



# Sustainability accounts Landsbankinn 2024 - Appendix

30 January 2025



## Independent Auditor's Assurance Report

### **To the Management and the stakeholders of Landsbankinn hf.**

We have been engaged by Landsbankinn hf. to provide limited assurance on selected sustainability metrics presented in the Sustainability accounts index for the financial year 2024 ("the Report") disclosed as part of Landsbankinn's Annual- and Sustainability Report for the year 2024. The metrics subject to our review are marked with (\*) in the column (Reviewed by Deloitte) in the Sustainability account index table.

### **Scope**

Our work is limited to assessing selected information in the Sustainability accounts index table and, where applicable, Sustainability accounts appendix to the Sustainability account index table for the year 2024, as referenced.

Our opinion does not extend to other information in the Sustainability accounts index table for the year 2024 or appendix.

We express a conclusion providing limited assurance.

### **Management's responsibility**

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

### **Our independence and quality control**

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

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

### **Auditor's responsibility**

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

A limited assurance engagement is less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Considering the risk of material misstatement, we planned and performed our work to obtain all information and explanations necessary to support our conclusion.

We performed procedures which included e.g. recalculating of data, reviewing the methodologies used to prepare the information, and conducting interviews with individuals responsible for preparing the data. We interviewed key personnel within Landsbankinn, applied inquiries regarding procedures and methods to ensure that the selected information in the Sustainability accounts index table is presented appropriately. We performed analytical procedures and traced the reported information to underlying evidence.

**Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected information in Landsbankinn's Sustainability accounts index table for the year 2024 is not, in all material respects, in accordance with the results of the individual metrics reported.

Kópavogi, January 30, 2025

**Deloitte ehf.**

Birna María Sigurðardóttir  
State Authorised Public Accountant

---

# Contents

Information for the reader.....	3
Timeline .....	3
Double materiality assessment.....	4
Value chain and stakeholders.....	4
Workshop topics .....	6
The discussion topics in the workshops were: .....	6
Results from workshops.....	7
Internal stakeholders .....	7
External stakeholders .....	8
Results of survey carried out towards the end of each workshop: .....	10
Core team .....	11
Heatmap.....	11
Green financing .....	13
Sustainable finance framework.....	13
ESG ratings by independent parties.....	14
Green bonds .....	14
Eligible projects in the Bank's loan portfolio.....	14
Participation in initiatives .....	16
Green products.....	16
Individuals .....	16
Corporate.....	17
Green asset ratio .....	17
Future vision and objectives.....	18
The European Sustainability Reporting Standard (ESRS) .....	18
ESRS2 .....	18
E1 Climate Change.....	20
Environmental.....	20
E1-5 Energy consumption and mix - Energy.....	20
302-1 Energy consumption within the organization.....	20
302-2 Indirect energy consumption.....	21
E1-5 Energy based on net revenue -302-3 Energy intensity .....	21
E1-6 Gross scopes 1, 2, 3 and Total GHG emissions .....	21
305-1 Direct (Scope 1) GHG emissions.....	21
305-2 Direct (Scope 2) GHG emissions.....	21
305-3 Other indirect (Scope 3) GHG emissions.....	22
E1-6 GHG intensity based on net revenue 305-4 Losunarstig gróðurhúsalofttegunda .....	23
E5-5 Resource outflows -waste. 306-2 Waste by type and disposal method .....	24
S1 Own Workforce.....	26
G1.....	36

---

# About the report

Landsbankinn's sustainability accounts for 2024 provides information on the Bank's sustainability issues and was prepared using the European Sustainability Reporting Standards (ESRS) to the extent that was possible at this time. The sustainability accounts do not fully align with the ESRS, this is an ongoing process, the next step is to finish the gap assessment and continue to develop the information for our next reporting cycle. The CSRD has been implemented within the European Union and will be adopted in member states of the European Economic Area (EEA). In light of this, the Bank decided to discontinue reporting on sustainability based on the Global Reporting Initiative (GRI) guidelines and instead align its reporting with the ESRS, as required under the CSRD. This section, which serves as an appendix to the reference table of the sustainability accounts, provides additional details that could not be fully included in the table.

Over the past year, the Bank has worked diligently to collect data, with an emphasis on data quality but there is still progress to be made in terms of data presentation and the provision of information from companies. As companies' knowledge and experience in collecting and presenting data improves, better comparison of the data will become possible.

As this is the Bank's first report under the new methodology, it was decided to rely on established methodologies for the climate chapter. This chapter has therefore been prepared in accordance with GRI standards but categorised under E1 and, in the reference table, the chapters are marked with the relevant E1 indicators that they are attempting to meet. It is clear that the sustainability report is a work in progress and will be reviewed and improved annually to ensure it serves the Bank as effectively as possible in achieving tangible sustainability goals and implementing targeted initiatives.

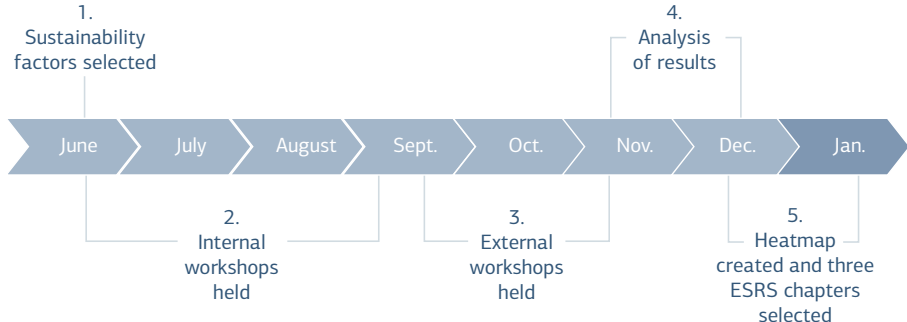
The report is reviewed, and parts of it are verified with limited assurance by Deloitte. Deloitte's statement provides further details about what limited assurance entails and which parts of the report were reviewed. Sections such as the one on green financing cannot be assured according to the ESRS or GRI, as it is not written in accordance with any specific guidelines. That chapter describes the Bank's actual work on green finance. While efforts are made to align it with the requirements of the Bank's investors, the market, regulators, and other stakeholders, no standardised guidelines currently exist under ESRS or GRI.

The standard has also not been officially published in Icelandic by the relevant authorities. For the Icelandic version, it was therefore decided to publish category headings in their original language this year to avoid inconsistencies with a potential future official translation. However, all of the Bank's responses are provided in Icelandic in the Icelandic language version of this report.

The timeline that Landsbankinn followed in preparing and drafting this report is outlined. A detailed description of the double materiality analysis and its findings follows. A dedicated chapter is included on green financing, as green financing is directly linked to the Bank's operations and offers a clear pathway to achieving measurable progress in sustainability initiatives.

Chapters from the ESRS are included thereafter.

## Timeline



# Double materiality assessment

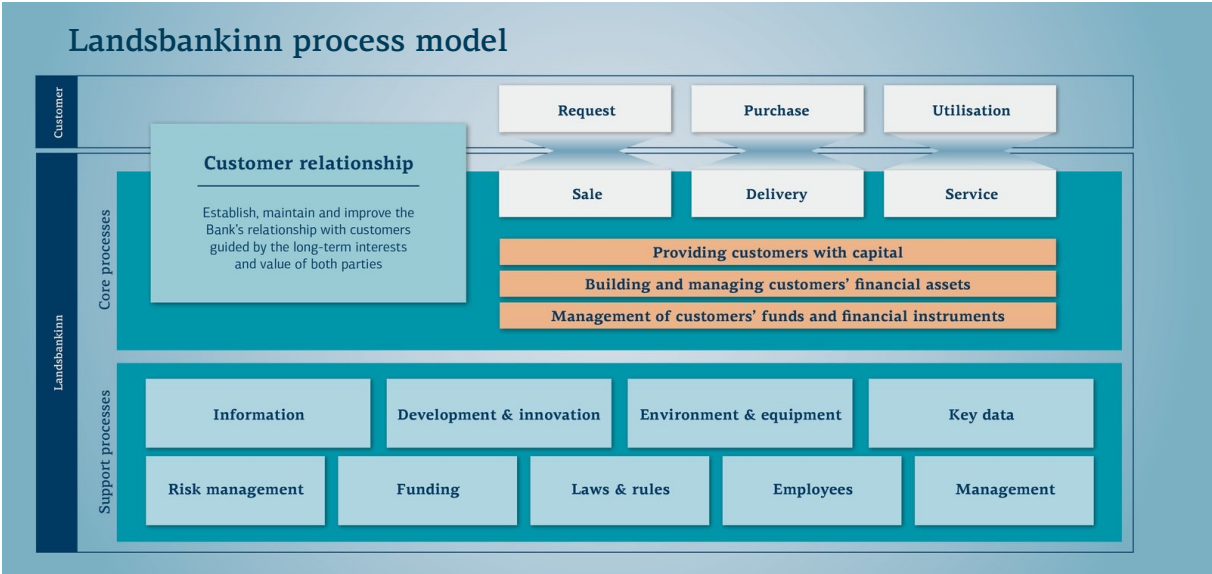
Preparations to align Landsbankinn’s sustainability accounts with CSRD began in 2023. During the year, the Bank conducted a double materiality assessment of its operations, evaluating on the one hand its impact on the external environment and, on the other hand, the impact of sustainability factors on the Bank’s operations. The timeline above outlines the organisation and progress of the work, following the formation of a cross-disciplinary team composed of employees from various departments of the Bank who are familiar with its daily operations and activities. The team was responsible for implementing CSRD within the Bank and was comprised of the Managing Director of Finance, the Head of Financial Reporting, the Head of Business Strategy and Process Management, Landsbankinn’s Data Protection Officer, the Head of Sustainability, and two sustainability specialists from the Bank. The Bank’s sustainability team organised workshops for internal and external stakeholders, documented and processed the results of the workshops, and studied and interpreted the ESRS.

## Value chain and stakeholders

ESRS SBM-2

Landsbankinn is a service company that places customers first. In its simplest form, the Bank’s customers fall into two categories: those with capital and those in need of capital. The top part of the process model illustrates the Bank’s interactions with these stakeholders, focusing on professional sales, efficient delivery and excellent service.

The first step was to define Landsbankinn’s value chain and its stakeholders.



The Bank’s process model also encompasses its value chain (see image).

*The Bank's core processes (income-generating process) are three:*

**1. Providing customers with capital**

A comprehensive process (sub-processes include the Bank’s lending processes) that begins when a customer applies for a loan and concludes when the loan is either fully repaid or resolved through other means (e.g., write-offs).

## 2. Building and managing customers' financial assets

Customers entrust the Bank with assets for investment (sub-processes include deposit processes, asset management, portfolio management, and pension fund operations).

## 3. Management of customer funds and financial instruments

The Bank acts as an intermediary or facilitator, arranging funding from third parties, providing payment services (funds, payment cards, and transactions to facilitate payments for goods and services), conducting market transactions (buying and selling securities, foreign exchange, and derivatives), and mediating mergers, acquisitions, or company sales.

Support processes underpin the main processes and ensure the overall operations run smoothly. All support processes are essential to the Bank's activities.

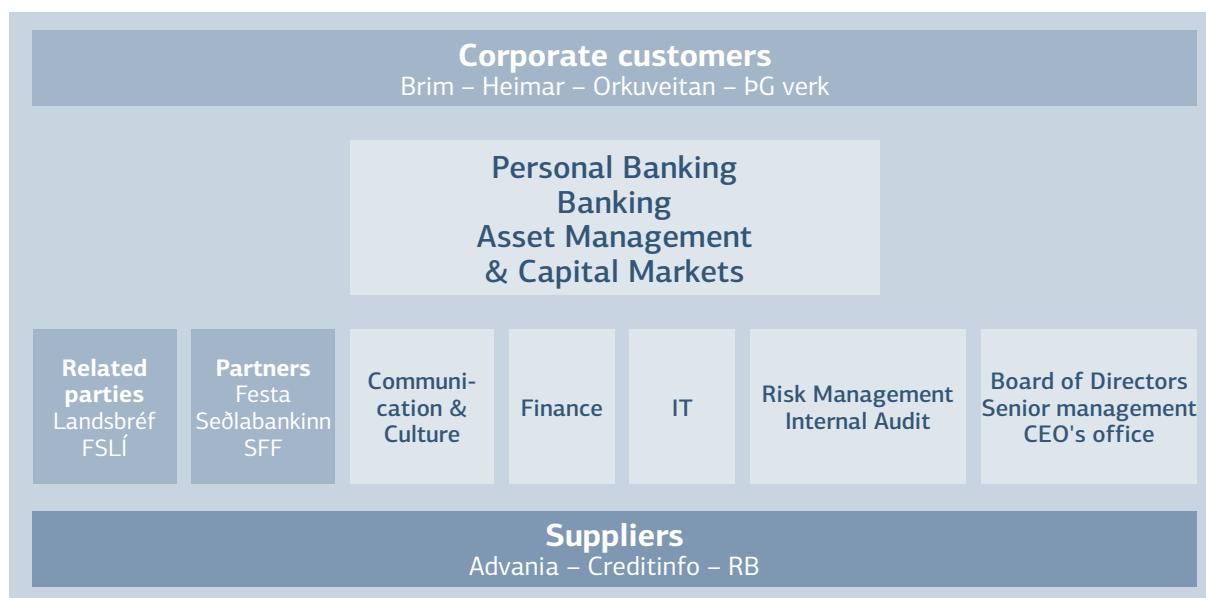
The Bank's stakeholders were identified based on its operations.

External stakeholders are:

- Corporate customers (4)
- Suppliers (3)
- Related parties (2)
- Partners (3)

Internal stakeholders fall into two categories based on connections with either the income-generating value chain or support processes:

- The income-generating processes belong to Personal Banking, Corporate Banking and Asset Management & Capital Markets.
- The support processes belong to 8 groups within the Bank who taken together have ties to all support processes.



Workshops were held with all stakeholders represented on the process model.

---

## Workshop topics

ESRS 2 SBM-3, ESRS IRO-1

All workshops began with a presentation of several topics related to environmental issues, social factors, and governance practices, which participants were asked to discuss. At the end of each workshop, participants were provided with a QR code linking to an anonymous survey where they were asked to select the points they considered most important for the Bank, three in each category. This provided the core team with data, in addition to notes from the workshops and their own expertise. The collected data was processed and the results compiled into a heatmap.

### *The discussion topics in the workshops were:*

#### Environmental

- U1** Climate adaptation strategies
- U2** Climate mitigation strategies
- U3** Renewable energy & energy efficiency
- U4** Sustainable real estate investments
- U5** Green financing
- U6** Biodiversity
- U7** Greenhouse gas emissions
- U8** Climate risk assessment
- U9** Sustainable supply chain management
- U10** Sustainable product development
- U11** Waste management
- U12** Water management

#### Social

- F1** Product accessibility & affordability
- F2** Measures against violence and harassment in the workplace
- F3** Employee wellbeing programs
- F4** Financial literacy
- F5** Employee diversity and inclusion
- F6** Workforce training and development
- F7** Gender equality
- F8** Human rights policies
- F9** Labour practises
- F10** Community engagement and development

#### Governance

- S1** Stakeholder engagement
- S2** Board diversity
- S3** Regulatory compliance
- S4** Anti-corruption policies
- S5** Executive compensation
- S6** Corporate governance
- S7** Whistleblower protections
- S8** Information security
- S9** Conflict of interest management
- S10** Ethical business practises



---

## Results from workshops

ESRS 2 SBM-3, ESRS IRO-1

Workshop discussions highlighted potential impacts, risks and opportunities (IROs).

### Internal stakeholders

Internal workshops were conducted with all divisions of the Bank, including Risk Management, the Board of Directors, Asset Management & Capital Markets, Personal Banking, Finance, Landsbankinn's Employee Association (FSLÍ), Corporate Banking, Internal Audit, Communication & Culture, and Information Technology (IT). Participants were selected randomly to ensure broad representation of employee perspectives across the Bank.

### Environmental

Green financing was identified as the most important topic, as it relates to how the Bank funds itself and the type of financing it offers to customers. Opportunities for impact through adaptation and mitigation measures lie in lending decisions and the Bank's green products.

The rising frequency of natural disasters due to climate change, such as increased landslide risk, heightens the potential for damage to a significant portion of the Bank's loan portfolio. Risks stemming from ocean acidification, changes in the migration patterns of various fish species and other marine changes could impact Iceland's fishing industry, which constitutes a substantial part of the Bank's loan portfolio. It is therefore important to monitor changes and take action when necessary.

There was also extensive discussion about the reputational risk associated with lending to controversial projects and/or projects that threaten biodiversity. Assessing climate risk was considered crucial to prevent lending that could have negative environmental impacts.

The Bank's size and role in Iceland's economy position it to create positive and ripple effects throughout its supply chain, both by setting an example in its own operations and by raising awareness and encouraging changes in behaviour related to procurement practices.

Neither internal nor external stakeholders considered waste and water management to be significant from the perspective of the Bank's operations as a financial institution. On the other hand, the Bank's products were seen as having the potential to promote better waste and water management among its customers in the future, thereby helping to reduce waste.

Overall, the greatest opportunities were thought to lie in the Bank using its influence to encourage customers to undertake adaptation and mitigation measures while also setting an example through its own operations.

### Social

Education within the Bank was considered essential to raise awareness among employees. Emphasis was placed on the importance of education to enhance understanding of other materiality topics, as knowledge is typically the first step in any initiative.

The importance of financial literacy was also discussed, as a lack of it poses risks to both society and the Bank's operations. It was considered part of the Bank's role to make information and educational resources accessible to all segments of society. Increasingly, technology can be leveraged to create and distribute content online.

Internal stakeholders agreed on the need to prioritise and enhance diversity among employees to counteract homogeneity and the formation of echo chambers. Greater diversity of perspective fosters tolerance and open-mindedness, better equipping the Bank to meet the diverse needs of its customers. Diversity in this context does not solely refer to gender but also encompasses inclusion of various groups across the spectrum of society. It was deemed important for the Bank to continue being a desirable and attractive workplace to retain talented employees.

---

For a workplace of Landsbankinn's size, it is essential to have defined and documented measures in place to address issues such as violence, human trafficking and other matters related to labour practices and occupational safety. Icelandic laws already regulate key labour market issues highlighted in the CSRD directive. Nevertheless, the Bank holds responsibility and can have a positive, preventive influence throughout its value chain by implementing policies and action plans, as well as requiring suppliers to adhere to similar policies.

Overall, participants agreed that Landsbankinn is a driving force with a significant role in society. The Bank is therefore in a position to make a positive social impact and serve as a role model through its own operations.

## Governance

The increased frequency of cyberattacks highlights the importance of cybersecurity. All stakeholders agreed on the importance of this topic and cited various recent examples from the business world to support their views. It is crucial to ensure both the security of customers' personal data and of the Bank's infrastructure against attacks. The human factor is the weakest link in information security. Security breaches involve not only operational and reputational risks but also potential financial losses for both customers and the bank. It is therefore essential to maintain robust systems and provide effective training and security testing within the Bank to mitigate such risks. The Bank should remain vigilant in addressing new challenges in information security so that customers can trust it with their data.

Conflict of interest is a risk factor, especially in a small community like Iceland. It was considered important for the Bank to continue focusing on safeguards against conflict of interest and to ensure that processes, systems and protections are in place to minimise the associated risk. Advances in technology have also increased traceability, which helps to reduce risk.

Diversity in board composition is not solely a matter of gender balance but also encompasses a broad range of knowledge, experience, age and other factors. A homogeneous board poses risks, as it can be more difficult to adapt to change.

There was consensus that all aspects of the ESRS related to governance are grounded in Icelandic law, meaning that Landsbankinn's operating license could be at risk if these are not adhered to. However, a shift in attitude toward regulatory compliance has been occurring within the Bank. Many expressed the view that compliance with regulations is no longer seen merely as a box-ticking exercise but as something that provides tangible benefits. Adhering to strict regulations has helped prevent fines and has also supported the Bank's competitive edge.

## External stakeholders

Workshops were also held with Landsbankinn's key external stakeholders, including Festa, Landsbréf, the Central Bank of Iceland, the Icelandic Financial Services Association (SFF), as well as major suppliers and customers. Suppliers were selected in consultation with Contract Management, while the Corporate Banking division assisted in selecting customers to ensure representation from various sectors. There was considerable discussion about the Bank's dual role: on one hand, its own operations, and on the other, its ability to influence through investments and lending.

## Environmental

The analysis of climate risk was considered important. The Bank should be mindful of transition risk, as governments might act late, which could result in sudden and severe regulatory changes. Regarding physical risk, it was noted that Iceland's economy heavily relies on the environment and that natural disasters such as floods and landslides, as well as changes in the ocean, could have significant impact on sectors like real estate and fisheries.

External stakeholders identified sustainable product development as a tool and opportunity for the Bank to encourage environmental action within society, a view echoed by internal stakeholders. Examples were provided, such as financing for electric vehicles and environmentally certified buildings, both of which

---

have positive environmental impacts. It is crucial to ensure that customers derive tangible benefits from choosing green products and/or services. Landsbankinn is also well-positioned to direct capital towards sustainable initiatives. The Bank's green financing at lower interest rates should translate into better terms for green products.

The supply chain presents both opportunities and risks. For the Bank, there is a risk in engaging with suppliers that have negative environmental impacts, as such associations could damage the Bank's reputation. Considering the Bank's size, it is important for Landsbankinn to leverage its purchasing power to strategically influence its suppliers.

Overall, external stakeholders believed that Landsbankinn is performing well by measuring its emissions and setting environmental targets. The Bank should serve as a good role model through its own operations and use its influence for the benefit of society.

## Social

Internal and external stakeholders agreed that while many social aspects are legal obligations and are well-managed by the Bank, Landsbankinn still bears ultimate responsibility for its operations and its value chain. It is important to ensure that human rights are respected in procurement and contract negotiations. It is also important to find the right balance in follow-up procedures to ensure that requirements for disclosures and oversight are not overly burdensome.

External stakeholders echoed the views of internal stakeholders that Landsbankinn should take advantage of its unique position to improve financial literacy in society. Poor financial literacy is often striking and lack of financial understanding and competence can lead to increased credit risk. Additionally, the Bank is legally obligated to maintain education and provide information about its products. Strong financial education results in stronger individuals and better customers. It also greatly benefits society and enhances Landsbankinn's reputation.

It is essential to ensure diversity and inclusion, as the workplace must reflect the diverse perspectives of society. It is also important that all employees feel they have a voice within the company. Promoting diversity and inclusion is essential to fostering a positive workplace and ensuring an environment that empowers employees to perform at their best. If employee well-being is neglected, there is a risk of losing valuable talent and experience.

As previously mentioned, it is critical for Landsbankinn to use its influence for good, both within the company and in the broader community.

## Governance

There was consensus that adhering to ethical business practices is paramount when it comes to governance. The prevailing corporate culture, such as attitude towards risk, emphasis on education and other factors, define a company both inwardly and outwardly. As a state-owned bank, Landsbankinn is particularly vulnerable to criticism, and a negative corporate culture could serve as the basis for such scrutiny. External stakeholders were of the opinion that Landsbankinn has a strong corporate culture but emphasised the importance of maintaining it, as well as always seeking opportunities for improvement.

Opportunities exist to more effectively integrate requirements for ethical business practices into customer processes.

External stakeholders, like internal stakeholders, believed that the importance of information security is continually increasing. It is essential to guard against risks such as ransomware attacks, growing cyberattacks and financial crimes. Additionally, the regulatory requirements the Bank is obligated to meet, such as the GDPR regulation, have increased. Information security extends both up and down the value chain, and it is critical to ensure system traceability.

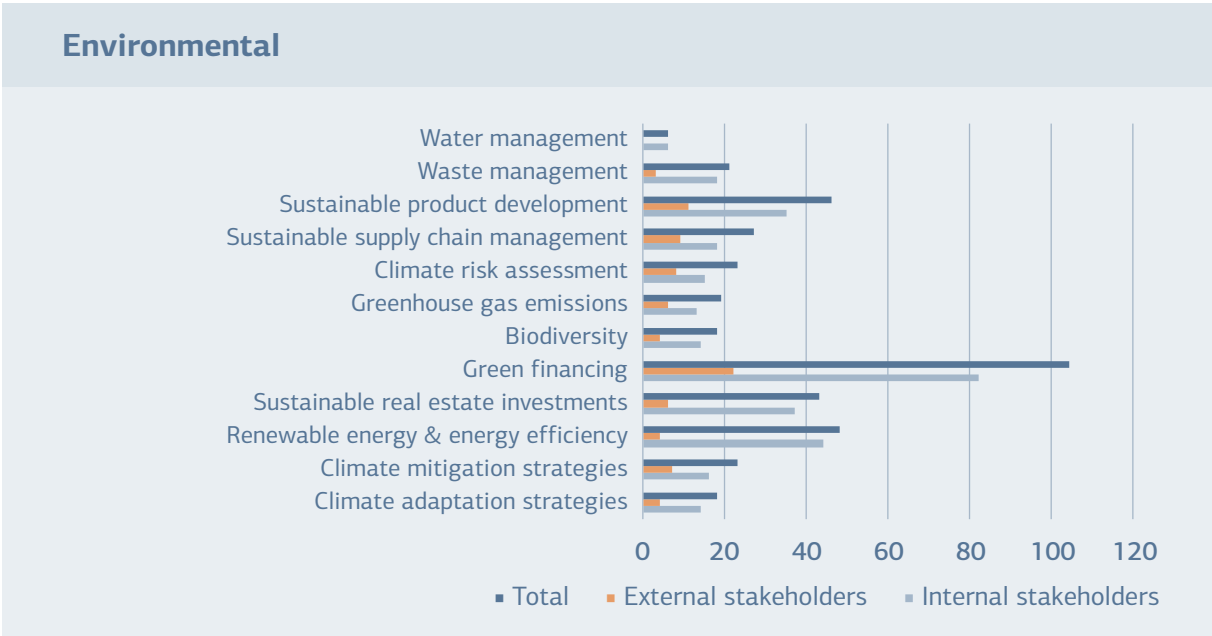
External stakeholders considered conflict of interest to be particularly sensitive in financial operations, acknowledging that Iceland's small society can often make assessing conflict of interest challenging.

This makes it even more important to establish and enforce internal rules while seeking advice from the Compliance function.

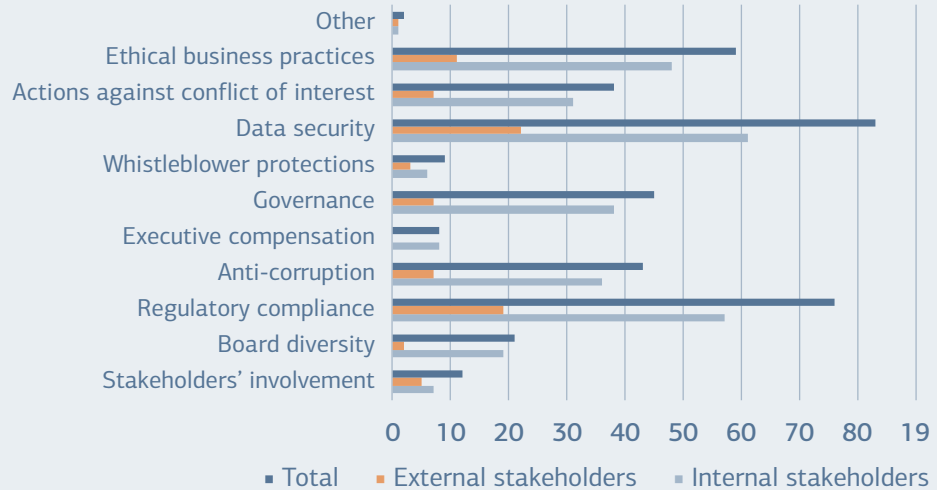
Compliance with regulations was seen as directly linked to the Bank’s credibility. As with internal stakeholders, external stakeholders emphasised the significant risk of losing the Bank’s operating license if laws and regulations are not followed.

Neither internal nor external stakeholders placed high importance on executive compensation, as it is already well-regulated in Iceland. However, they noted that transparency in reporting must be ensured. Icelandic society will hardly tolerate an imbalance between executive compensation and regular workers; the criteria was thought to be more applicable in other countries.

*Results of survey carried out towards the end of each workshop:*



## Governance



## Core team

The core team is a cross-disciplinary group composed of employees from various Landsbankinn departments, including individuals familiar with the Bank's daily operations, regulations (particularly those related to sustainability), strategy and processes, as well as specialists from the sustainability team.

At the outset, the core team met regularly to review the Bank's value chain and identify stakeholders based on it. Additionally, the team needed to reach a unanimous decision on the structure of the workshops, the topics for discussion, and how stakeholders would be grouped.

Since the workshops were conducted over an extended period, the core team met to review results from the internal stakeholder workshops before the external stakeholder workshops began. After all workshops were completed, the group reconvened to analyse the results, including both summaries of discussions and numerical data from voting sessions. The discussion points were then organized into a heatmap based on this information, as well as the team's knowledge of Landsbankinn and sustainability.

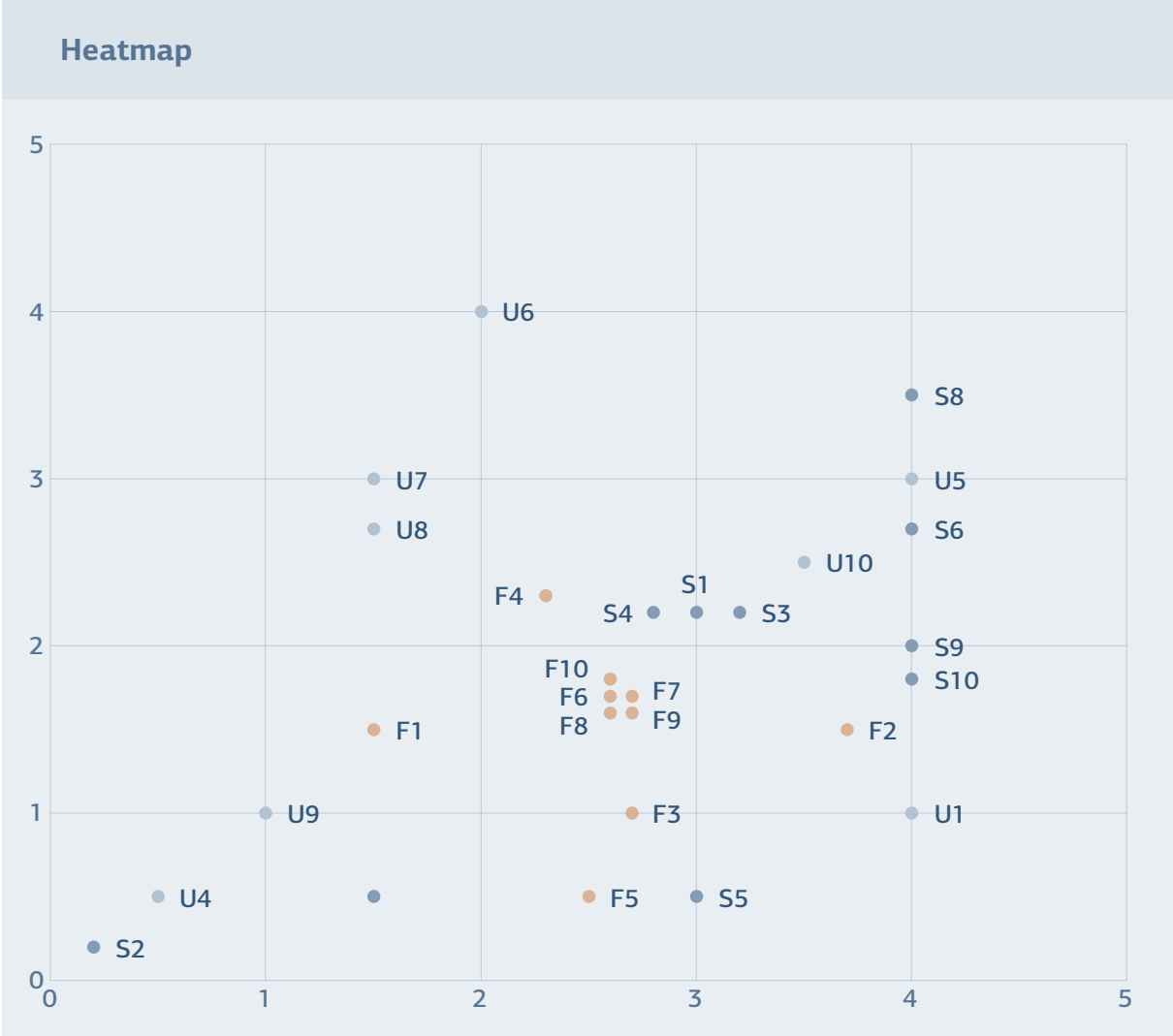
## Heatmap

The assumptions for the x axis, showing impact materiality, were not clear. To assess them, the team would have required a scenario. As no guidelines have been issued regarding the data that Risk Management can use to create climate risk scenarios for Iceland, the team had no scenario to base its work on. Instead, a subjective assessment was made regarding whether each point could have a significant impact on the environment in which Landsbankinn operates in Iceland over the next five years. This approach is less precise than the team would have preferred. When regulatory authorities issue guidelines on the data to be used for climate risk scenarios, the team update the Bank's heatmap using scenarios.

The assumptions for the Y-axis focus on financial impact (financial materiality), where that 0 represents no change from the current situation and that 5 indicates impacts severe enough to cause the Bank to fail, triggering an MREL<sup>1</sup> event and necessitating the Bank's resolution and restructuring.

<sup>1</sup> <https://www.sedlabanki.is/fjarmalastodugleiki/skilavald/mrel-krofur/>

Below is the heatmap constructed by the team:



The core team decided to omit points U11 and U12, as they were deemed to have minimal relevance to the Bank’s operations and impact according to the double materiality analysis.

The conclusion is that Landsbankinn should focus on the following points:

- S8 Information security
- U5 Green financing
- S6 Corporate governance
- U10 Sustainable product development

When the discussions from the workshops and the core team regarding these points were reviewed in the context of the ESRS chapters, the conclusion was that the chapters most accurately reflecting these issues were:

- E1 Climate adaptation strategies
- S1 Stakeholder engagement
- G1 Corporate governance

---

It was then decided to address these three chapters to the best of the Bank's ability in its first CSRD report. It is important to note that the Bank recognises this as an ongoing process and views it as an annual exercise to refine the analysis and improve how it can be used to enhance Landsbankinn's operations. For companies, there are numerous opportunities in undertaking such a detailed process as the double materiality analysis of ESRS. Since the ESRS is still developing sector-specific chapters and currently does not have a dedicated chapter in ESRS2 addressing green financing, it was also decided to include a separate chapter on green financing and the role it plays in the Bank's operations. This decision was based on the unanimous view of workshop participants, as described above, that green financing is the most critical aspect of the Bank's operations, its sustainability impact and its influence on society.

These conclusions were presented to the Bank's Executive Board, which approved them. As a result, Landsbankinn publishes its sustainability accounts for the year 2024 based on the ESRS but also with reference to the Global Reporting Initiative (GRI) guidelines where indicated.

## Green financing

The CSRD stipulates that companies must report sustainability information in accordance with the ESRS. The standard is highly detailed yet does not fully cover the specific operations of all sectors. Work is currently underway to develop sector-specific standards, including for the financial sector. Until the publication of applicable sector-specific standards, the ESRS requires companies to include entity-specific disclosures in a dedicated section. The purpose of this section is to provide information about the management of green financing within the Bank, highlighting the direct connection between sustainability and banking operations.

### Sustainable finance framework

Sustainable finance frameworks clearly define how funds raised through bond issuances or deposits will be allocated in a transparent and accountable manner. Banks' finance frameworks are generally broader in scope than those of companies in other sectors because commercial banks have such extensive connections to the wider economy.

Landsbankinn's Sustainable Finance Framework sets out criteria for its funding of environmental and social initiatives. The Framework, which has been reviewed by Sustainalytics, clearly defines the projects that contribute to sustainability and ensures transparency. The bank issued its first Framework in early 2021, but as the sustainability landscape evolves rapidly, it was updated in early 2024. The main changes involved reducing the number of sections and further refining the methodology. This was primarily done to ensure alignment with the requirements of international investors, as the Bank's green bonds under the Framework have all been issued in euros and listed on the Irish Stock Exchange.

The Framework is based on ICMA's guidelines and the EU's Taxonomy for green and social financing and the criteria for sustainable projects.

Landsbankinn's Sustainable Finance Framework reflects the principles the market has agreed upon as an effective definition of projects that promote sustainability and the structure industries should adhere to in this regard. In most cases, the focus is on steering the economy towards the goals of the Paris Agreement, which aims to limit global warming to below 1.5°C on average by 2100 compared to pre-industrial levels. To achieve this target, attention is paid to corporate energy use, transitioning from fossil fuels to renewable energy sources, building infrastructure for renewable energy, and more. As previously mentioned, sustainable finance frameworks touch on nearly all aspects of economic activity.

---

Financial instruments issued under sustainable finance frameworks are accompanied by enhanced reporting to confirm that investors' funds are genuinely allocated to initiatives that contribute to sustainability. Reports are regularly published on the allocation of funds from green bond issuances, covering either the refinancing of projects that qualify under a framework's definitions or the financing of new projects that meet these criteria. As market demands continue to grow, there has been an increased demand for information about the impact of these investments, which has been addressed through impact and allocation reports.

## ESG ratings by independent parties

One tool investors have relied on in recent years is third-party evaluations of how companies manage their environmental, social and governance (ESG) factors. These evaluations examine whether companies face financial risks related to their management of ESG issues. Several international entities and one domestic party have provided solicited ratings, where companies actively seek the evaluation to share information externally while other entities provide unsolicited ratings.

Since 2019, Landsbankinn has obtained a solicited ESG risk rating from Sustainalytics. During this time, the Bank has undergone six evaluations of its ESG management and has been rated three times as being at negligible financial risk due to ESG factors.

At the end of 2024, the Bank underwent a comprehensive reassessment by Sustainalytics. The result of the reassessment was that the Bank's rating rose to 15.4 points on a scale to 100, where 0 indicates no risk, and the rating was revised from negligible to low risk. As work on sustainability at the Bank has only progressed between assessments, clarification was requested to which Sustainalytics responded that changed methodology had resulted in a higher rating. At the same time, Sustainalytics announced plans to discontinue ESG assessments for companies that are not publicly listed.

Landsbankinn also receives an ESG rating from the domestic rating agency Reitun and maintained an excellent score in 2024, achieving 90 out of 100 in category A3.

The specific priorities of different investors are not always reflected in ESG assessments from rating agencies. Moreover, ESG assessments are not always comparable due to differences in methodologies.

As a result, many investors have adopted their own ESG evaluations for issuers whose bonds they hold to monitor specific factors.

## Green bonds

Landsbankinn has so far issued green bonds in euros five times: three under the original Sustainable Finance Framework and two under the updated Framework.

The Bank publishes an annual allocation report, verified by a third party, which details the projects financed by the green bond issuances. As described in the Sustainable Finance Framework, the Bank's Risk & Finance Committee operates a subgroup responsible for determining which funds qualify under the Framework and how they should be allocated across categories. Each year, the subgroup submits a proposal for the allocation of funds tied to outstanding green bonds to the Risk & Finance Committee. Once the allocation proposal is approved, a report is published on the Bank's external website to inform investors. The allocation report is issued with third-party verification.

At the end of February 2025, Landsbankinn will publish an allocation and impact report on outstanding green bond issuances and the projects they have financed.

## Eligible projects in the Bank's loan portfolio

Landsbankinn's Sustainable Finance Framework<sup>2</sup> outlines the specific requirements each project category must meet to qualify under the Framework. There are seven categories for green or blue projects and three categories for social projects.



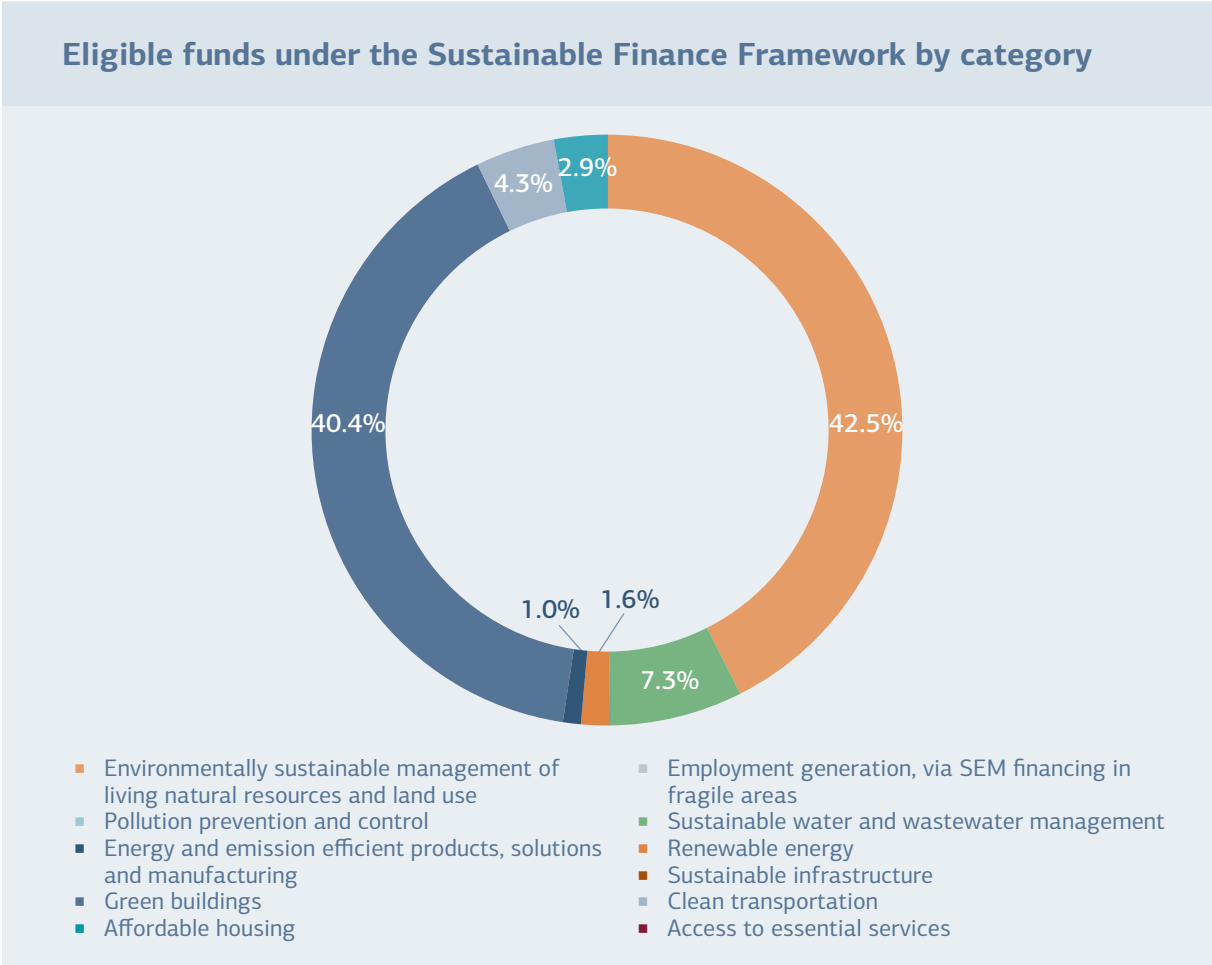
A specific methodology has also been developed for the top 15% of residential properties in terms of energy efficiency. This methodology<sup>3</sup> designates the top 15% of the most energy-efficient properties in the Bank’s loan portfolio, built in or after 2020, as qualifying sustainable housing. The methodology has been reviewed by Sustainalytics, which confirmed that it aligns with market standards.

As a result, the top 15% of properties are considered eligible buildings under the Framework’s green building category. This approach was adopted to account for the environmentally friendly energy usage of Icelandic residential properties. However, no allocations have yet been made to these buildings. The methodology for the top 15% was developed because the EU Taxonomy only applies to properties constructed under the latest EU building regulations.

Since Icelandic building regulations do not align with these standards, Icelandic residential properties cannot be classified under the Taxonomy, even though nearly all are heated with renewable energy.

Additionally, Iceland lacks an energy performance certification system for buildings, which is common in other parts of Europe and would allow for classification under the taxonomy.

Lending to eligible projects under the Sustainable Finance Framework amounts to ISK 251,220 million and is allocated to the following categories as shown below:



2 <https://www.landsbankinn.is/uploads/documents/bankinn/sjalfbaerni/landsbankinn-sustainable-finance-framework-2024.pdf>

3 [https://www.landsbankinn.is/uploads/documents/bankinn/sjalfbaerni/green\\_residential\\_buildings\\_methodology.pdf](https://www.landsbankinn.is/uploads/documents/bankinn/sjalfbaerni/green_residential_buildings_methodology.pdf)

## Participation in initiatives

Landsbankinn has three active loan facilities with the Nordic Investment Bank (NIB). Two of these loan agreements, each in the amount of USD 75 million, are intended for the financing of small and medium-sized enterprises in Iceland and projects with an environmental component. The most recent of these agreements was concluded in December 2023. The third facility, in the amount of USD 40 million, is funding of the Bank’s new headquarters at Reykjastræti 6, a building that will be BREEAM certified as “Excellent”.

## Green products

### Individuals

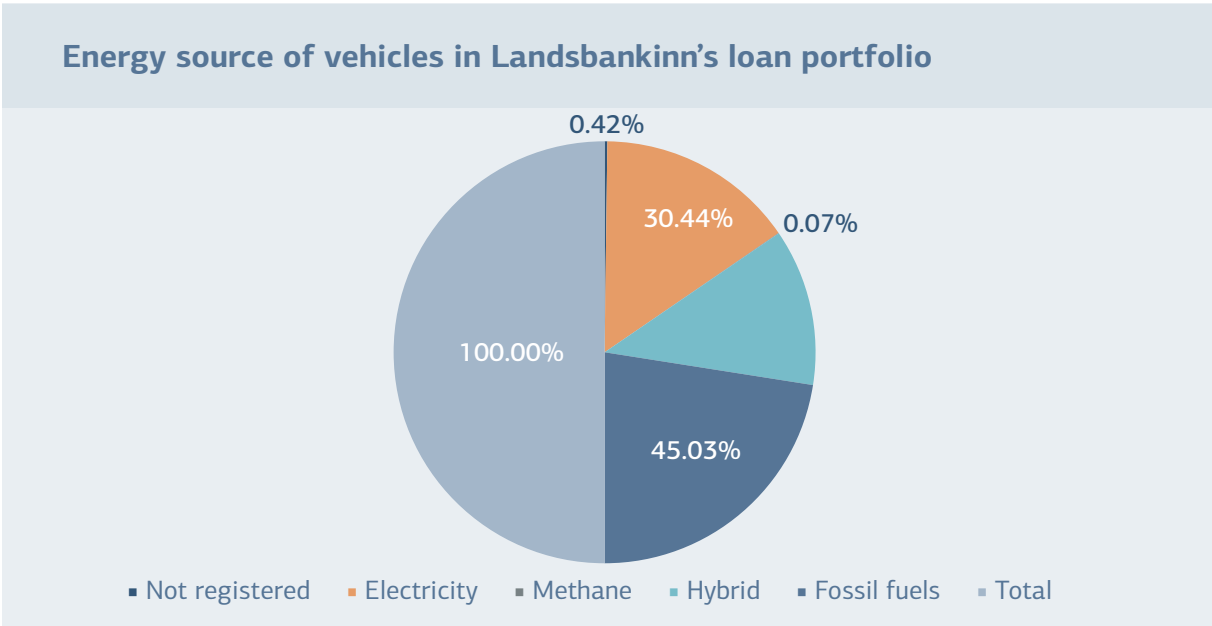
At Landsbankinn, individuals can make their savings contribute to sustainability either by investing in the Eignadreifing sjálfbær fund, managed by Landsbréf, a subsidiary of Landsbankinn, or by depositing funds into the Vaxtareikningur sjálfbær savings account.

Eignadreifing sjálfbær aims to invest in a diversified portfolio of domestic and international financial instruments, with a focus on promoting environmental and/or social factors, while ensuring that good corporate governance practices are followed by the companies in which it invests. The fund’s minimum proportion of sustainable investments must be 80% at all times. Maximum investment in equities and equity funds is 70% of the fund’s assets and total investment in non-domestic assets shall not exceed 80% of its assets, including a 50% maximum in bonds and 50% maximum in equities. Eignadreifing sjálfbær is suitable for achieving returns from a well diversified portfolio over a medium term, 3 years or longer.

Vaxtareikningur sjálfbær is a savings account whereby deposits are used to finance projects that contribute to sustainability. In this way, savings can have a positive impact on the environment and society. The Vaxtareikningur sjálfbær savings account refers to Landsbankinn’s Sustainable Finance Framework to define projects that meet sustainability criteria.

The Bank also actively supports the energy transition by offering better terms for electric vehicle buyers, as these vehicles emit less and are more cost-effective to operate. Buyers of electric vehicles are offered the lowest loan fees and better financing terms.

The distribution of energy sources across vehicle loans for individuals and companies is shown below.



---

## Corporate

To date, the Bank's corporate loans have primarily contributed to its green financing. The Bank's mortgage portfolio is partially eligible for green classification, i.e. the top 15% of energy-efficient residential properties, as outlined earlier; however, no allocations have yet been made for such buildings. The Bank does not offer companies specific green terms for projects falling under the Sustainable Finance Framework. Instead, each corporate loan is treated as an individual project. The sustainability factors of a company are considered when evaluating loan applications. In 2024, Risk Management completed the development of a methodology to assess sustainability risk in large exposures, and implementation has begun. Projects qualifying under the Sustainable Finance Framework receive favourable sustainability risk assessments, and companies actively engaged in sustainability benefit from better loan terms, even if the term "green" does not appear in loan agreements. Conversely, companies neglecting sustainability face higher costs, as they represent riskier investments.

Landsbankinn has no policy to exclude loans to specific industries, provided they comply with Icelandic laws and regulations but it is clear that companies falling behind in sustainability will face more expensive financing.

The Bank's Corporate Banking division relies on sector-specific policies, which are reviewed and updated annually. In 2024, the sustainability sections of these policies were specifically reviewed and updated to align with the revised Sustainable Finance Framework. This strengthens account managers' knowledge of the Framework and how sustainability should be managed and prioritised within each industry.

## Green asset ratio

The EU Taxonomy requires companies of a certain size to report the ratio of green assets in their operations according to the regulation's definitions. Financial institutions can only use published data from their customers on their green asset ratios to calculate their own. When Landsbankinn first reported its green asset ratio on a consolidated basis at the end of 2023, it was 0%, as no data from corporate customers in the Bank's loan portfolio was available. The ratio was 0.05% at year-end 2024.

This low ratio appears inconsistent with the Bank's issuance of EUR 1.2 billion in green bonds and the fact that 61.3% of foreign funding is classified as green. The main reasons for this discrepancy are that the taxonomy does not account for Icelandic conditions, sets very specific disclosure demands and has yet to publish sector-specific standards for all sectors.

It focuses on energy efficiency per square meter rather than the type of energy used and, as a result, Icelandic residential properties are classified as 0% green, even though almost all are heated with renewable energy. In addition, Icelandic building regulations are not fully aligned with the EU's latest standards and lacks an energy certification system for buildings, which would enable classification under the taxonomy. The Icelandic Housing and Construction Authority (HMS) is working on such a system, but it is not expected to be ready for several years.

Stringent requirements also mean that financing for electric vehicles, previously considered a significant contribution to the energy transition, does not meet the taxonomy's criteria for financial institutions.

To qualify, electric vehicles must be equipped with special tires, which are unsuitable for year-round driving in Icelandic conditions. Similar challenges apply to other categories, such as bathroom fixtures, where the water flow rate of showers and toilet tanks - data not typically available to the Bank and which the Bank does not intend to obtain from customers. The taxonomy's complexity currently hinders transformation by introducing excessive obstacles.

Finally, the taxonomy was issued and implemented before sustainability criteria for all sectors were defined. For example, fishing, a major industry in Iceland and a key contributor to Landsbankinn's green bond issuances, still lacks clear sustainability criteria under the taxonomy. This alone significantly explains the discrepancy between the low ratio of green assets and the volume of eligible green financing.

As long as green asset ratio calculations remain subject to these limitations, Landsbankinn will primarily rely on its Sustainable Finance Framework to determine whether projects are sustainable and guide the development of green products. Once the taxonomy becomes more comprehensive, covering all sectors and addressing its initial shortcomings, it will be better suited to calculate green asset ratios, identify new opportunities for green product offerings, and provide useful, comparable information.

## Future vision and objectives

In 2022, Landsbankinn adopted the ambitious goal that around 50% of new funding over the next two years should be green.<sup>4</sup> Two years later, green funding makes up 44.6% of total new funding, falling 5.4% short of the goal. In 2024, the ratio of new funding is 57.7% green and foreign funding is 61.3% green.

Landsbankinn has worked toward eight sustainability goals outlined in its sustainability policy, which are reviewed annually. These goals are specifically addressed in the Bank's Annual and Sustainability Report each year.

The development of green products, in addition to the aforementioned savings account, fund, and green car loans, provides opportunities for the future. With the introduction of the EU Taxonomy and the definitions provided by Landsbankinn's Sustainable Finance Framework, the Bank has an opportunity to achieve even greater progress toward sustainability through its product offerings. It is essential to use recognised definitions to focus on initiatives that deliver tangible results, rather than engaging in greenwashing with no real substance. Recognised definitions and standards ensure the development of products that fund actions with a proven contribution to sustainability. Achieving the Paris Agreement goals and ensuring long-term prosperity requires a coordinated effort. The financial system plays a key role in this mission, as emphasised by the EU's sustainability regulations. Landsbankinn aims to be an active participant in this transformation, as strong performance in sustainability ensures solid operations and a prosperous future for society as a whole.

## The European Sustainability Reporting Standard (ESRS)

### ESRS2

#### GOV-1 21 Board's gender diversity ratio

	Women	Men	Total
	3	4	7
Ratio	43%	57%	100%

### SBM1 40

Net interest income	57,260
Net fee & commission income	9,398
Net income from financial assets and liabilities at fair value	12,058
Net exchange rate differential	614
Other operation income (expenses)	-553
Total operating income	78,777

Figures are in ISKm.

<sup>4</sup> <https://www.landsbankinn.is/uploads/documents/arsskyrsluoguppgjor/Landsbankinn-Pillar-III-Risk-Report-2022.pdf> bls.92

---

## GOV-1 Governance Processes, Controls, and Procedures

Governance of sustainability at Landsbankinn is as follows:

Board of Directors:

- Landsbankinn's Sustainability Policy is determined by the Board of Directors. It is regularly updated to reflect the Bank's sustainability priorities and its sustainability goals are defined based on this policy.
- The Board of Directors temporarily established a Sustainability Committee to prepare for the implementation of the EU sustainability regulatory framework. The Committee concluded its work in 2024, with its responsibilities incorporated into the rules of procedure for the Board of Directors and delegated to the Audit Committee.

Sustainability subgroup:

- Landsbankinn's Risk & Finance Committee operates a subgroup that monitors the Bank's Sustainable Finance Framework and its associated activities. This subgroup oversees eligible financing under the Framework, drafts annual allocation reports for the Risk & Finance Committee, monitors market requirements and ensures the Framework remains compliant, and handles other responsibilities related to the Framework.

Finance and the Sustainability department:

- The Sustainability department operates under the Finance division and is responsible for the Bank's sustainability obligations and commitment.
- Sustainability initiatives touch all areas of the Bank, with the team providing assistance or receiving support as needed for the implementation and management of sustainability matters.
- The team regularly conducts sustainability training for relevant staff in collaboration with the Education & Development department.
- It monitors sustainability goals, manages the European Sustainability Reporting Standards (ESRS) and related reporting, and oversees the implementation of the Sustainable Finance Disclosure Regulation (SFDR) for the Asset Management & Capital Markets division, with support from the bank's Legal Services.

Sustainability risk:

- In 2024, Risk Management completed the development of a methodology to assess sustainability risk in large exposures, and implementation has begun.
- Risk Management evaluates and communicates sustainability risk in the Bank's risk report in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines.

Landsbankinn's sustainability efforts are integrated into its organisational structure, as described above, to ensure quality and continuity. The Bank complies with relevant laws and has implemented required sustainability regulations, such as the SFDR, the EU Taxonomy, and is preparing for the Corporate Sustainability Reporting Directive (CSRD). The Bank provides updates on its sustainability status to stakeholders through its Annual Sustainability Report and participates in numerous sustainability projects.

Landsbankinn's sustainability reports are verified by a third party. Over the past three years, Deloitte has verified the following reports:

Global Reporting Initiative (GRI)

- Including the Bank's climate accounting, calculated using the Greenhouse Gas Protocol methodology.

PCAF report on financed emissions

Allocation report for green bond issuance

The Bank’s Sustainable Finance Framework includes an external opinion from Sustainalytics. Landsbankinn has also received ESG risk ratings from Sustainalytics and Reitun regarding its management of ESG issues.

Sustainability initiatives in which the Bank is a member:

- UNEP-FI
- UN Global Compact
- Festa, Centre for Sustainability
- UN Principles for Responsible Investment.
- Climate Goals of Festa and the City of Reykjavík.
- IcelandSIF - Iceland Sustainable Investment Forum
- UN Sustainable Development Goals
- Principles for Responsible Banking (PRB)
- Partnership for Carbon Accounting Financials (PCAF)
- Task-force for Climate-related Financial Disclosure (TCFD)
- Partnership for Biodiversity Accounting Financials (PBAF)
- Task-force for Nature-related Financial Disclosure (TNFD)
- Science Based Targets initiative (SBTi)
- Nordic Swan ecolabelled canteen

The Bank evaluates the impacts, risks, and opportunities related to sustainability factors through a double materiality analysis in accordance with the ESRS), its sustainability risk assessment, and during the development of its policies. The results are utilised in various ways, with the goal of leveraging these analyses to improve the Bank’s operations.

## E1 Climate Change

The Bank’s climate accounting is conducted in accordance with the Greenhouse Gas Protocol (GHG) methodology, as required by the ESRS. In this first sustainability report by Landsbankinn based on disclosure requirements under the CSRD and the ESRS, it was decided to prepare the climate section in accordance with GRI standards to complete the implementation of the ESRS.

The section below is written according to GRI standards and aligned with the relevant GRI indicators. Many of the GRI standards correspond to the ESRS, and this alignment is indicated in the reference table included in the sustainability disclosures.

## Environmental

### E1-5 Energy consumption and mix - Energy 302-1 Energy consumption within the organization

Energy consumption for Landsbankinn is on the group level.

Energy consumption		2024	2023	2022
1) Total volume of direct energy consumption	MWh	259	189	206
2) Total volume of indirect energy consumption	MWh	14,768	15,632	11,438

Energy composition		2024	2023	2022
1) Energy consumption by production type in %				
Renewable energy	%	98.3	98.7	97.9
Fossil fuels	%	1.7	1.3	2.1

### 302-2 Indirect energy consumption

See the above table for energy consumption under 302-1.

### E1-5 Energy based on net revenue -302-3 Energy intensity

Energy intensity		2024	2023	2022
1) Direct total energy consumption based on sample size	MWh/ISKbn net operating income	3.3	2.6	3.9
	MWh/man-years	0.31	0.24	0.25
2) Indirect total energy consumption based on sample size	MWh/ISKbn net operating income	187.5	211.7	215.6
	MWh/man-years	17.6	19.6	13.7
3) Total energy consumption based on sample size	MWh/ISKbn net operating income	190.7	214.2	219.5
	MWh/man-years	17.9	19.9	14.0

### E1-6 Gross scopes 1, 2, 3 and Total GHG emissions

#### 305-1 Direct (Scope 1) GHG emissions

Main indicators for direct emissions are provided in the overview table in 305-3.

Direct emission includes the Bank's fuel consumption for own vehicles. Data is sourced from the accounts of fossil fuel providers to the Bank. Emissions are calculated based on conversion factors from the Department for Environment, Food and Rural Affairs ([DEFRA](#)).

#### 305-2 Direct (Scope 2) GHG emissions

Main indicators for direct emissions are provided in the overview table in 305-3.

Indirect emission here includes purchased electricity and hot water to heat housing used by the Bank. Calculation of emissions is based on data from distributors and information from the Bank's systems.

A new methodology was used in calculations in 2022, whereby the previously used emission factors from [Reykjavik Energy](#) were exchanged for emission factors from [the Environment and Food Agency](#) for electricity. Emission factors provide that all emissions from geothermal power plants are included under emissions from electricity production and emissions from hot power plant water is thus nil. The Environment and Food Agency updated its calculation of emission factors in 2024 and now assumes that emissions are divided between electricity and geothermal power plant water. Landsbankinn's calculations for the year take this change into account and the emission factor from the Environment and Food Agency is only used for electricity while the emission factor of OR for both hot water from geothermal power plants and traditional bore holes and/or power plants. Emission from traditional power plants is negligible. Emission from district-heating plants was calculated using public data from the relevant entities. Carbon emission is based on emission from hot water from heating and district-heating plants. Emissions decreased somewhat in 2022 because of the new methodology yet increases again in 2023 and in 2024

---

due to updated emission factors and calculation methods. This is partially because district heating plants operated on fossil fuels for a part of 2023 (year's delay on emission factors) instead of renewable electricity as in 2022 due to electricity allocation.

Carbon emission for electricity increased in 2022 because of the new methodology but holds steady in 2023 and decreased again in 2024 with the updated emission factor.

In early 2023, origin certificates for electricity purchased in Iceland stopped being free of charge for energy the sellers purchased wholesale. Purchasers requiring electricity with certificates of origin, i.e. Green electricity, were as a result required to request the certificates specifically and pay a special charge. Until this change was made, all electricity consumers in the general market automatically received green energy, meaning that market traded emissions and local emissions from electricity were the same. It has not deemed necessary to account for both separately here but in the future, the Bank will account for both emission types for its electricity consumption. Landsbankinn purchases origin certificates for all electricity, with the exception of the subsidiary Landsbréf, which does not. Market-based emissions from Landsbréf from electricity are calculated using the National Energy Authority's emission factor which calculated the origin of electricity annually and publishes the results in a [standard statement](#).

### 305-3 Other indirect (Scope 3) GHG emissions

This includes all indirect emission other than those included under Scope 2.

Carbon emissions from the distribution of electricity and hot water is calculated based on the same methodology as Scope 2. Calculations are based on factors for transport and distribution losses for electricity and hot water from the National Energy Authority. Emission factors from [Reykjavík Energy](#) are used for the distribution of potable water.

Calculations of carbon emissions for paper use, data transfers, electricity production, waste treatment, rental cars and hotel accommodation are based on emission factors from [DEFRA](#) and [Reykjavík Energy](#) while data on use is variously sourced in and/or out-of-house.

Carbon emission from computer equipment is based on measurement of the carbon footprint of the equipment in question from manufacturers.

Remote work and employee travel to and from work is based on questionnaires distributed to employees. Remote work is calculated based on estimated work hours per year and full-time equivalent positions along with technical data for the relevant work equipment and [the Environment and Food Agency's](#) emission factor for electricity. Employee travel to and from work has regard for emission factors from [DEFRA](#) for the relevant transportation mode, vehicle and energy source.

Carbon emission from sewerage also have regard for the results of a questionnaire distributed in connection with remote work. Calculations are based on work hours in the Bank's facilities and the emission factor from [Reykjavík Energy](#) for sewerage.

Carbon emissions for employee air travel for work purposes until 2022 are based on a life cycle assessment report on air travel and its methodology. The methodology has regard for type of carrier, the difference between emissions in air and on the ground and the fact that flight paths are curved. Carbon emissions from air travel for 2023 and 2024 are found using the [atmosfair](#) calculator, which is very similar to the previously used method. It has regard for type of carrier, geographical location of flight routes and the curvature of flight paths. The increased impact of emissions at high altitudes is also taken into account.

Construction of new headquarters is considered complete and thus not calculated for 2024. Information about emissions from the construction process is sourced from the contractor and based on emission factors from [DEFRA](#).



Losun gróðurhúsalofttegunda		2024	2023	2022
<b>1) Total volume in tCO2e under Scope 1</b>	<b>tCO2e</b>	<b>67.9</b>	<b>50.2</b>	<b>54.8</b>
Fuel		67.9	50.2	54.8
<b>2) Total volume in tCO2e under Scope 2</b>	<b>tCO2e</b>	<b>74.1</b>	<b>57.9</b>	<b>49.0</b>
Electricity (market based emission)		46.1	42.8	45.2
Electricity (location based emission)		34.0	42.8	45.2
Hot water		40.1	15.1	3.9
<b>3) Total volume in tCO2e under Scope 3</b>	<b>tCO2e</b>	<b>731.1</b>	<b>1,248.7</b>	<b>827.9</b>
Electricity distribution		2.3	2.8	3.2
District heating distribution		4.8	3.6	0.6
Distribution of potable water		2.1	1.0	0.3
Paper use		11.5	9.8	11.7
Data transmission		2.7	0.8	0.9
Fuel production		16.5	12.0	13.1
Treatment of waste		3.6	10.4	15.5
Domestic flights		20.7	15.1	65.0
International flights		188.9	140.7	94.0
Employee travel to and from work		256.7	244.9	320.1
Production of computer equipment		212.1	750.0	183.4
Taxis		0.6	0.5	0.4
Construction of new headquarters		-	49.1	119.2
Working via remote connection		0.2	0.6	0.6
Sewerage		0.2	0.1	0.1
Hotel accommodation for employees		8.9	7.4	-
Credit portfolio (corporate loans, vehicle loans and real estate loans) and assets (equities and bonds)		-	216,689	249,094
<b>Total for all scopes less credit and asset portfolios (location based emission)</b>	<b>tCO2e</b>	<b>873.8</b>	<b>1,356.8</b>	<b>931.8</b>
<b>Total for all scopes (location based emission)</b>	<b>tCO2e</b>	<b>-</b>	<b>217,563</b>	<b>250,026</b>

\*Carbon emissions from credit and asset portfolios based on the PCAF methodology.

## E1-6 GHG intensity based on net revenue

### 305-4 Greenhouse gas emissions

GHG emissions intensity		2024	2023	2022
1) Total emission of GHG based on sample size (scope 1 & 2)	tCO2e/ISKbn net operating income	2.0	1.5	2.0
	tCO2e/man-years (scope 1&2)	0.18	0.14	0.12

Landsbankinn encourages employees to utilise other means of travel to and from work than private vehicles and offers transport grants as an incentive. In addition to transport grants, the Bank offers a refund for parking fees up to the amount of ISK 20,000 per annum for those days employees may need to drive own cars to work. Transport grants are available to employees as soon as an employment contract is signed.

Transport grants	2024	2023	2022
Amount per employee per year (ISK)	126,000	120,000	108,000
Active agreements	295	315	334
Number of employees	34%	38%	39%
Thereof women	55%	54%	55%
Thereof men	45%	46%	45%

Landsbankinn has also set sustainability goals for achieving reductions in direct and indirect GHG emissions. The Bank set a goal to reduce Scope 1 emissions by 80% by 2025, using 2018 as the baseline.

This goal has not been achieved. The Bank's Scope 1 emissions primarily stem from fuel consumption, with the vast majority of oil purchases used to operate its vehicle fleet. A backup generator, powered by diesel, may be activated if there is a power outage at the Bank's building, but this accounts for a negligible portion of the total oil consumption.

Plans to transition the Bank's vehicle fleet to renewable energy sources have not progressed as quickly as anticipated when the goal was set in 2020. By the end of 2023, it became clear that the 2025 goal would not be met, prompting the Bank to take action. The Bank's sustainability goals were revised, and measures were introduced to ensure future progress. From 1 January 2025, the Bank will cease purchasing vehicles that run exclusively on fossil fuels. From 1 January 2027, the Bank will only purchase vehicles that run on renewable energy sources, such as electricity.

Despite the challenges, Landsbankinn remains committed to its target of reducing Scope 1 emissions by nearly 100% by 2030, compared to 2018 levels. The Bank believes that, with the actions outlined above, this goal is achievable. 2018 was selected as base year as emissions have been calculated using the methodology of the GHG Protocol as of that year. Up to 2018, the Bank used standards from the National Environment Agency. The GHG methodology gives results that are comparable internationally and is considered the soundest method of keeping emission accounts.

To achieve reductions in indirect greenhouse gas emissions, Landsbankinn committed to setting targets based on the Science-Based Targets initiative (SBTi) methodology for financial institutions. At the beginning of 2024, SBTi verified Landsbankinn's emission reduction targets,<sup>5</sup> covering both direct and indirect emissions. The goal aligns with the Paris Agreement, which aims to limit the global average temperature increase to 1.5°C by 2100 compared to pre-industrial levels.

## E5-5 Resource outflows -waste.

### 306-2 Waste by type and disposal method

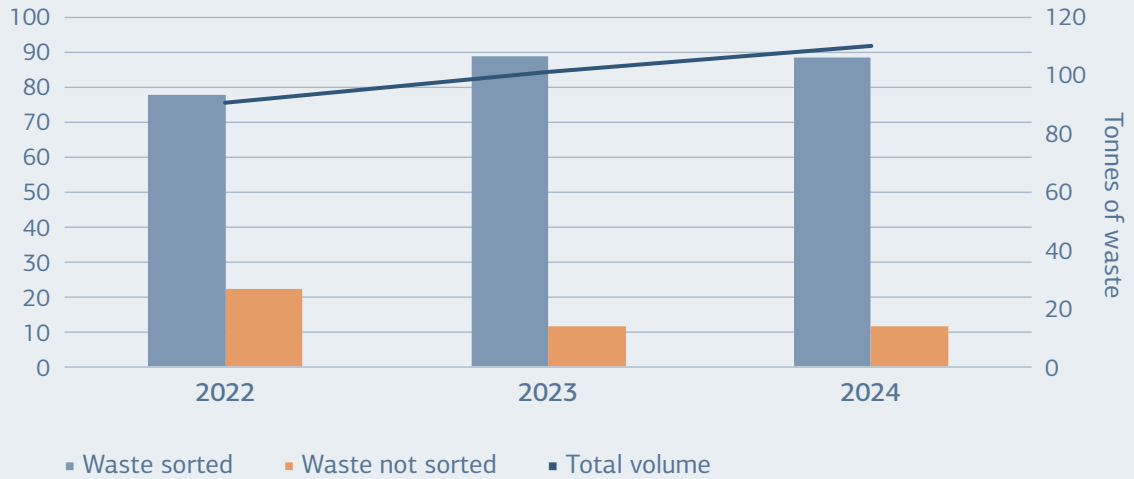
Waste from the Bank is sorted and recycled as far as possible. The following is information about the Bank's sorting and recycling volumes.

#### Waste sorted

Type	Unit	2024	2023	2022
Sorted	kg	97,758	90,066	70,612
Not sorted	kg	12,692	11,356	20,087
<b>Total</b>	<b>kg</b>	<b>110,450</b>	<b>101,422</b>	<b>90,699</b>

5 <https://www.landsbankinn.is/uploads/documents/bankinn/sjalbfaerni/landsbankinn-target-language-and-summary.pdf>

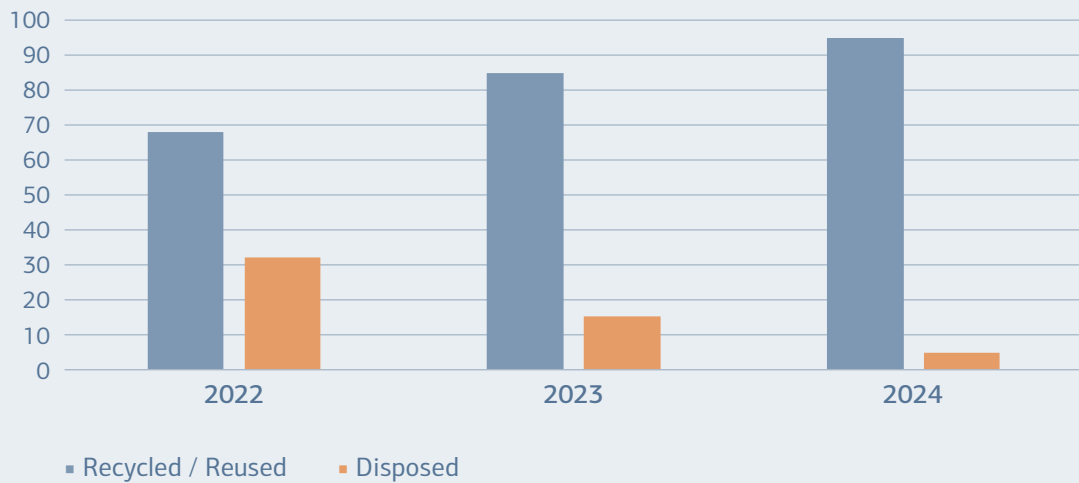
### Waste sorted



### Circular usage

Type	Unit	2024	2023	2022
Recycled/reused	kg	105,041	86,173	61,672
Disposed of	kg	5,409	15,249	29,027
<b>Total</b>	<b>kg</b>	<b>110,450</b>	<b>101,422</b>	<b>90,699</b>

### Circular usage



---

# S1 Own Workforce

## S1-2 Processes for engaging with own workforce and workers' representatives about impacts

Landsbankinn conducts four workplace surveys annually, each focusing on different themes. These surveys are seen as opportunities for improvement. The topics typically covered throughout the year include:

- Trust, collaboration and flexibility
- Workplace audit and management evaluation
- Transport survey
- Risk culture and EKKO

Following the surveys, the HR team reviews the results, and managers present the findings to their teams to ensure ownership of the outcomes. The HR team intervenes either proactively or when managers identify the need for improvements.

The Head of HR is responsible for overseeing these workplace analyses.

## S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Varied education has been on offer for employees and customers as in previous years - the learning culture is part of the Bank's operation. Special emphasis has been placed on instruction and training, as well as communication alongside the continued development of the workplace and corporate culture at Reykjastræti 6, the Bank's new headquarters.

There is a long-standing tradition for promoting education in the Bank. A change was made to the structure of the Human Resources department in 2024 with the aim of promoting education and training even more and a new unit created, Educational & Development. Its role is to support skill and knowledge development, and strengthen job development in the Bank. Alongside the structural change, emphasis was placed on enhancing the connection with the Bank's strategy, key goals and business plan to ensure effective prioritising of education projects and to link them with real needs in the Bank's operation.

When creating education plans, a forward-looking approach is taken to focus on skills that are expected to be in higher demand in the coming years. The increasing pace of change in today's dynamic work environment calls for new competencies and adaptive approaches. We prioritise offering training that enables employees to develop skills aligned with labour market demands while also fostering personal and professional growth.

Tailored training programs have been developed to meet the needs of specific target groups within the Bank, including extensive management training and the launch of career development and mentorship programs. The offering covers a wide range, from specialised, job-related skills to personal development and everything in between.

A total of 98 individual learning events were held during the year as compared with 202 the year before.

The educational programme has been divided into categories to achieve better oversight and to clarify the purpose of individual events. This organisation is intended to facilitate an effective approach to job development for employees and ensure that the programme is advantageous to ensure skill building and personal growth.

In 2024, the education programme included the following categories and subjects:

---

## Categories

- Job development and knowledge
- Well-being
- Our workplace
- Systems and software
- Products and services

## Subjects

- Work-related abilities
- Training of new employees
- Mental health
- Corporate culture
- Security awareness
- Laws and rules
- Sustainability
- Management training
- Strategies and processes
- Trending topics
- Loans

In 2024, Landsbankinn offered extensive sustainability-related training to all employees. The training covered the Bank's progress in implementing and working towards the UN SDGs and included a workshop focused on providing basic knowledge of sustainability and its specific implications for the banking sector.

Educational events also addressed key topics such as the circular economy and the well-being economy and a presentation by experts on CreditInfo's sustainability solutions for employees. Training was offered on sustainability risks in lending workshops on SFDR as it relates to fund sustainability and investor reporting. Specialised training on the EU Taxonomy was offered to specific target groups within the Bank, with some sessions being mandatory. In total, more than 460 employees participated in sustainability training during the year.

Landsbankinn emphasises employee development and skill-building, both to meet the ever-changing demands of the job market and to foster a positive and performance-driven culture within the Bank. As part of this, the Education & Development department launched the "Growth and Success in the Workplace" mentoring and professional development program in autumn 2024. The program spans seven months, concluding in spring 2025, and involves approximately 40 participants each year. The Bank aims to make this an annual event. The program is designed to enhance employees' professional and personal development through training and mentorship, preserve and share knowledge within the Bank, support the development of future leaders and align with the UN SDGs that the Bank has adopted. The mentoring component, alongside the workshops, aims to strengthen collaboration and networking within the Bank. Participants receive both practical and personal guidance from experienced colleagues, fostering even greater success.

## S1-6 Number of Employees

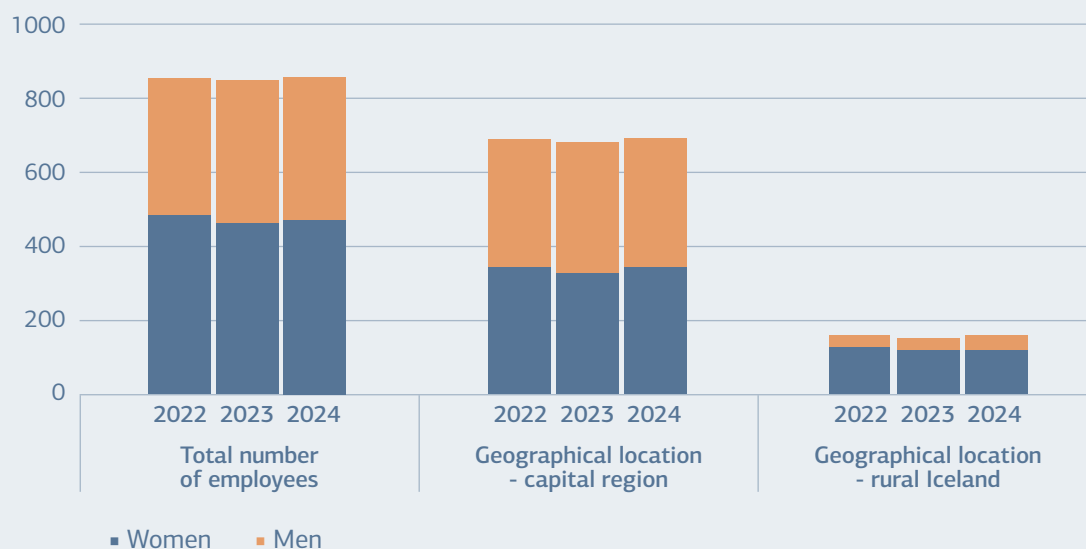
Employee figures for Landsbankinn include all employees with an employment relationship with the Bank. As before, we only show the genders male and female as employees outside those two categories are too few for the information to be considered general. Five or more employees of the same gender are required to be in each category in order to disclose the information.

All figures in the chapter on human resources in the GRI report apply to the employees of Landsbankinn hf., not the entire Group. Only the climate accounts are prepared on a consolidated basis.

Landsbankinn defines Iceland as its operating environment and thus has only one operating environment yet discloses information by geographies, i.e. the capital region and rural Iceland.

Landsbankinn's employees	2024	2023	2022
Total number of employees	860	845	859
Women	475	462	486
Men	385	383	373
Location	860	845	859
Capital city region (numbers)	699	686	693
Women	347	333	352
Men	352	353	341
Rural Iceland (numbers)	161	159	166
Women	128	129	134
Men	33	30	32

### Landsbankinn's employees - gender and geographical location



Type of employment	2024	2023	2022
Permanent employees (numbers)			
Women	428	423	438
Men	351	346	336
Trial employees (numbers)			
Women	47	39	48
Men	34	37	37
Full time/part time			
Full-time employees			
Women	394	379	392
Men	363	363	353
Part-time employees			
Women	81	83	94
Men	22	20	20

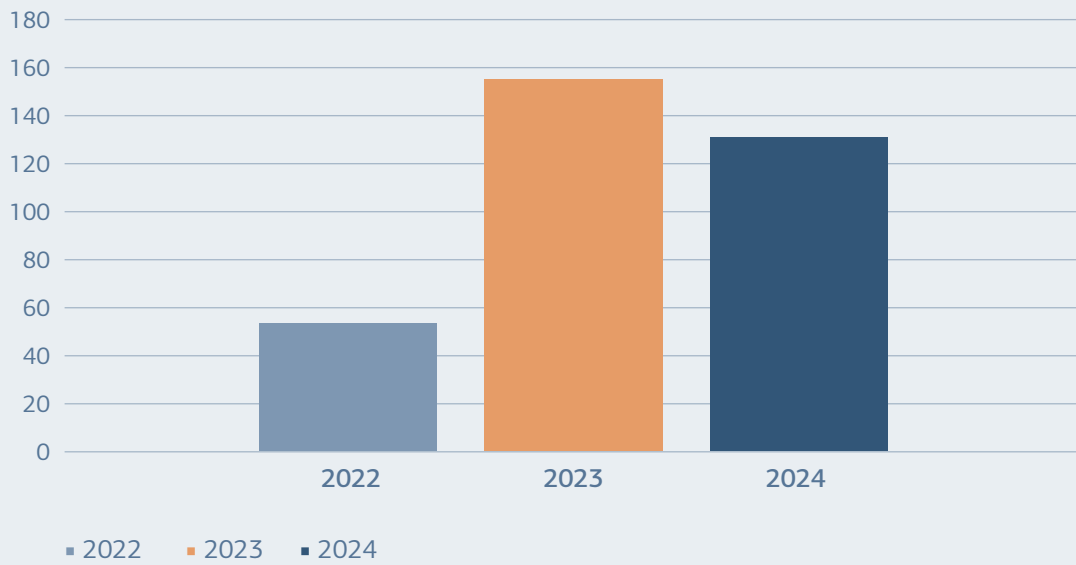
#### Employee turnover by gender and age over the past three years

Employee turnover - all jobs	2024	2023	2022
Women <30	1.41%	0.82%	1.52%
Men <30	1.29%	1.29%	0.94%
Women 30-50	1.41%	1.88%	2.81%
Men 30-50	1.52%	1.41%	3.74%
Women >50	1.99%	2.58%	4.33%
Men >50	1.29%	1.17%	1.40%
<b>Total</b>	<b>8.90%</b>	<b>9.14%</b>	<b>14.74%</b>

#### S1-7 non-employees

Workers who are not employees include contractors who carry out temporary assignments for Landsbankinn. Contractors handle temporary confidential and/or specialised tasks for the Bank. The number of contractors in 2024 is based on confidentiality agreements signed by contractors in 2024 and the figures thus indicate the number of contractors during the year rather than positions.

### Total number of contractors



	2024	2023	2022
Total number of contractors	131	155	53



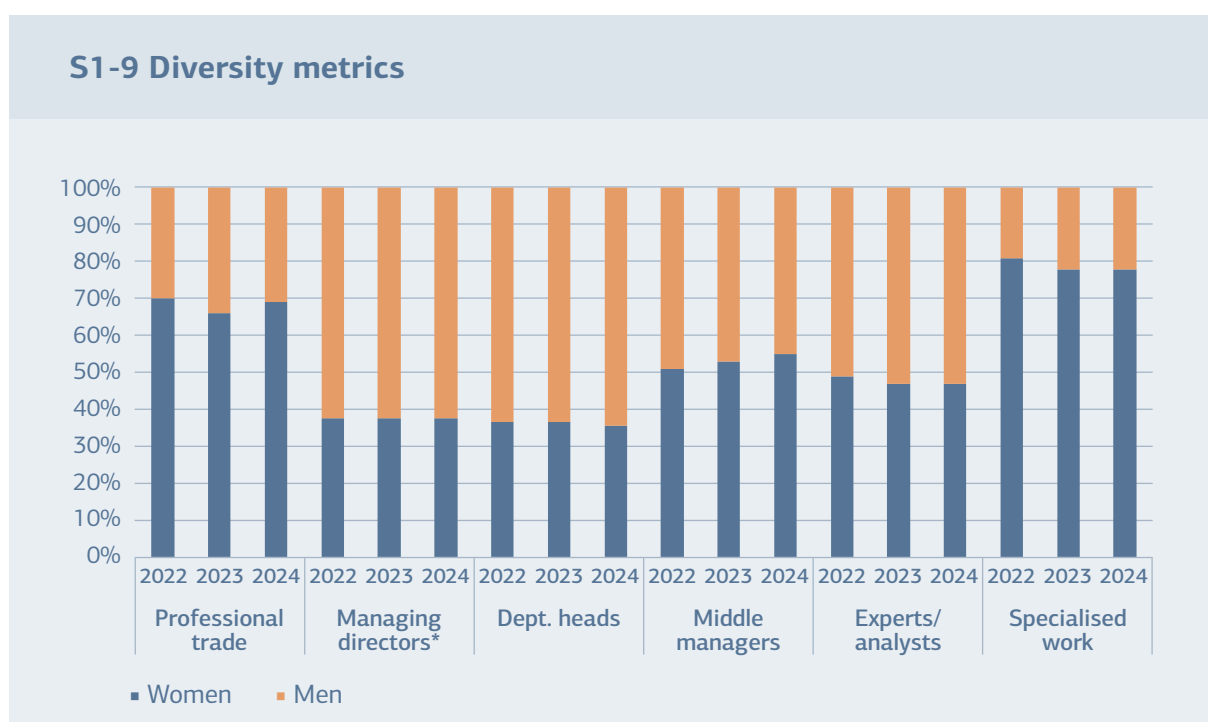
## S1-9 Diversity metrics

Landsbankinn's job categories were revised in 2022 and the image shows gender ratio by job category. The CEO is not part of the categorisation. Detailed description of job categories: There are five job groups comprised of 2-7 categories each, a total of 17 job categories. Job groups are created based on the value of positions, including demands made from employees as regards responsibility, knowledge and skills.

The job categories are based on the following considerations:

- Knowledge - work experience and education
- Scope - communication skills and complexity of tasks
- Responsibility - managerial accountability and responsibility for assets
- Workload

Gender ratio by position and age:



	Men				Women		
	<30	30-50	>50		<30	30-50	>50
Professional trade	0	6	6		0	9	18
Dept. heads	0	11	18		0	10	6
Managing directors	0	2	3		0	2	1
Middle managers	0	17	13		0	16	20
Experts/analysts	46	149	67		25	111	98
Specialised work	34	12	0		41	44	75

---

## S1-11 Social protection

- **Sickness pay** (paid by the Bank): Information from the Confederation of Icelandic banks (SSF) [Collective bargaining agreement of SSF and SA - 1 February 2024 - 1 February 2028](#). Depends on length of employment. Agreement between union and employer
- **Unemployment / unemployment benefits** (from the State): Information on: [Atvinnuleysisbætur | Ísland.is](#)
- **Occupational accident** (Icelandic Health Insurance, the State): The Bank pays a contribution to Icelandic Health Insurance. All employees carry around the clock life insurance and are insured against permanent disability as a result of accident. The Bank is required to provide such insurance.
- **Parental leave**: By law, everyone is entitled to a wage during parental leave. The State and employer pay wages during parental leave and the Bank guarantees 80% of wages. The Bank pays a contribution against the State. Jointly 12 months or 6 months each, with 1.5 months transferable between the parties. Information on [faedingarorlof.is](#).
- **Employees who retire due to age** receive severance pay based on employment contracts (from the Bank).
- **Pension**: there is a legal obligation to pay to pension funds (both employees and employers, total 15%<sup>9</sup>). Employers may also pay to supplementary pension savings up to 4%, with a 2% counter contribution from the employer.

## Parental leave

Number of employees entitled to parental leave*	2024	2023	2022
Women	29	20	24
Men	33	34	41
<b>Total</b>	<b>62</b>	<b>54</b>	<b>65</b>
Number of employees who took parental leave*			
Women	29	20	24
Men	30	33	40
<b>Total</b>	<b>59</b>	<b>53</b>	<b>64</b>
Proportion of employees who took parental leave			
Women	100%	100%	100%
Men	91%	97%	98%
<b>Total</b>	<b>95%</b>	<b>98%</b>	<b>98%</b>
Number of employees who returned to work following parental leave*			
Women	28	20	23
Men	29	31	37
<b>Total</b>	<b>57</b>	<b>51</b>	<b>60</b>
Number of employees who returned to work following parental leave and was still employed 12 months later*			
Women	22	22	28
Men	30	32	40
<b>Total</b>	<b>52</b>	<b>54</b>	<b>68</b>
Number of employees who did not return to work following parental leave			
Women	1		1
Men	1	2	3
<b>Total</b>	<b>2</b>	<b>2</b>	<b>4</b>
Number of employees who return to work			
Women	95.00%	83.33%	76.67%
Men	93.94%	77.50%	78.72%
Retention rate (employed 12 months after parental leave)			
Women	95.00%	95.65%	100%
Men	90.32%	86.49%	95.24%

\*In Iceland, the right to parental leave extends over two years, meaning that the figures for 2024 show parental leave rights for children born between 2022-2024; 2023 shows parental leave rights for children born between 2021-2023, and 2022 rights for children born between 2020-2022.

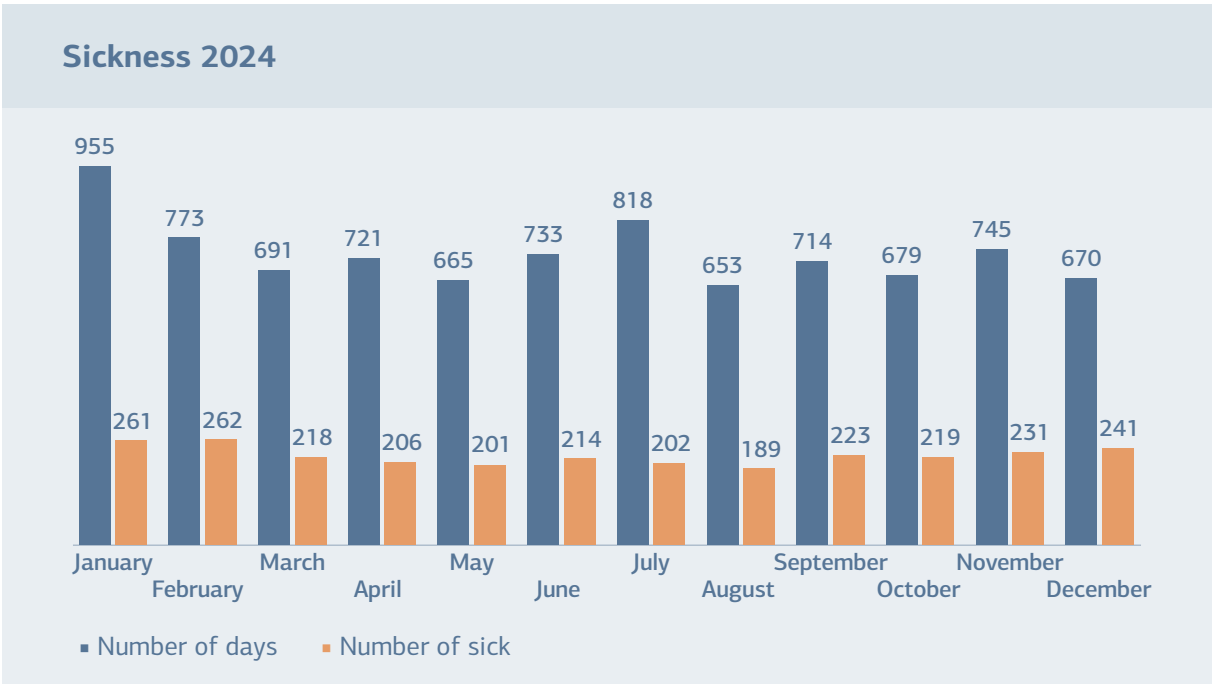
**S1-13 Training and skills development metrics**

Average number of training hours per individual by gender

	Total (%)	Females (%)	Males (%)
Performance reviews	87%	No data exists	No data exists.
*Average number of training hours	15.5 hours	16.4 hours	14.3 hours

\*All employees who were active in 2024 (excl. contractors)

**S1-14 Health and safety metrics**

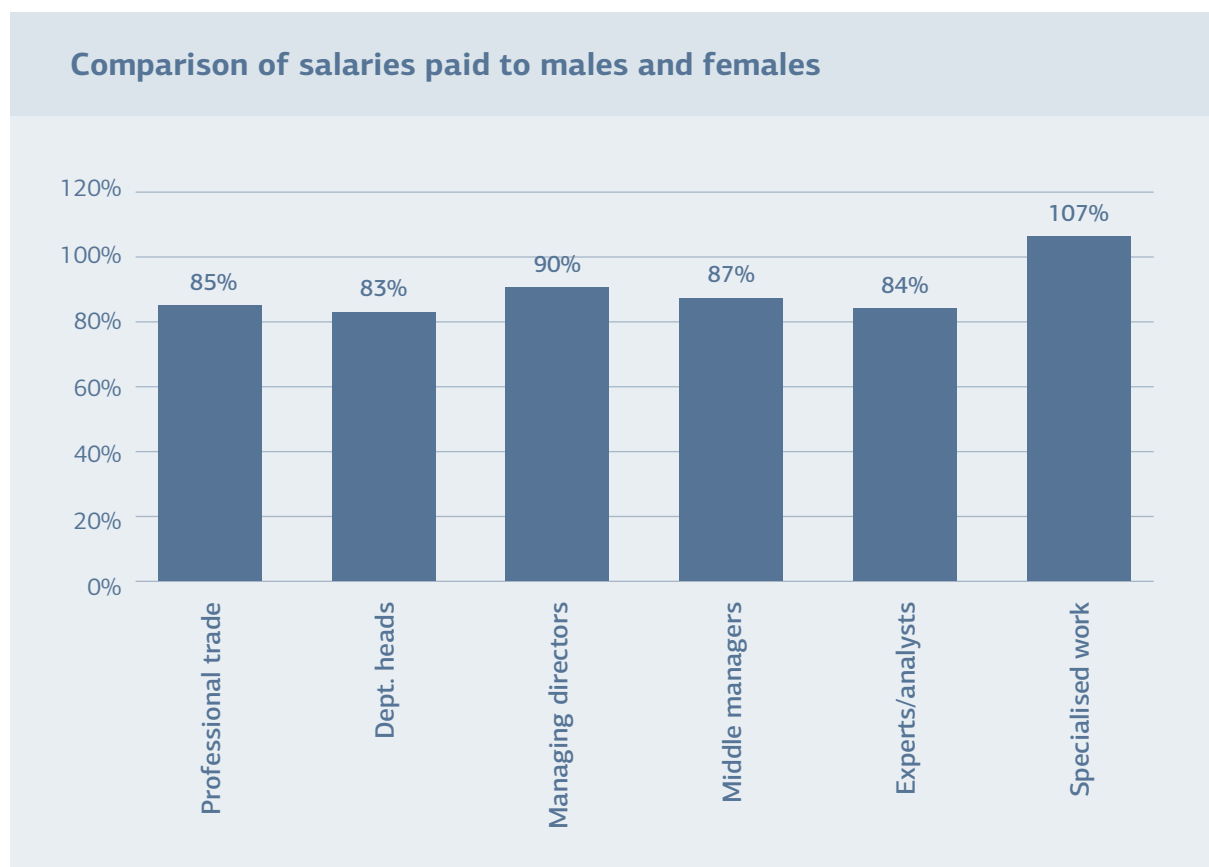


Applies to all sickness (short and long-term) and all employees of Landsbankinn and Landsbréf. 22 individuals are employed by Landsbréf and the figure does not significantly impact the results

\*Average sick days are 0.78 per month per individual or 6 hours and 15 minutes per month.

## S1-16 Remuneration metrics

Median wages are compared with position and gender.



Comparison of salaries paid to males and females	Women
Professional trade	85%
Dept. heads	83%
Managing directors	90%
Middle managers	87%
Experts/analysts	84%
Specialised work	107%

Wage share of CEO	2024	2023	2022
1) Total wages paid to CEO against median of total wages paid to full-time employees	5.6	5.3	5.7
Gender-based wage imbalance			
1) Median wages paid to males against median wages paid to females	1.4	1.4	1.4

# G1

## G1-3 Prevention and detection of corruption and bribery

	At risk jobs	Directors and management	Executive Board	Optional (all employees)
<b>Participation in learning: Misconduct and whistleblowing</b>				
Total	790	89	8	22
Total participants	691	82	8	4
Total completed	87%	92%	100%	18%
<b>Participation in learning: Test on action against financial crime</b>				
Total	770	89	8	
Total participants	698	84	8	
Total completed	91%	94%	100%	
<b>Participation in learning: Scam talks</b>				
Total				933
Total participants				276
Total completed				30%
<b>Participation in learning: Education on money laundering</b>				
Total	209	18		
Total participants	132	13		
Total completed	63%	72%		
<b>Participation in learning: Due diligence and scams</b>				
Total	117	23	2	
Total participants	87	18	1	
Total completed	74%	78%	50%	
<b>Duration in minutes</b>				
<b>Communication channel and duration</b>				
Online (total)	30	30	30	
On site (total)	110	110		
Optional online				180
<b>Number</b>				
Frequency of mandatory training	Annually	Annually	Annually	
<b>Addressed in training</b>				
Misconduct and whistleblowing - corruption				
Financial crime	x	x	x	
Fraud - bribery	x	x	x	

---

“At risk jobs” refers to all employees who received training as mandatory.

For “Misconduct and whistleblowing”: all employees except summer employee, Board of Directors and Landsbréf.

For “Test on action against financial crime”: all employees except summer employee, Board of Directors, Landsbréf and canteen staff.

“Instruction on money laundering” and “Due diligence and scams” - at risk jobs that were offered training (this is on-going training and other groups will be invited later in the year).

Management: Department Director / Head and Team Leaders.

Executive Board: Managing directors (Board of Directors is not included under “all employees”). Optional - learning is optional and not mandatory: Misconduct and whistleblowing: Landsbréf.

Scam talks: All employees (all employees are employees who had been employed for 3 months or more in 2024) Contractors, sanitation workers, Board of Directors etc. are not included).