grid connection upgrades, hydrogen fuelling stations or electric road systems (ERS); b. the infrastructure and installations are dedicated to transshipping freight between the modes: terminal infrastructure and superstructures for loading, unloading and transshipment of goods; c. the infrastructure and installations are dedicated to urban and suburban public passenger transport, including associated signalling systems for metro, tram and rail systems. 2. The infrastructure is not dedicated to the transport or storage of fossil fuels. 	Landsbankinn has confirmed to adhere to the outlined TSC for this activity.	Aligned

Table 38

Framework Activity assessed		Infrastructure related to transportation for water	
EU Taxonomy Activity		6.16. Infrastructure enabling low carbon water transport	
Corresponding NACE Code		F42.91, F71.1 or F71.20	
		SC Criteria	
Mitigation	<ol style="list-style-type: none"> 1. The activity complies with one or more of the following criteria: <ol style="list-style-type: none"> a. the infrastructure is dedicated to the operation of vessels with zero direct (tailpipe) CO₂ emissions: electricity charging, hydrogen-based refuelling; b. the infrastructure is dedicated to the provision of shore-side electrical power to vessels at berth; c. the infrastructure is dedicated to the performance of the port's own operations with zero direct (tailpipe) CO₂ emissions; d. the infrastructure and installations are dedicated to transshipping freight between the modes: terminal infrastructure and superstructures for loading, unloading and transshipment of goods. 2. The infrastructure is not dedicated to the transport or storage of fossil fuels. 	Landsbankinn has confirmed to adhere to the outlined TSC for this activity.	Aligned

Table 39

Framework Activity assessed		Infrastructure	
EU Taxonomy Activity		6.17. Low carbon airport infrastructure	
Corresponding NACE Code		F41.20 and F42.99	
		SC Criteria	
Mitigation	<ol style="list-style-type: none"> 1. The activity complies with one or more of the following criteria: <ol style="list-style-type: none"> (a) the infrastructure is dedicated to the operation of aircraft with zero tailpipe CO₂ emissions: electricity charging and hydrogen refuelling; (b) the infrastructure is dedicated to the provision of fixed electrical ground power and preconditioned air to stationary aircrafts; (c) the infrastructure is dedicated to the zero direct emissions performance of the airport's own operations: electric charging points, electricity grid connection upgrades, hydrogen refuelling stations. 	Landsbankinn has confirmed to adhere to the outlined TSC for this activity.	Aligned

	2. The infrastructure is not dedicated to the transport or storage of fossil fuels.		
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Table 40

Framework Activity assessed	New buildings and refurbishment		
EU Taxonomy Activity	7.1 Construction of new buildings		
Corresponding NACE Code	F41.1 and F41.2		
SC Criteria		Alignment	
Mitigation	<p>Constructions of new buildings for which:</p> <ol style="list-style-type: none"> 1. The Primary Energy Demand (PED),¹¹⁶ defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council.¹¹⁷ The energy performance is certified using an as built Energy Performance Certificate (EPC). 2. For buildings larger than 5000 m²,¹¹⁸ upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity,¹¹⁹ and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative; where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. 3. For buildings larger than 5000 m²,¹²⁰ the life-cycle Global Warming Potential (GWP)¹²¹ of the building resulting from the construction has 	<p>Landsbankinn has communicated to Sustainalytics that the TSC under this activity is not applicable, as Iceland has not implemented relevant directive/regulation. Therefore, there are no public definitions or requirements with regards to PED and NZEB. Additionally, no EPC labels has been applied to buildings in Iceland. Furthermore, the Bank has communicated that Iceland is in process of proposing acceptable energy consumption standards in buildings, aiming to decrease energy consumption of all new buildings by 40% by 2030 from 2020 levels.¹²²</p> <p>Sustainalytics notes that Landsbankinn will rely on green building certification schemes such as LEED (Gold or higher), BREEAM (Excellent or higher) and the Nordic Swan Ecolabel as per the Framework's financing criteria.</p> <p>Sustainalytics notes that Landsbankinn's reliance on green building certification scheme may promote energy efficiency in building sector. However, they may not fully confirm adherence to the TSC requirements under this criterion and hence has assessed this activity as not aligned.</p>	Not Aligned

¹¹⁶ The calculated amount of energy needed to meet the energy demand associated with the typical uses of a building expressed by a numeric indicator of total primary energy use in kWh/m² per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC).

¹¹⁷ Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings.

¹¹⁸ For residential buildings, the testing is made for a representative set of dwelling/apartment types.

¹¹⁹ The testing is carried out in accordance with EN13187 (Thermal Performance of Buildings - Qualitative Detection of Thermal Irregularities in Building Envelopes - Infrared Method) and EN 13829 (Thermal performance of buildings. Determination of air permeability of buildings. Fan pressurisation method) or equivalent standards accepted by the respective building control body where the building is located.

¹²⁰ For residential buildings, the calculation and disclosure are made for a representative set of dwelling/apartment types.

¹²¹ The GWP is communicated as a numeric indicator for each life cycle stage expressed as kgCO₂e/m² (of useful internal floor area) averaged for one year of a reference study period of 50 years

¹²² "3.2. Harmonize the methodology for making energy calculations of structures and issue criteria for the energy classes of buildings", at: <https://byggjumgraenniframtid.is/3-2-samraemdir-orkuutreikningar-og-orkuflokkar-bygginga/>

	been calculated for each stage in the life cycle and is disclosed to investors and clients on demand.		
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Table 41

Framework Activity assessed		Acquisition and ownership of residential buildings	
EU Taxonomy Activity		7.7. Acquisition and ownership of buildings	
Corresponding NACE Code		L68	
		SC Criteria	Alignment
Mitigation	<p>1. For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings.</p> <p>2. For buildings built after 31 December 2020, the building meets the criteria specified in Section 7.1 of the Climate Delegated Annex of the EU taxonomy that are relevant at the time of the acquisition.</p> <p>3. Where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment.¹²³</p>	<p>1. For residential buildings built before 31 December 2020, Landsbankinn intends to finance buildings which are considered among top 15% of national building stock measured in PED as per the Bank's internal methodology for calculating the top 15% approach. However, Landsbankinn has communicated to Sustainalytics that no EPC labels have been applied to buildings in Iceland.</p> <p>2. For residential buildings built after 31 December 2020, Landsbankinn has communicated that the criteria are not applicable. Refer to table 40 for further information.</p> <p>3. Landsbankinn has communicated that the criteria are not applicable.</p> <p>Sustainalytics notes lack of application of EPC labels in Iceland. Further, the TSC (2) related to this activity is assessed as not aligned. Sustainalytics notes that Bank is able to confirm adherence to some of the TSC related to this activity and hence has assessed this activity to be partially aligned.</p>	Partially Aligned

¹²³ This can be demonstrated, for example, through the presence of an Energy Performance Contract or a building automation and control system in accordance with Article 14 (4) and Article 15 (4), of Directive 2010/31/EU.

Table 42

Framework Activity assessed		Individual installations	
EU Taxonomy Activity		7.3. Installation, maintenance and repair of energy efficiency equipment	
Corresponding NACE Code		F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22 and C33.12	
		<i>SC Criteria</i>	<i>Alignment</i>
Mitigation	<p>The activity consists in one of the following individual measures provided that they comply with minimum requirements set for individual components and systems in the applicable national measures implementing Directive 2010/31/EU and, where applicable, are rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 and delegated acts adopted under that Regulation:</p> <ul style="list-style-type: none"> (a) addition of insulation to existing envelope components, such as external walls (including green walls), roofs (including green roofs), lofts, basements and ground floors (including measures to ensure air-tightness, measures to reduce the effects of thermal bridges and scaffolding) and products for the application of the insulation to the building envelope (including mechanical fixings and adhesive); (b) replacement of existing windows with new energy efficient windows; (c) replacement of existing external doors with new energy efficient doors; (d) installation and replacement of energy efficient light sources; (e) installation, replacement, maintenance and repair of heating, ventilation and air conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies; (f) installation of low water and energy using kitchen and sanitary water fittings which comply with technical specifications set out in Appendix E of the Climate Delegated Annex of the EU taxonomy and, in case of shower solutions, mixer showers, shower outlets and taps, have a max water flow of 6 L/min or less attested by an existing label in the Union market. 	<p>Landsbankinn has confirmed to adhere to all individual measures outlined in the TSC for this activity. Further, Landsbankinn has confirmed to Sustainalytics that it expects its borrowers to comply with Law no. 160/2010 aiming to promote good energy use in the operation of buildings as well as the Icelandic Building regulations no. 112/2012.</p> <p>Landsbankinn has communicated to Sustainalytics that the prerequisite section of Directive 2010/31/EU clarifies that it is a reissue of Directive 2002/91/EC with subsequent amendments aimed at providing clarity in the legal domain. According to information on the Government Council's website, Iceland has obtained an exemption from Directive 2002/91/EC due to specific circumstances related to the country's energy matters. The decision of the EEA Joint Committee (No. 135/2'22) has officially exempted Iceland from the application of Directive 2002/91/EC. This exemption is granted based on Iceland's distinctive characteristics concerning recent, new, and uniform buildings in the country. Importantly, this exemption remains effective until an agreement is reached concerning the incorporation of Directive 2010/31/EC, as amended by Directive (EU) 2018/844, into the EEA Agreement.</p> <p>Sustainalytics notes exemption of implementing the Directive 2010/31/EU into EEA Agreement. However, Sustainalytics encourages Landsbankinn to confirm compliance to the mentioned EU Directive as soon as the agreement to incorporate the Directive in Iceland is reached. Based on the above, Sustainalytics has assessed this activity to be aligned.</p>	Aligned

Table 43

Framework Activity assessed		Individual installations	
EU Taxonomy Activity		7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	
Corresponding NACE Code		F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28	
SC Criteria		Alignment	
Mitigation	Installation, maintenance or repair of charging stations for electric vehicles.	Landsbankinn has confirmed to finance installation, maintenance or repair of charging stations for electric vehicles.	Aligned

Table 44

Framework Activity assessed		Individual installations	
EU Taxonomy Activity		7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	
Corresponding NACE Code		F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28	
SC Criteria		Alignment	
Mitigation	The activity consists in one of the following individual measures: (a) installation, maintenance and repair of zoned thermostats, smart thermostat systems and sensing equipment, including motion and day light control; (b) installation, maintenance and repair of building automation and control systems, building energy management systems (BEMS), lighting control systems and energy management systems (EMS); (c) installation, maintenance and repair of smart meters for gas, heat, cool and electricity; (d) installation, maintenance and repair of façade and roofing elements with a solar shading or solar control function, including those that support the growing of vegetation.	Landsbankinn has confirmed to adhere to all individual measures outlined in the TSC for this activity.	Aligned

Table 45

Framework Activity assessed		Individual installations	
EU Taxonomy Activity		7.6. Installation, maintenance and repair of renewable energy technologies	
Corresponding NACE Code		F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28	
		SC Criteria	Alignment
Mitigation	<p>The activity consists in one of the following individual measures, if installed on-site as technical building systems:</p> <ul style="list-style-type: none"> (a) installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment; (b) installation, maintenance and repair of solar hot water panels and the ancillary technical equipment; (c) installation, maintenance, repair and upgrade of heat pumps contributing to the targets for renewable energy in heat and cool in accordance with Directive (EU) 2018/2001 and the ancillary technical equipment; (d) installation, maintenance and repair of wind turbines and the ancillary technical equipment; (e) installation, maintenance and repair of solar transpired collectors and the ancillary technical equipment; (f) installation, maintenance and repair of thermal or electric energy storage units and the ancillary technical equipment; (g) installation, maintenance and repair of high efficiency micro CHP (combined heat and power) plant; (h) installation, maintenance and repair of heat exchanger/recovery systems. 	<p>Landsbankinn has confirmed to adhere to all individual measures outlined in the TSC for this activity.</p> <p>However, Landsbankinn has communicated that EU Directive 2018/2001, referred in point (c) and designed to promote the use of energy from renewable sources in EU, is not yet implemented in Iceland. Additionally, the Bank has clarified that over 99% of electricity and heat in Iceland is sourced from renewable energy sources. Consequently, the promotion of Renewable energy sources, as mentioned in the Directive, is not an issue.</p>	Aligned

Table 46

Framework Activity assessed		Major renovation	
EU Taxonomy Activity		7.2. Renovation of existing buildings	
Corresponding NACE Code		F41 and F43	
		SC Criteria	
Mitigation	<p>The building renovation complies with the applicable requirements for major renovations.¹²⁴</p> <p>Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30%.¹²⁵</p>	<p>Landsbankinn intends to confirm that it adheres to the mentioned TSC related to this activity. Landsbankinn has communicated to Sustainalytics that Directive 2010/31/EU has not been implemented in Iceland and may implement both the mentioned TSC criteria. In case of renovation leading to 30% reduction of PED, Landsbankinn intends to adopt its internal methodology for PED calculations.</p>	Aligned

Table 47

Framework Activity assessed		Data management and solutions	
EU Taxonomy Activity		8.1. Data processing, hosting and related activities	
Corresponding NACE Code		J63.11	
		SC Criteria	
Mitigation	<p>1. The activity has implemented all relevant practices listed as "expected practices" in the most recent version of the European Code of Conduct on Data Centre Energy Efficiency, or in CEN-CENELEC document CLC TR50600-99-1 "Data centre facilities and infrastructures - Part 99-1: Recommended practices for energy management."¹²⁶</p> <p>The implementation of those practices is verified by an independent third-party and audited at least every three years.</p> <p>2. Where an expected practice is not considered relevant due to physical, logistical, planning or other constraints, an explanation of why the expected practice is not applicable or practical is provided. Alternative best practices from the European Code of Conduct on</p>	<p>Landsbankinn has confirmed to adhere to the mentioned TSC related to this activity.</p>	Aligned

¹²⁴ As set in the applicable national and regional building regulations for 'major renovation' implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.

¹²⁵ The initial primary energy demand and the estimated improvement is based on a detailed building survey, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method, and validated through an Energy Performance Certificate.

¹²⁶ Issued on 1 July 2019 by the European Committee for Standardization (CEN) and the European Committee for Electrotechnical Standardization (CENELEC), (version of [adoption date]:

https://www.cenelec.eu/dyn/www/f?p=104:110:508227404055501:::FSP_ORG_ID,FSP_PROJECT,FS_P_LANG_ID:1258297,65095,25).

	<p>Data Centre Energy Efficiency or other equivalent sources may be identified as direct replacements if they result in similar energy savings.</p> <p>3. The global warming potential (GWP) of refrigerants used in the data centre cooling system does not exceed 675.</p>		
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Table 48

Framework Activity assessed	Data management and solutions		
EU Taxonomy Activity	8.2. Data-driven solutions for GHG emissions reductions		
Corresponding NACE Code	J61, J62 and J63.11		
SC Criteria		Alignment	
Mitigation	<p>1. The ICT solutions are predominantly used for the provision of data and analytics enabling GHG emission reductions.</p> <p>2. Where an alternative solution/technology is already available on the market, the ICT solution demonstrates substantial life-cycle GHG emission savings compared to the best performing alternative solution/technology.</p> <p>Life-cycle GHG emissions and net emissions are calculated using Recommendation 2013/179/EU or, alternatively, using ETSI ES 203 199,¹²⁷ ISO 14067:2018¹²⁸ or ISO 14064-2:2019.¹²⁹</p> <p>Quantified life-cycle GHG emission reductions are verified by an independent third party which transparently assesses how the standard criteria, including those for critical review, have been followed when the value was derived.</p>	<p>Landsbankinn has confirmed to adhere to the mentioned TSC related to this activity.</p> <p>Landsbankinn has confirmed that lifecycle GHG emissions savings will be calculated using ISO 14067:2018 or ISO 14064-1:2018. Quantified life cycle GHG emissions will be verified by an independent third party.</p>	Aligned

¹²⁷ ETSI ES 203 199, Environmental Engineering (EE); Methodology for environmental Life Cycle Assessment (LCA) of Information and Communication Technology (ICT) goods, networks and services (version of [adoption date]: https://www.etsi.org/deliver/etsi_es/203100_203199/203199/01_03_00_50/es_203199v010300m.pdf)

¹²⁸ ISO standard 14067:2018, Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification (version of [adoption date]: <https://www.iso.org/standard/71206.html>).

¹²⁹ ISO standard 14064-2:2019, Greenhouse gases – Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements (version of [adoption date]: <https://www.iso.org/standard/66454.html>).

Table 49

Framework Activity assessed		Forests, forestry and wetlands	
EU Taxonomy Activity		1.3. Forest management	
Corresponding NACE Code		A2	
		SC Criteria	
Mitigation	<p>1. Forest management plan or equivalent instrument</p> <p>1.1. The activity takes place on area that is subject to a forest management plan or an equivalent instrument, as set out in national law or, where national law does not define a forest management plan or equivalent instrument, as referred to in the FAO definition of ‘forest area with long-term forest management plan.’ The forest management plan or equivalent instrument covers a period of 10 years or more and is continuously updated.¹³⁰</p> <p>1.2. Information is provided on the following points that are not already documented in the forest management plan or equivalent system:</p> <ul style="list-style-type: none"> (a) management goals, including major constraints;¹³¹ (b) general strategies and activities planned to reach the management goals, including expected operations over the whole forest cycle; (c) definition of the forest habitat context, including main existing and intended forest tree species, and their extent and distribution; (d) definition of the area according to its gazetting in the land registry; (e) compartments, roads, rights of way and other public access, physical features including waterways, areas under legal and other restrictions; (f) measures deployed to maintain the good condition of forest ecosystems; (g) consideration of societal issues (including preservation of landscape, consultation of stakeholders in accordance with the terms and conditions laid down in national law); (h) assessment of forest related risks, including forest fires, and pests and diseases outbreaks, with the aim of preventing, reducing and controlling the risks and measures deployed to ensure protection and adaptation against residual risks; (i) all DNSH criteria relevant for forest management. 	<p style="text-align: center;">Alignment</p> <p>Landsbankinn intends to finance these activities under the Framework’s eligibility criteria. However, Landsbankinn has communicated to Sustainalytics that currently it does not have data or information to confirm compliance with this TSC. Therefore, Sustainalytics has assessed this activity as not aligned.</p>	Not Aligned

¹³⁰ Forest area that has a long-term (ten years or more) documented management plan, aiming at defined management goals, and which is periodically revised.

¹³¹ Including an analysis of (i) long term sustainability of the wood resource (ii) impacts/pressures on habitat conservation, diversity of associated habitats and condition of harvesting minimizing soil impacts.

	<p>1.3. The sustainability of the forest management systems, as documented in the plan referred to in point 1.1, is ensured by choosing the most ambitious of the following approaches:</p> <ul style="list-style-type: none"> (a) the forest management matches the applicable national definition of sustainable forest management; (b) the forest management matches the Forest Europe definition¹³² of sustainable forest management, and complies with the Pan-European Operational Level Guidelines for Sustainable Forest Management;¹³³ (c) the management system in place shows compliance with the forest sustainability criteria set out in Article 29(6) of Directive (EU) 2018/2001, and as of the date of its application with the implementing act on operational guidance for energy from forest biomass adopted under Article 29(8) of that Directive. <p>1.4. The activity does not involve the degradation of land with high carbon stock.¹³⁴</p> <p>1.5. The management system associated with the activity in place complies with the due diligence obligation and legality requirements laid down in Regulation (EU) No 995/2010.</p> <p>1.6. The forest management plan or equivalent instrument provides for monitoring which ensures the correctness of the information contained in the plan, in particular as regards the data relating to the involved area.</p> <p>2. Climate benefit analysis</p> <p>2.1. For areas that comply with the requirements at forest sourcing area level to ensure that carbon stocks and sinks levels in the forest are maintained or strengthened over the long term in accordance with Article 29(7), point (b), of Directive (EU) 2018/2001 the activity complies with the following criteria:</p> <ul style="list-style-type: none"> (a) the climate benefit analysis demonstrates that the net balance of GHG emissions and removals generated by the activity over a period of 30 years after the beginning of the activity is lower than a baseline, corresponding to the balance of GHG emissions and removals over a period of 30 years starting at the beginning of the activity, associated to the business-as-usual practices that would have occurred on the involved area in the absence of the activity; (b) long-term climate benefits are considered demonstrated by proof of alignment with Article 29(7), point (b), of Directive (EU) 2018/2001. 		
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¹³² The stewardship and use of forests and forest lands in a way, and at a rate, that maintains their biodiversity, productivity, regeneration capacity, vitality and their potential to fulfil, now and in the future, relevant ecological, economic and social functions, at local, national, and global levels, and that does not cause damage to other ecosystems

¹³³ Annex 2 of the Resolution L2. Pan-European Operational Level Guidelines for Sustainable Forest Management. Third Ministerial Conference on the Protection of Forests in Europe 2-4 June 1998, Lisbon/Portugal (version of [adoption date]: https://foresteurope.org/wpcontent/uploads/2016/10/MC_lisbon_resolutionL2_with_annexes.pdf#page=18)

¹³⁴ Land with high-carbon stock means wetlands, including peatland, and continuously forested areas within the meaning of Article 29(4)(a), (b) and (c) of Directive (EU) 2018/2001.

	<p>2.2. For areas that do not comply with the requirements at forest sourcing area level to ensure that carbon stocks and sinks levels in the forest are maintained or strengthened over the long term in accordance with Article 29(7), point (b), of Directive (EU) 2018/2001 the activity complies with the following criteria:</p> <ul style="list-style-type: none"> (a) the climate benefit analysis demonstrates that the net balance of GHG emissions and removals generated by the activity over a period of 30 years after the beginning of the activity is lower than a baseline, corresponding to the balance of GHG emissions and removals over a period of 30 years starting at the beginning of the activity, associated to the business-as-usual practices that would have occurred on the involved area in the absence of the activity. (b) the projected long-term average net GHG balance of the activity is lower than the long-term average GHG balance projected for the baseline, referred to in point 2.2, where long term corresponds to the longer duration between 100 years and the duration of an entire forest cycle. <p>2.3. The calculation of climate benefit complies with all of the following criteria:</p> <ul style="list-style-type: none"> (a) the analysis is consistent with the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.¹³⁵ The climate benefit analysis is based on transparent, accurate, consistent, complete and comparable information, covers all carbon pools impacted by the activity, including above-ground biomass, belowground biomass, deadwood, litter and soil, relies on the most conservative assumptions for calculations and includes appropriate considerations about the risks of non-permanence and reversals of carbon sequestration, the risk of saturation and the risk of leakage. (b) the business-as-usual practices, including harvesting practices, are one of the following: <ul style="list-style-type: none"> i. the management practices as documented in the latest version of the forest management plan or equivalent instrument before the start of the activity, if any; ii. the most recent business-as-usual practices prior to the start of the activity; iii. the practices corresponding to a management system ensuring that carbon stocks and sinks levels in the forest area are maintained or strengthened over the long term as set out in Article 29(7), point (b), of Directive (EU) 2018/2001. 		
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¹³⁵ 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (version of [adoption date]: <https://www.ipcc-nggip.iges.or.jp/public/2019rf/>).

	<p>(c) the resolution of the analysis is proportionate to the size of the area concerned and values specific to the area concerned are used.</p> <p>(d) emissions and removals that occur due to natural disturbances, such as pests and diseases infestations, forest fires, wind, storm damages, that impact the area and cause underperformance do not result in non-compliance with Regulation (EU) 2020/852, provided that the climate benefit analysis is consistent with the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories regarding emissions and removals due to natural disturbances.</p> <p>2.4. Forest holdings under 13 ha are not required to perform a climate benefit analysis.</p> <p>3. Guarantee of permanence</p> <p>3.1. In accordance with national law, the forest status of the area in which the activity takes place is guaranteed by one of the following measures:</p> <ul style="list-style-type: none"> (a) the area is classified in the permanent forest estate as defined by the FAO;¹³⁶ (b) the area is classified as a protected area; (c) the area is the subject of any legal or contractual guarantee ensuring that it will remain a forest. <p>3.2. In accordance with national law, the operator of the activity commits those future updates to the forest management plan or equivalent instrument, beyond the activity that is financed, will continue to seek the climate benefits as determined in point 2. Besides, the operator of the activity commits to compensate any reduction in the climate benefit determined in point 2 with an equivalent climate benefit resulting from the conduct of an activity that corresponds to one of the forestry activities defined in this Regulation.</p> <p>4. Audit</p> <p>Within two years after the beginning of the activity and every 10 years thereafter, the compliance of the activity the substantial contribution to climate change mitigation criteria and the DNSH criteria is verified by either of the following:</p> <ul style="list-style-type: none"> (a) the relevant national competent authorities; (b) an independent third-party certifier, at the request of national authorities or the operator of the activity. <p>In order to reduce costs, audits may be performed together with any forest certification, climate certification or other audit. The independent</p>		
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¹³⁶ Forest area that is designated to be retained as forest and may not be converted to other land use.

	<p>third-party certifier may not have any conflict of interest with the owner or the funder and may not be involved in the development or operation of the activity.</p> <p>5. Group assessment</p> <p>The compliance with the criteria for substantial contribution to climate change mitigation and with DNSH criteria may be checked:</p> <ul style="list-style-type: none"> (a) at the level of the forest sourcing area¹³⁷ as defined in Article 2, point (30), of Directive (EU) 2018/2001; (b) at the level of a group of holdings sufficiently homogeneous to evaluate the risk of the sustainability of the forest activity, provided that all those holdings have a durable relationship between them and participate in the activity and the group of those holdings remains the same for all subsequent audits. 		
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Table 50

Framework Activity assessed	Forests, forestry and wetlands		
EU Taxonomy Activity	2.1. Restoration of wetlands		
Corresponding NACE Code	No dedicated NACE code		
	SC Criteria	Alignment	
Mitigation	<p>1. Restoration plan</p> <p>1.1. The area is covered by a restoration plan, which is consistent with the Ramsar Convention’s principles and guidelines on wetland restoration,¹³⁸ until the area is classified as a wetland and is covered by a wetland management plan, consistent with the Ramsar Convention’s guidelines for management planning for Ramsar sites and other wetlands.¹³⁹ For peatlands, the restoration plan follows the recommendations contained in relevant resolutions of the Ramsar Convention, including the resolution XIII/13.</p> <p>1.2. The restoration plan contains careful consideration of local hydrological and pedological conditions, including the dynamics of soil saturation and the change of aerobic and anaerobic conditions.</p>	<p>Landsbankinn intends to finance these activities under the Framework’s eligibility criteria. However, Landsbankinn has communicated to Sustainalytics that currently it does not have data or information to confirm compliance with this TSC. Therefore, Sustainalytics has assessed this activity as not aligned.</p>	
			Not aligned

¹³⁷ ‘Sourcing area’ means the geographically defined area from which the forest biomass feedstock is sourced, from which reliable and independent information is available and where conditions are sufficiently homogeneous to evaluate the risk of the sustainability and legality characteristics of the forest biomass.

¹³⁸ Ramsar Convention (2002) Principles and guidelines for wetland restoration. Adopted by Resolution VIII.16 (2002) of the Ramsar Convention (version of [adoption date]): <https://www.ramsar.org/sites/default/files/documents/pdf/guide/guide-restoration.pdf>.

¹³⁹ Ramsar Convention (2002) Resolution VIII.14 New Guidelines for management planning for Ramsar sites and other wetlands (version of [adoption date]): https://www.ramsar.org/sites/default/files/documents/pdf/res/key_res_viii_14_e.pdf.

	<p>1.3. All wetland management relevant DNSH criteria are addressed in the restoration plan.</p> <p>1.4. The restoration plan provides for monitoring which ensures the correctness of the information contained in the plan, in particular as regards the data relating to the involved area.</p> <p>2. Climate benefit analysis</p> <p>2.1. The activity complies with the following criteria: (a) the climate benefit analysis demonstrates that the net balance of GHG emissions and removals generated by the activity over a period of 30 years after the beginning of the activity is lower than a baseline, corresponding to the balance of GHG emissions and removals over a period of 30 years starting at the beginning of the activity, associated to the business-as-usual practices that would have occurred on the involved area in the absence of the activity; (b) the projected long-term average net GHG balance of the activity is lower than the long-term average GHG balance projected for the baseline, referred to in point 2.2, where long term corresponds to 100 years.</p> <p>2.2. The calculation of climate benefit complies with all of the following criteria:</p> <p>(a) the analysis is consistent with the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.¹⁴⁰ In particular, if the wetland definition used in that analysis differs from the wetland definition used in the national GHG inventory, the analysis includes an identification of the different land categories covered by the involved area. The climate benefit analysis is based on transparent, accurate, consistent, complete and comparable information, covers all carbon pools impacted by the activity, including above-ground biomass, below-ground biomass, deadwood, litter and soil, relies on the most conservative assumptions for calculations and includes appropriate considerations about the risks of non permanence and reversals of carbon sequestration, the risk of saturation and the risk of leakage. For coastal wetlands, climate benefit analysis considers projections of expected relative sea level rise and the potential that the wetlands will migrate;</p> <p>(b) the business-as-usual practices, including harvesting practices, are one of the following: (i) the management practices as documented before the start of the activity, if any; (ii) the most recent business-as-usual practices prior to the start of the activity.</p>		
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¹⁴⁰ 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (version of [adoption date]: <https://www.ipcc-nggip.iges.or.jp/public/2019rf/>).

	<p>(c) the resolution of the analysis is proportionate to the size of the area concerned and values specific to the area concerned are used;</p> <p>(d) emissions and removals that occur due to natural disturbances, such as pests and diseases infestations, fires, wind, storm damages, that impact the area and cause underperformance do not result in non-compliance with the criteria of Regulation (EU) 2020/852, provided that the climate benefit analysis is consistent with the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories regarding emissions and removals due to natural disturbances.</p> <p>3. Guarantee of permanence</p> <p>3.1. In accordance with national law, the wetland status of the area in which the activity takes place is guaranteed by one of the following measures:</p> <p>(a) the area is designated to be retained as wetland and may not be converted to other land use;</p> <p>(b) the area is classified as a protected area;</p> <p>(c) the area is the subject of any legal or contractual guarantee ensuring that it will remain a wetland.</p> <p>3.2. In accordance with the national law, the operator of the activity commits those future updates to the restoration plan, beyond the activity that is financed, will continue to seek the climate benefits as determined in point 2. Besides, the operator of the activity commits to compensate any reduction in the climate benefit determined in point 2 with an equivalent climate benefit resulting from the conduct of an activity that corresponds to one of the environmental protection and restoration activities defined in this Regulation.</p> <p>4. Audit</p> <p>Within two years after the beginning of the activity and every 10 years thereafter, the compliance of the activity with the substantial contribution to climate change mitigation criteria and with the DNSH criteria are verified by either of the following:</p> <p>(a) the relevant national competent authorities;</p> <p>(b) an independent third-party certifier, at the request of national authorities or the operator of the activity. In order to reduce costs, audits may be performed together with any forest certification, climate certification or other audit. The independent third-party certifier may not have any conflict of interest with the owner or the funder and may not be involved in the development or operation of the activity.</p>		
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	<p>5. Group assessment</p> <p>The compliance with the criteria for substantial contribution to climate change mitigation and with DNSH criteria may be checked at the level of a group of holdings sufficiently homogeneous to evaluate the risk of the sustainability of the forest activity, provided that all those holdings have a durable relationship between them and participate in the activity and the group of those holdings remains the same for all subsequent audits.</p>		
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Table 51

Framework Activity assessed	Water: Construction, extension, renewal and operation of water collection, treatment and supply systems including renewals for domestic and industrial needs.		
EU Taxonomy Activity	5.1. Construction, extension and operation of water collection, treatment and supply systems		
Corresponding NACE Code	E36.00 and F42.99		
SC Criteria		Alignment	
Mitigation	<p>The water supply system complies with one of the following criteria:</p> <p>(a) the net average energy consumption for abstraction and treatment equals to or is lower than 0.5 kWh per cubic meter produced water supply. Net energy consumption may take into account measures decreasing energy consumption, such as source control (pollutant load inputs), and, as appropriate, energy generation (such as hydraulic, solar and wind energy);</p> <p>(b) the leakage level is either calculated using the Infrastructure Leakage Index (ILI)¹⁴¹ rating method and the threshold value equals to or is lower than 1.5 or is calculated using another appropriate method and the threshold value is established in accordance with Article 4 of Directive (EU) 2020/2184 of the European Parliament and of the Council.¹⁴² That calculation is to be applied across the extent of water supply (distribution) network where the works are carried out, i.e. at water supply zone level, district metered area(s) (DMAs) or pressure managed area(s) (PMAs).</p>	Landsbankinn intends to finance these activities under the Framework’s eligibility criteria. However, Landsbankinn has communicated to Sustainalytics that currently it does not have data or information to confirm compliance with this TSC. Therefore, Sustainalytics has assessed this activity as not aligned.	Not aligned

¹⁴¹ The Infrastructure Leakage Index (ILI) is calculated as current annual real losses (CARL)/unavoidable annual real losses (UARL): The current annual real losses (CARL) represent the amount of water that is actually lost from the distribution network (i.e. not delivered to final users). The unavoidable annual real losses (UARL) take into consideration that there will always be some leakage in a water distribution network. The UARL is calculated based on factors such as the length of the network, the number of service connections and the pressure at which the network is operating.

¹⁴² Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption (recast) (OJ L 435, 23.12.2020, p. 1).

Table 52

Framework Activity assessed		Water: Construction, extension, renewal and operation of water collection, treatment and supply systems including renewals for domestic and industrial needs.	
EU Taxonomy Activity		5.2. Renewal of water collection, treatment and supply systems	
Corresponding NACE Code		E36.00 and F42.99	
SC Criteria		Alignment	
Mitigation	<p>The renewal of the water supply system leads to improved energy efficiency in one of the following ways:</p> <p>(a) by decreasing the net average energy consumption of the system by at least 20% compared to own baseline performance averaged for three years, including abstraction and treatment, measured in kWh per cubic meter produced water supply;</p> <p>(b) by closing the gap by at least 20% either between the current leakage level averaged over three years, calculated using the Infrastructure Leakage Index (ILI) rating method and an ILI of 1.5,¹⁴³ or between the current leakage level averaged over three years, calculated using another appropriate method, and the threshold value established in accordance with Article 4 of Directive (EU) 2020/2184. The current leakage level averaged over three years is calculated across the extent of water supply (distribution) network where the works are carried out, i.e., for the renewed water supply (distribution) network at district metered area(s) (DMAs) or pressure managed area(s) (PMAs).</p>	Landsbankinn intends to finance these activities under the Framework's eligibility criteria. However, Landsbankinn has communicated to Sustainalytics that currently it does not have data or information to confirm compliance with this TSC. Therefore, Sustainalytics has assessed this activity as not aligned.	Not aligned

Table 53

Framework Activity assessed		Wastewater: Construction, extension, renewal and operation of centralised wastewater systems including collection and treatment.	
EU Taxonomy Activity		5.3. Construction, extension and operation of wastewater collection and treatment	
Corresponding NACE Code		E37.00 and F42.99	
SC Criteria		Alignment	
Mitigation	<p>1. The net energy consumption of the waste water treatment plant equals to or is lower than:</p> <p>(a) 35 kWh per population equivalent (p.e.) per annum for treatment plant capacity below 10 000 p.e.;</p>	Landsbankinn intends to finance these activities under the Framework's eligibility criteria. However, Landsbankinn has communicated to Sustainalytics the Bank that currently it does not	Not aligned

¹⁴³ The Infrastructure Leakage Index (ILI) is calculated as current annual real losses (CARL)/unavoidable annual real losses (UARL): The current annual real losses (CARL) represent the amount of water that is actually lost from the distribution network (i.e. not delivered to final users). The unavoidable annual real losses (UARL) take into consideration that there will always be some leakage in a water distribution network. The UARL is calculated based on factors such as the length of the network, the number of service connections and the pressure at which the network is operating.

	<p>(b) 25 kWh per population equivalent (p.e.) per annum for treatment plant capacity between 10 000 and 100 000 p.e.;</p> <p>(c) 20 kWh per population equivalent (p.e.) per annum for treatment plant capacity above 100 000 p.e.</p> <p>Net energy consumption of the operation of the waste water treatment plant may take into account measures decreasing energy consumption relating to source control (reduction of storm water or pollutant load inputs), and, as appropriate, energy generation within the system (such as hydraulic, solar, thermal and wind energy).</p> <p>2. For the construction and extension of a waste water treatment plant or a waste water treatment plant with a collection system, which are substituting more GHG-intensive treatment systems (such as septic tanks, anaerobic lagoons), an assessment of the direct GHG emissions is performed.¹⁴⁴ The results are disclosed to investors and clients on demand.</p>	<p>have data or information to confirm compliance with this TSC. Therefore, Sustainalytics has assessed this activity as not aligned.</p>	
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Table 54

Framework Activity assessed	Wastewater: Construction, extension, renewal and operation of centralised wastewater systems including collection and treatment.		
EU Taxonomy Activity	5.4. Renewal of wastewater collection and treatment		
Corresponding NACE Code	E37.00		
	SC Criteria	Alignment	
Mitigation	<ol style="list-style-type: none"> The renewal of a collection system improves energy efficiency by decreasing the average energy consumption by 20% compared to own baseline performance averaged over three years, demonstrated on an annual basis. That decrease of energy consumption can be accounted for at the level of the project (i.e. the collection system renewal) or, across the downstream waste water agglomeration (i.e. including the downstream collection system, treatment plant or discharge of waste water). The renewal of a waste water treatment plant improves energy efficiency by decreasing the average energy consumption of the system by at least 20% compared to own baseline performance averaged over three years, demonstrated on an annual basis. For the purposes of points 1 and 2, the net energy consumption of the system is calculated in kWh per population equivalent per annum of the waste water collected or effluent treated, taking into account measures decreasing energy consumption relating to source control 	<p>Landsbankinn intends to finance these activities under the Framework's eligibility criteria. However, Landsbankinn has communicated to Sustainalytics that currently it does not have data or information to confirm compliance with this TSC criteria. Therefore, Sustainalytics has assessed this activity as not aligned.</p>	Not aligned

¹⁴⁴ For example, following IPCC guidelines for national GHG inventories for waste water treatment (version of [adoption date]: https://www.ipccnggip.iges.or.jp/public/2019rf/pdf/5_Volume5/19R_V5_6_Ch06_Wastewater.pdf).

	(reduction of storm water or pollutant load inputs) and, as appropriate, energy generation within the system (such as hydraulic, solar, thermal and wind energy). 4. For the purpose of point 1 and 2, the operator demonstrates that there are no material changes relating to external conditions, including modifications to discharge authorisation(s) or changes in load to the agglomeration that would lead to a reduction of energy consumption, independent of efficiency measures taken.		
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Table 55

Framework Activity assessed		Waste prevention, reduction, recycling, sorting and reuse.	
EU Taxonomy Activity		5.5. Collection and transport of non-hazardous waste in source segregated fractions	
Corresponding NACE Code		E38.11	
SC Criteria		Alignment	
Mitigation	All separately collected and transported non-hazardous waste that is segregated at source is intended for preparation for reuse or recycling operations.	Landsbankinn has confirmed to adhere to the mentioned TSC for this activity.	Aligned

Table 56

Framework Activity assessed		Waste prevention, reduction, recycling, sorting and reuse.	
EU Taxonomy Activity		5.7. Anaerobic digestion of bio-waste	
Corresponding NACE Code		E38.21 and F42.99	
SC Criteria		Alignment	
Mitigation	<ol style="list-style-type: none"> 1. A monitoring and contingency plan is in place in order to minimise methane leakage at the facility. 2. The produced biogas is used directly for the generation of electricity or heat, or upgraded to bio-methane for injection in the natural gas grid, or used as vehicle fuel or as feedstock in chemical industry. 3. The bio-waste that is used for anaerobic digestion is source segregated and collected separately. 4. The produced digestate is used as fertiliser or soil improver, either directly or after composting or any other treatment. 	Landsbankinn has confirmed to adhere to the mentioned TSC for this activity.	Aligned

	5. In the dedicated bio-waste treatment plants, the share of food and feed crops ¹⁴⁵ used as input feedstock, measured in weight, as an annual average, is less than or equal to 10% of the input feedstock.		
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Table 57

Framework Activity assessed		Waste prevention, reduction, recycling, sorting and reuse.	
EU Taxonomy Activity		5.8 Composting of bio-waste	
Corresponding NACE Code		E38.21 and F42.99	
SC Criteria		Alignment	
Mitigation	<ol style="list-style-type: none"> 1. The bio-waste that is composted is source segregated and collected separately. 2. The compost produced is used as fertiliser or soil improver and meets the requirements for fertilising materials set out in Component Material Category 3 in Annex II to Regulation (EU) 2019/1009 or national rules on fertilisers or soil improvers for agricultural use. 	<p>Landsbankinn has confirmed to adhere to the mentioned TSC for this activity. However, the Bank has communicated to Sustainalytics that the EEA joint committee's approved to implement the mentioned EU regulation but has not yet entered into force.¹⁴⁶</p> <p>Sustainalytics notes that the Bank has limited role in implementing the regulation, nor does it have control over the time period required to bring the regulation into force. Recognizing the significance of compliance with the mentioned EU Regulation in the assessment process, Sustainalytics has assessed the activity as partially aligned.</p>	Partially Aligned

Table 58

Framework Activity assessed		Waste prevention, reduction, recycling, sorting and reuse.	
EU Taxonomy Activity		5.9. Material recovery from non-hazardous waste	
Corresponding NACE Code		E38.32 and F42.99	
SC Criteria		Alignment	
Mitigation	The activity converts at least 50 %, in terms of weight, of the processed separately collected non-hazardous waste into secondary raw materials that are suitable for the substitution of virgin materials in production processes.	Landsbankinn has confirmed to adhere to the mentioned TSC for this activity.	Aligned

¹⁴⁵ As defined in Article 2, point (40), of Directive (EU) 2018/2001.

¹⁴⁶ The Government Council of Iceland, "32019R1009", at: <https://gagnagrunnur.ees.is/32019R1009>

Table 59

Framework Activity assessed		Waste prevention, reduction, recycling, sorting and reuse.	
EU Taxonomy Activity		5.10 Landfill gas capture and utilisation	
Corresponding NACE Code		E38.21	
		SC Criteria	
Mitigation	<ol style="list-style-type: none"> The landfill has not been opened after 8 July 2020. The landfill or landfill cell where the gas capture system is newly installed, extended, or retrofitted is permanently closed and is not taking in further biodegradable waste.¹⁴⁷ The produced landfill gas is used for the generation of electricity or heat as biogas,¹⁴⁸ or upgraded to bio-methane for injection in the natural gas grid or used as vehicle fuel or as feedstock in chemical industry. Methane emissions from the landfill and leakages from the landfill gas collection and utilisation facilities are subject to control and monitoring procedures set out in Annex III to Council Directive 1999/31/EC.¹⁴⁹ 	Landsbankinn has confirmed to adhere to the mentioned TSC for this activity.	Aligned

Table 60

Framework Activity assessed		Emissions management	
EU Taxonomy Activity		5.11. Transport of CO ₂	
Corresponding NACE Code		F42.21 and H49.50	
		SC Criteria	
Mitigation	<ol style="list-style-type: none"> The CO₂ transported from the installation where it is captured to the injection point does not lead to CO₂ leakages above 0.5 % of the mass of CO₂ transported. The CO₂ is delivered to a permanent CO₂ storage site that meets the criteria for underground geological storage of CO₂ set out in Section 5.12 of the Climate Delegated Act Annex; or to other transport 	Landsbankinn has confirmed to adhere to the mentioned TSC for this activity.	Aligned

¹⁴⁷ As set out in Article 5(3) of Directive 1999/31/EC.

¹⁴⁸ 'Biogas' is defined in Article 2, point 28, of Directive (EU) 2018/2001.

¹⁴⁹ Council Directive 1999/31/EC of 26 April 1999 on the landfill of waste (OJ L 182, 16.7.1999, p. 1).

	<p>modalities, which lead to permanent CO₂ storage site that meet those criteria.</p> <p>3. Appropriate leak detection systems are applied and a monitoring plan is in place, with the report verified by an independent third party.</p> <p>4. The activity may include the installation of assets that increase the flexibility and improve the management of an existing network.</p>		
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Table 61

Framework Activity assessed		Emissions management	
EU Taxonomy Activity		5.12. Underground permanent geological storage of CO ₂	
Corresponding NACE Code		E39.00	
		SC Criteria	
Mitigation	<ol style="list-style-type: none"> 1. Characterisation and assessment of the potential storage complex and surrounding area, or exploration within the meaning of Article 3, point (8), of Directive 2009/31/EC of the European Parliament and of the Council¹⁵⁰ is carried out in order to establish whether the geological formation is suitable for use as a CO₂ storage site. 2. For operation of underground geological CO₂ storage sites, including closure and post closure obligations: <ol style="list-style-type: none"> (a) appropriate leakage detection systems are implemented to prevent release during operation; (b) a monitoring plan of the injection facilities, the storage complex, and, where appropriate, the surrounding environment is in place, with the regular reports checked by the competent national authority. 3. For the exploration and operation of storage sites within the Union, the activity complies with Directive 2009/31/EC. For the exploration and operation of storage sites in third countries, the activity complies with ISO 27914:2017¹⁵¹ for geological storage of CO₂ 	<p>Landsbankinn has confirmed to adhere to the outlined TSC for this activity.</p>	Aligned

¹⁵⁰ Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (OJ L 140, 5.6.2009, p. 114).

¹⁵¹ ISO Standard 27914:2017, Carbon dioxide capture, transportation and geological storage – Geological storage (version of [adoption date]: <https://www.iso.org/standard/64148.html>).

Appendix 3: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Landsbankinn hf.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Landsbankinn Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	January 3, 2024
Publication date of review publication:	Update to 2021 Sustainalytics SPO
Original publication date:	January 21, 2021

Section 2. Review overview

SCOPE OF REVIEW

The review:

- assessed the 4 core components of the Principles (**complete review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*).
- assessed only some of them (**partial review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*); please indicate which ones:
 - Use of Proceeds
 - Process for Project Evaluation and Selection
 - Management of Proceeds
 - Reporting
- assessed the alignment with other regulations or standards (CBI, EU GBS, ASEAN Green Bond Standard, ISO 14030, etc.); please indicate which ones:

ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- Second Party Opinion
- Certification
- Verification
- Scoring/Rating
- Other (please specify):

Does the review include a sustainability quality score?

- Of the issuer
- Of the project
- Of the Framework
- Other (please specify):
- No scoring

ASSESSMENT OF THE PROJECT(S)

Does the review include:

- The environmental and/or social features of the type of project(s) intended for the Use of Proceeds?
- The environmental and/or social benefits and impact targeted by the eligible Green and/or Social Project(s) financed by the Green, Social or Sustainability Bond?
- The potentially material environmental and/or social risks associated with the project(s) (where relevant)?

ISSUER'S OVERARCHING OBJECTIVES

Does the review include:

- An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery?
- An identification and assessment of environmental, social and governance related risks of adverse impact through the Issuer's [actions] and explanations on how they are managed and mitigated by the issuer?
- A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting?

CLIMATE TRANSITION STRATEGY

Does the review assess:

- The issuer's climate transition strategy & governance?
- The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario?
- The credibility of the issuer's climate transition strategy to reach its targets?
- The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval).
- If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)?
- The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition pathways that are deemed necessary to limit climate change to targeted levels?
- The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically?

Overall comment on this section:

Section 3. Detailed review

1. USE OF PROCEEDS

Does the review assess:

- the environmental/social benefits of the project(s)?
- whether those benefits are quantifiable and meaningful?
- for social projects, whether the target population is properly identified?

Does the review assess if the issuer provides clear information on:

- the estimated proceeds allocation per project category (in case of multiple projects)?
- the estimated share of financing vs. re-financing (and the related lookback period)?

Overall comment on this section: The eligible categories for the use of proceeds are aligned with those recognized by the Green Bond Principles and the Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 6, 7, 8, 9, 11, 12, 14 and 15.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Does the review assess:

- whether the eligibility of the project(s) is aligned with official or market-based taxonomies or recognised international standards? Please specify which ones. *"Sustainalytics has a proprietary taxonomy which is influenced by the EU taxonomy, Climate Bonds Initiative taxonomy as well as international standards."*
- whether the eligible projects are aligned with the overall sustainability strategy of the issuer and/or if the eligible projects are aligned with material ESG-related objectives in the issuer's industry?
- the process and governance to set the eligibility criteria including, if applicable, exclusion criteria?
- the processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)?
- any process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s)?

Overall comment on this section: Landsbankinn's Sustainable Finance Committee is responsible for overseeing the process of project evaluation and selection in line with the Framework's eligibility criteria. Landsbankinn has internal procedures in place to identify and manage potential environmental and social risks associated with eligible projects, which apply to all allocation decisions made under the Framework. This is in line with market practice.

3. MANAGEMENT OF PROCEEDS

Does the review assess:

- the issuer's policy for segregating or tracking the proceeds in an appropriate manner?
- the intended types of temporary investment instruments for unallocated proceeds?
- Whether an external auditor will verify the internal tracking of the proceeds and the allocation of the funds?

Overall comment on this section: Landsbankinn's Sustainability Committee will be responsible for the management of proceeds on a portfolio basis and will track the allocation of proceeds using an internal tracking mechanism. Landsbankinn intends to allocate all proceeds within 24 months of issuance. Pending allocation, unallocated proceeds will be temporarily invested according to the Landsbankinn's liquidity investment guidelines. This is in line with market practice.

4. REPORTING

Does the review assess:

- the expected type of allocation and impact reporting (bond-by-bond or on a portfolio basis)?
- the frequency and the means of disclosure?
- the disclosure of the methodology of the expected or achieved impact of the financed project(s)?

Overall comment on this section: Landsbankinn commits to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include amounts allocated to eligible projects in each eligible category, the balance of unallocated net proceeds and share of financing versus refinancing. In addition, Landsbankinn intends to report on relevant impact metrics. Sustainalytics views Landsbankinn's allocation and impact reporting as aligned with market practice.

Section 4. Additional Information

Useful links (e.g. to the external review provider's methodology or credentials, to the full review, to issuer's documentation, etc.)

Analysis of the contribution of the project(s) to the UN Sustainable Development Goals:

Additional assessment in relation to the issuer/bond framework/eligible project(s):

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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