



Conduct Policy

Landsbankinn operates in accordance with laws and good business practices, guided by the interests of its customers, owners, and society as a whole.

The conduct of the Bank's employees reflects Landsbankinn's values and purpose; to be a trusted bank for our future.

1. Purpose and objectives

This policy describes how Landsbankinn promotes employee conduct that complies with laws and regulations, does not lead to unfair outcomes for customers, and does not undermine trust in the financial market.

The objective of the policy is to reduce conduct and compliance risk by meeting the requirements and expectations placed on the Bank and preventing the financial and non-financial losses that inappropriate conduct can entail.

2. Scope

This policy applies to Landsbankinn.

3. Definitions

Landsbankinn applies the definitions of the Operational Riskdata eXchange Association (ORX) for operational risk, cf. the Operational Risk Policy. The subcategories of operational risk covered in this policy are:

Conduct risk: Failure to act in the best interests of customers, in accordance with fair business practices and rules of procedure.

Compliance risk: Failure to comply with legal and regulatory obligations.

4. Management of conduct and compliance risk

The Bank applies a risk-based approach to mitigate conduct and compliance risk and regularly assesses the identified risks and the effectiveness of the measures used to mitigate such risks.

Landsbankinn recognises that mistakes can occur but intentional or repeated violations of laws or regulations are not tolerated. Furthermore, conduct is not tolerated if it harms customers, undermines effective competition, or threatens trust in the financial market.

The Bank focuses on preventive measures but also has effective procedures for handling known risks and responding appropriately if deviations occur.

The following factors are considered most important for reducing conduct and compliance risk:

4.1. Risk culture

Landsbankinn promotes a sound risk culture by emphasising that managers set a good example and demonstrate a positive attitude towards laws, regulations, and authorities. Managers should encourage employees to maintain and increase their knowledge and to report areas for improvement. In instructions to employees, it is emphasised that each employee is responsible for their own conduct and for considering Landsbankinn's reputation.

4.2. Internal regulatory framework, training and advice

Landsbankinn ensures that employees have easy access to information, training and advice on current requirements at any given time. The Bank also ensures that employees have the necessary qualifications and expertise.

Changes to current requirements are monitored, and necessary changes are implemented in a timely and effective manner.

4.3. Internal control

Internal control is an integral part of operations. The Bank has a specific policy on internal control that further outlines the objectives of internal control and the division of tasks.

4.4. Reporting about deviations and suspicions

Landsbankinn places strong emphasis on ensuring that employees feel safe reporting mistakes so that any potential harm can be mitigated and similar mistakes prevented in the future.

Employees are encouraged to promptly report mistakes, deviations, or suspicions of legal violations or other inappropriate conduct. Reports regarding suspicions of illegal or inappropriate conduct may be submitted anonymously and employees are guaranteed whistleblower protection in accordance with law.

4.5. Communication with public authorities

Communication with public authorities must be conducted respectfully. The Bank emphasises professional and constructive communication and that enquiries are responded to in a timely manner with correct information.

5. Landsbankinn's focus in specific areas

The following outlines the Bank's key priorities related to business conduct, competition, taxation, and data protection. Measures against financial crime and management of conflicts of interest are covered in separate policies

5.1. Business conduct

LaLandsbankinn respects the fundamental rights of individuals. Emphasis is placed on fairness and consideration in communications with customers and other stakeholders. Care is taken to provide adequate and appropriate information and that advice is based on the interests and needs of the customer in question.

In product development, care is taken to ensure that products and services serve the needs of customers, meet relevant legal requirements and do not increase the risk of conflicts of interest or financial crime.

Customer complaints shall be handled promptly, efficiently and fairly. Complaints are responded to in a clear manner as promptly as possible and no later than four weeks after reception. The Bank provides written explanations in the case of customer complaints that are not fully upheld, and information about legal recourse.

5.2. Competition

Landsbankinn operates in all major markets for financial services in Iceland and it is the Bank's policy that its operations are always and in all respects in accordance with competition law and in line with current settlements with the Competition Authority. Furthermore, the Bank emphasises that its strategy, planning, decision-making, and follow-up all support the objectives of competition law and contribute to benefits for customers, the economy, and society in both the short and long term.

The Bank is aware of the need to exercise caution in any communication with competitors, whether such communication is direct or through other companies or interest groups. Landsbankinn's size in the Icelandic financial market and its share in individual product and service markets increases the importance of always complying with the provisions of competition law.

5.3. Taxation

The Bank is committed to conducting its tax affairs in a responsible and lawful manner. Customers are not offered tax advice.

5.4. Data protection

The processing of personal data at the Bank is carried out in accordance with fundamental principles of data protection. In all the Bank's activities, efforts are made to provide adequate education on the processing of personal data and to ensure that such processing is always in accordance with the main principles and authorisations of data protection laws. The Bank also emphasises the accuracy and reliability of personal data and ensures appropriate safeguards in its handling.

6. Responsibility and organisation

The Board of Directors bears ultimate responsibility for the Bank's operation and governance, and for ensuring an effective system of internal control. It is the responsibility of the CEO to ensure that this policy is respected and implemented with appropriate rules and procedures.

Managers are responsible for ensuring that the operations of their units comply with this policy. They are expected to lead by example, remain alert to operational risk, and take appropriate action to address deviations and identified weaknesses. Managers are responsible for ensuring that their employees are qualified to perform their duties and are familiar with the requirements and risks associated with their work.

Employees are responsible for their own competence and conduct and must report any mistakes and suspicions.

The Compliance Officer is responsible for second-line monitoring of this policy. The Data Protection Officer monitors adherence to the Bank's data protection priorities. Both officers regularly provide the Board of Directors, the Risk Committee, and the Executive Board with reports on their activities under this policy, at least annually. The Board of Directors addresses any comments and follows up to ensure that measures are taken as appropriate.

7. Implementation and review

The CEO is entrusted with establishing and maintaining the following rules, with the involvement of the relevant standing committees, to supplement this policy:

- Code of Conduct,
- Procedure for communication with public authorities,
- Procedure for internal regulatory framework,
- Procedure for the handling of complaints,
- Guidelines on competition matters,
- Rules on data protection and the processing of personal information,
- Rules on whistleblower protection.

The Board of Directors reviews this policy at least every two years, or more frequently if warranted. This policy is published to Landsbankinn's website