



# Landsbankinn's sustainability goals

30 January 2025



---

# Landsbankinn's Sustainability Policy

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

## Our sustainability goals

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

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

We intend to publish quality information about sustainability. This requires that we:

- Comply with the regulatory environment for sustainability as and when it enters into force with appropriate disclosure, i.e. the Sustainable Finance Disclosure Regulation (SFDR), the EU Taxonomy and the Corporate Sustainability Reporting Directive (CSRD) which includes adherence to the European Sustainability Reporting Standards (ESRS).
- We review climate risk in our Pillar III risk report according to the guidelines of the Task Force for Climate related Financial Disclosure (TCFD).
- We publish our emission figures, including emissions from our credit portfolio, under the Partnership for Carbon Accounting Financials (PCAF) methodology.

Disclosure on sustainability can be expected to increase in the near future, both as a result of participation in initiatives such as the Science Based Targets initiative (SBTi) and the Task Force on Nature-Related Financial Disclosures (TNFD), but mainly as a result of stricter regulatory requirements.

### 2. Emphasise responsible lending.

Landsbankinn sets itself goals to increase responsible lending by emphasising lending that aligns with the Bank's Sustainable Finance Framework.

In 2025, the Bank's goal is to increase eligible lending by 10%, or ISK 25 billion.

---

### 3. Achieve a reduction in direct GHG emissions.

We aim to reduce emissions under Scope 1, i.e. the Bank's direct emissions, by 80% by 2028 and by 95% in 2030 compared with the year 2018. Landsbankinn shall also maintain its carbon neutral status under CarbonNeutral® from 2020 onwards.

As of 1 January 2025, the Bank will cease purchasing vehicles solely fuelled by fossil fuels.

As of 1 January 2027, the Bank will only purchase vehicles that are fuelled by renewable energy sources, such as electricity.

Landsbankinn's previous goal, to reduce emissions to 80% by 2025, was not attained. At year-end 2024, the Bank had achieved a 34% reduction in direct emissions compared to 2018. By the end of 2023, it was clear that the contraction goal would not be achieved in time. The response was implemented through the measures described above, stating that the Bank will not purchase vehicles running solely on fossil fuels after 2024 and will only acquire cars powered by renewable energy sources after the end of 2026. The main reason why the goal was not fully achieved is that the Bank's direct emissions solely consist of its fuel purchases. Since many of the Bank's vehicles had already been replaced with electric or hybrid cars when the goal was set, the possibility of further replacements was limited. Additionally, many of the Bank's vehicles operate in areas where charging infrastructure is not optimal. To ensure safe transportation under all conditions throughout the year, vehicles in these areas have not been replaced with hybrid or electric cars. Unnecessary replacements have also been avoided, as manufacturing vehicles, regardless of their fuel type, incurs an environmental cost. Finally, it should be noted that since the Bank's backup power generators run on diesel, a 100% reduction will never be achieved. As a result, the 2030 goal was adjusted accordingly.

### 4. Achieve a reduction in indirect GHG emissions.

In 2022, we applied to join SBTi.

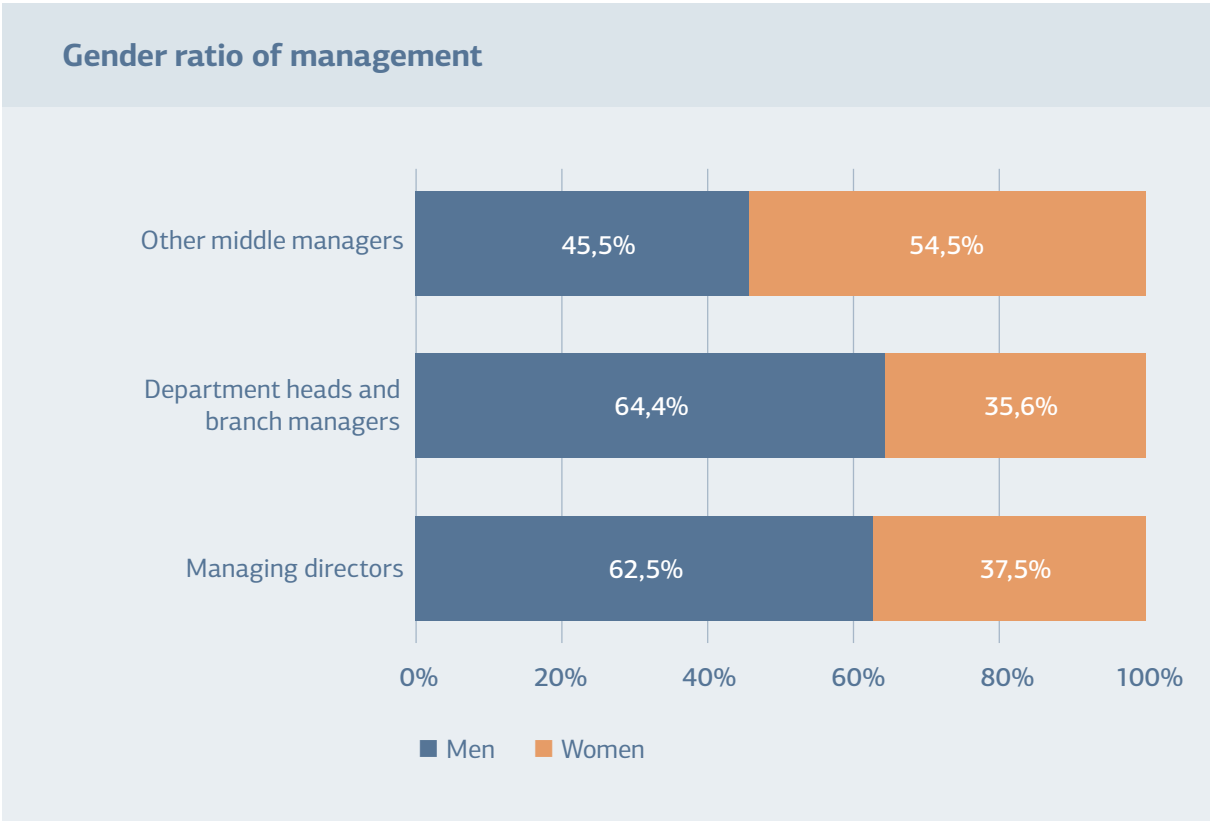
In 2023, Landsbankinn adopted goals to reduce indirect emissions using the SBTi guide for financial institutions and applied to have them verified. The Bank's goal was verified by SBTi in early 2024. The key goal applies to financed emissions under PCAF and we are also adopting goals to reduce indirect emissions from the Bank's operation.

The goal the Bank adopted for own operations was to reduce indirect emission by 50% before 2030 as compared with 2019. The goals for financed emission<sup>1</sup> are sector-specific and SBTi discusses each category in its summary.

<sup>1</sup> <https://www.landsbankinn.is/uploads/documents/bankinn/sjalfbaerni/landsbankinn-target-language-and-summary.pdf>

**5. Attain a set gender ratio among executives.**

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



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

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

| EKKO events                                     | 2024 |
|---|------|
| Number of events reported to Human Resources    | 0    |
| <b>Workplace analysis</b>                       |      |
| <b>Percentage of employees who experienced:</b> |      |
| Bullying  | 2.0% |
| Sexual harassment                               | 0.0% |
| Gender-based harassment                         | 1.0% |
| Violence  | 0.0% |

---

The results show that employees have experienced EKKO events in 2024. Some of these events were reported to Human Resources and were handled appropriately yet no formal process was initiated, as per the reporters' wishes.

## 7. Review sustainability information.

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

### Current status

- The part of the Bank's sustainability accounts that include its climate accounts are verified with limited assurance.
- The Bank's PRB report is verified with limited assurance.
- The Bank's PCAF report is verified with limited assurance.
- Landsbankinn's Sustainable Finance Framework is reviewed by a competent third party.
- The impact report for green bonds is verified with limited assurance.

## 8. Direct business to responsible suppliers.

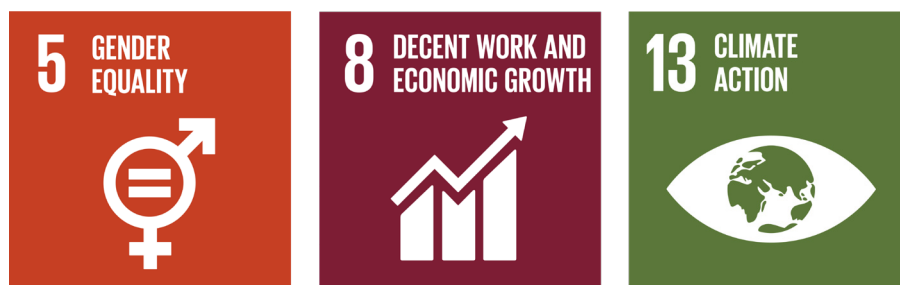
Our aim is that 80% of the cost of purchased services and goods will be paid to suppliers who have committed to the Bank's ethical guidelines by 2025 or who have adopted comparable rules.

### Current status:

A code of conduct for suppliers was implemented at year-end 2021 and the goal for the extent of spending with responsible suppliers was reached in 2022, 2023 and 2024. We will continue to direct our business to responsible suppliers and again aim to ensure that 80% of the cost of purchased services and goods will be paid to responsible suppliers.

# Sustainable Development Goals

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



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