

LANDSBANKINN HF.

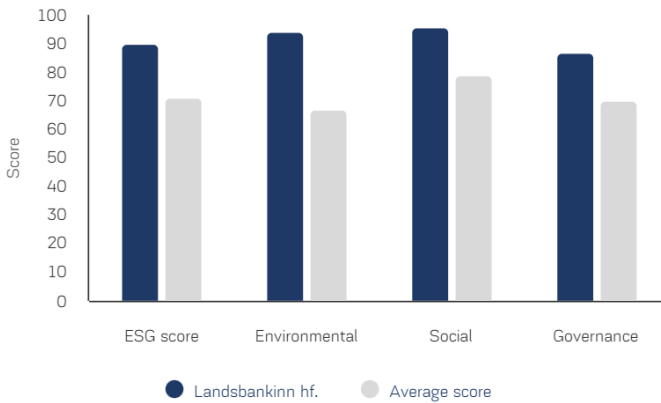
ESG SCORE **90 / A3**

A1-A3 Excellent	B1-B3 Good	C1-C3 Medium	D Poor
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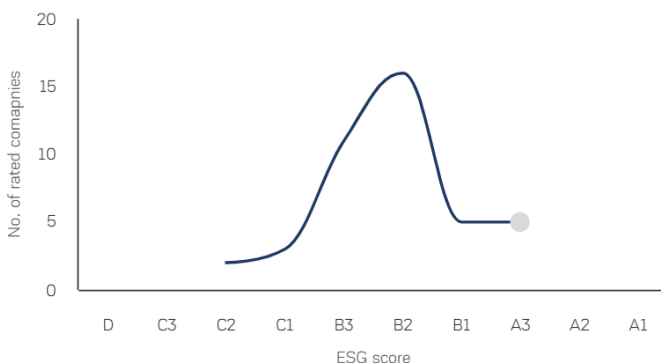
ESG RATING RESULTS

RESULTS	Weight	Score	Rating
Total Score	100%	90	A3
Environmental	10.5%	94	A2
E.1 Eco-Efficiency	4.5%	96	A2
E.2 Environmental Management	6%	93	A2
Social	24.5%	96	A2
S.1 Own Workforce	19.5%	99	A1
S.2 Customer Satisfaction and Community Relations	5%	85	B1
Governance	65%	87	A3
G.1 Corporate Governance	10%	94	A2
G.2 Corporate Practices & Supplier Chain	23.5%	90	A3
G.3 Products & services 1	31.5%	81	B1

COMPARISON



ESG RATING DISTRIBUTION



SHORT SUMMARY OF RESULTS

Landsbankinn has demonstrated exceptional performance in this ESG rating by Reitun and comes out with 90 points, in category A3. It continues to put great effort into enhancing sustainability throughout its operations and upholding its commitment to comply with the UN’s Principles for Responsible Banking (UN PRB) and the UN’s Principles for Responsible Investments (UN PRI). The board and management are actively involved in sustainability issues and sustainability information is included in the monthly presentation for the bank council. The bank’s environmental management is good and Landsbankinn is the first Icelandic bank to have its goals to reduce greenhouse gas emissions verified by the Science Based Targets initiative (SBTi). One of the bank’s main opportunities here lies in reducing emission from its asset management and lending. Landsbankinn has made this a priority; for instance, it has published its assessments of the portfolio’s carbon footprint in accordance with PCAF. The bank also regards biodiversity as a key consideration and is a member of the Partnership for Biodiversity Accounting Financials (PBAF), an association working to enable financial institutions to assess and disclose the impact and dependencies on biodiversity of its loans and investments. Sustainability risk is part of the bank’s risk appetite for which the board is responsible; the board and senior management are actively involved in environmental and climate-related issues. Landsbankinn offers products and services that support sustainability and takes sustainability aspects into account in both its new and established products, which is positive. Landsbankinn follows a policy on responsible lending and investments, employs a Sustainable Finance Framework and has made four green bond issues. Sustainability criteria are factored into loan decisions; however, formal sustainability risk assessment and follow-up on borrower performance are lacking here. The bank’s asset management is handled by Landsbréf, its subsidiary. Landsbréf manages the investment fund Eignadreifing sjálfbær, which is classified as an Article 8 fund.

Financial undertakings in Iceland operate under an extensive regulatory system and scrutiny by the Central Bank’s Financial Supervisory Authority. Landsbankinn’s data security arrangements are in good order, its management system being certified according to ISO27001. Landsbankinn operates according to a code of conduct and has established processes to maintain business ethics within the bank. At Landsbankinn’s annual general meeting, in April 2024, the Icelandic State Financial Investments decided to replace all seven members of the Bank Council following the decision of the Bank Council to make a binding offer for the entire share capital of TM insurance. Replacing an entire board of directors can pose a risk, but currently, these changes do not negatively impact the rating. Landsbankinn has created a good framework for its supply chain, and sustainability measures are part of that framework. Customer satisfaction levels and community relations are rated high and the bank was ranked highest by banking customers in the Icelandic Performance Satisfaction Index 2023, the fifth year running. The bank continues to make a priority of human resources, workplace surveys reveal high levels of employee satisfaction and employee turnover is steady. The bank is a good role model for the domestic market and receives an excellent rating in Reitun’s ESG assessment.

COMPARISON WITH DOMESTIC ISSUERS

Landsbankinn hf. is well above in all categories in comparison with other issuers (currently about 40) that have been ESG-rated by Reitun. The current market average aggregate score is now 71 points out of a possible 100, producing a rating of B2. Landsbankinn receives the highest score Reitun has ever awarded, sharing a A3 rating with four other issuers.

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