



Summary - Statement on principal adverse impacts of investment decisions on sustainability factors

Summary

This statement on the principal adverse impacts of investment decisions on sustainability factors (PAI) is issued by Landsbankinn hf. (LEI 549300TLZPT6JELDWM92) on a consolidated basis and covers the activities of the Bank and its subsidiary, Landsbréf hf. (LEI 213800VY5YTFW1FUUQ55). Both entities are considered financial market participants as defined in Regulation (EU) No. 2019/2088, on sustainability-related disclosures in the financial services sector (SFDR). TM tryggingar hf. is part of the Landsbankinn Group; however, as the company does not offer insurance-based investment products (IBIPs) as part of its active service offering, its activities fall outside the disclosure requirements of Article 4 of the SFDR and the company is therefore not included in this statement. For the purposes of this statement, Landsbankinn and Landsbréf will be referred to collectively as “we”, as the investment decisions covered by this statement are made by both entities.

According to the definition set out in Regulation (EU) No. 2019/2088, on sustainability-related disclosures in the financial services sector (SFDR), Landsbankinn is a credit institution that provides portfolio management services. Landsbréf is a specialised financial institution engaged in asset and fund management and is authorised to operate as an alternative investment fund manager (AIFM) and as a management company for UCITS. Landsbankinn has largely entrusted Landsbréf with the management of its clients’ asset portfolios. The assets covered by this statement consist of the assets of UCITS funds, AIFs and other portfolios under management. This statement does not cover investment decisions relating to the proprietary investments of Landsbankinn or Landsbréf, as such investments fall outside the scope of the disclosure requirements of the SFDR. In cases where Landsbankinn provides investment advice, the Bank follows the policies and procedures established for responsible investment. Disclosure is based on the data that the Bank and Landsbréf collect in connection with assessing sustainability in investment decisions.

Landsbankinn and Landsbréf consider the principal adverse impacts of their investment decisions on sustainability factors. We consider potential adverse impacts of investments by integrating environmental, social and governance (ESG) factors into due diligence and decision-making when selecting investment options, as applicable, in addition to adhering to predefined exclusion criteria set out in the policy on responsible investment and sustainability risk published on Landsbréf’s website.¹ We use ESG data provided by Bloomberg, Reitun and Vera, Creditinfo’s sustainability interface. We identify, prioritise and assess the principal adverse impacts on ESG factors by considering the scale and severity of the impact, the likelihood of occurrence and the potential for mitigation. In this assessment, particular attention is paid to impacts on climate, nature and biodiversity, human rights, social factors and good governance practices, based on relevance to individual asset classes and investments. Where appropriate, we exercise active ownership as part of our processes for addressing principal adverse impacts on sustainability factors. This may include engaging with issuers on ESG-related matters or taking other action intended to promote improved business practices and enhanced disclosure. Further information on active ownership and its practice can be found in the Landsbréf Ownership Policy.² We monitor the aggregated adverse impacts of investments on sustainability factors through regular measurement and analysis.

We disclose information on all 18 mandatory sustainability indicators in accordance with Table 1 of Annex I of Delegated Regulation (EU) 2022/1288 supplementing the SFDR, along with two additional indicators, one from Table 2 and one from Table 3 in the same Annex. For each of these indicators, we provide information about measures taken and planned action. These disclosures reflect the sustainability priorities underpinning our investments and form the basis for consistent and transparent reporting. This statement includes information on the principal adverse impacts of our investments, as measured according to the guidelines mentioned above.

¹See further information on [Landsbréf’s sustainability page](#).

²See [Landsbréf Ownership Policy](#).

Limited disclosure from the companies in which we invest means that we still face challenges in fully assessing and identifying all principal adverse impacts of our investments. To ensure consistency, data is sourced from Bloomberg, Vera and Reitun. Companies that do not provide sustainability information to any of these providers receive a score of 0 for their ESG factors in the tables. Care must be taken to ensure that data collection does not become excessively time-consuming. For this reason, these three data providers are used, as together they hold information for the majority of the portfolio where sustainability data is available. Landsbankinn and Landsbréf will not undertake direct measures to improve the sustainability data within the portfolio.

Comparison with benchmarks in this field is complicated by the diverse nature of our portfolios, including asset classes, the nature of the investments and sectors. Without comparative data for several periods, it is difficult to determine which ESG factors are experiencing the greatest adverse impacts. Currently, only two past periods provide comparison, yet this improves each year the statement is published.

Because climate change threatens societies and economies worldwide, we focus on reducing the impact of our investments on the climate, alongside other ESG priorities. This is in accordance with Landsbréf's policy on responsible investment and sustainability risk, Landsbankinn's sustainability policy and our participation in the United Nations Principles for Responsible Investment (PRI) initiative.¹

This PAI statement covers the period from 1 January to 31 December 2025.² The information was originally published on 30 June 2026. We will continue to publish this information annually, with more frequent updates as necessary. This summary is published in both Icelandic and English.

¹See [Landsbankinn's sustainability policy](#) and [Landsbréf's policy on responsible investment and sustainability risk](#).

²The stated impacts do not cover certain investments where data is unavailable and could not be obtained through best efforts or estimated. The calculation basis for our impacts follows the methodology set out in the regulatory technical standards published in Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing the SFDR.