



ESG Report

2019

Contents

Welfare for the future	4
From the Chief Executive Officer.....	5
About the Report.....	7
About Landsbankinn.....	9
GRI Index.....	11
Future Vision	12
Strategy.....	13
Responsible banking and the SDGs.....	16
Goals.....	20
Equality and responsible investment.....	24
Controversies and partnership	28
Controversies.....	29
Stakeholders.....	35
Collaborators.....	36
Publication.....	41
Indicators	45
Economy.....	46
Environment.....	50
Social.....	54
Financial institutions.....	64
Appendix	71

Welfare for the future

From the Chief Executive Officer

Landsbankinn focuses on integrating sustainability in the Bank's core operation. Sustainability should be integral at all levels, from policy to daily decisions. Landsbankinn's policy is to contribute to sustainability in Iceland, to be a dynamic force in society and operate in accordance with the principles of good corporate governance.

Ranked 6th out of 376 banks

In 2019, Landsbankinn got its first ESG risk rating from an independent party. Investors increasingly demand such independent verification of ESG risk. International rating agency Sustainalytics reviewed Landsbankinn for ESG risk and the Bank received an excellent score, ranking 6th out of 376 European banks assessed by Sustainalytics. The review is comprehensive, encompassing all of the Bank's activities, and the results show that Landsbankinn is well on its way to integrating ESG and sustainability concerns in its core

operation. This was a gratifying acknowledgement of the work the Bank has done and, in addition, a good ESG risk rating can facilitate banks' access to funding.

Practice long-term thinking

One of the challenges companies face in relation to sustainability is a business environment that is often too focused on quarterly results. This is not a new challenge but critique of short-term thinking has grown with increased awareness of sustainability harmonising with operating performance. Experience at Lands-

bankinn shows that steady and on-going effort to achieve sustainability and ESG goals leads to such goals becoming an integral part of all decision making, both in the short and long term.

In fall 2019, Landsbankinn signed new Principles for Responsible Banking at the UN General Assembly in New York. The PRBs will support our work to integrate the Paris Climate Agreement and those three of the UN's Sustainable Development Goals that Landsbankinn has chosen in the Bank's operation. It was enjoyable to see so many parties take on long-term responsibility on the sustainability platform -



Lilja Björk Einarsdóttir, CEO

130 banks signed the PRBs on the occasion.

Participants must set specific, measurable and time-bound goals and regularly publish information about their progress. Landsbankinn has set three such goals, presented in this report. These goals involve assessing emissions from Landsbankinn's credit and asset portfolios, developing green lending, and working to close the gender-based wage gap and in so doing boost gender equality in the labour market.

Landsbankinn develops method to measure emissions

Another key challenge to banks is measuring the environmental and social impact of banking through credit and asset portfolios. Banks throughout the world have struggled with measuring such indirect impact effectively and systematically. In 2019, Landsbankinn joined an international venture that aims to develop and implement a harmonized approach to assess and disclose greenhouse gas (GHG) emissions for financial undertakings. The method is intended to allow banks to measure emissions from projects to which they lend funds or invest in.

One of the key challenges banks face is to measure the environmental and social impact of banking through credit and asset portfolios.

Expertise in green bonds

Over the past two years, the Bank has worked to develop expert knowledge of green bonds and sustainable financing whereby funding is channelled to eco-friendly and social projects. Landsbankinn co-ordinated the issuance of green bonds by Municipality Credit Iceland, which concluded successfully in February 2020. For the first time in Iceland, green bonds were issued at better terms than traditional bonds issued at the same time, demonstrating that investors are engaged and willing to participate in projects run on the sustainability platform. The proceeds from the bond offering will go towards financing environmentally-friendly municipality undertakings that minimise climate change.

Leader in social responsibility

Landsbankinn publishes an annual ESG report based on the principles of the Global Reporting Initiative (GRI). This report has been prepared in accordance with the GRI Standards: Core option and also functions as a Communication of Progress report to the UN Global Compact. Landsbankinn will continue to support the Global Compact and adhere to its guidelines.

As both the interest in and onus on corporate sustainability grows, it becomes increasingly important to publish accessible information about the impact of activities on society and the environment in order to facilitate monitoring of developments, comparison and boost transparency. The report provides information on the varied projects the Bank is engaged in under social responsibility, from ensuring equality in the workplace, implementation of the methodology of responsible investment and wide-reaching social projects. The importance of sustainability in corporate activity continues to grow and Landsbankinn intends to continue to lead in the field.

About the Report

Landsbankinn now publishes its ninth ESG Report based on the GRI Standards. The Report also functions as a Communication of Progress report to the UN Global Compact. The Report reflects the Bank’s knowledge of the subject matter at the time of its publication. Publication of this Report does not imply that the Bank is fully cognisant of its social impact nor that sustainability has been fully implemented in the Bank. The Report endeavours to provide an insight into accomplishments, identify room for improvement and discuss controversies.

Information in the Report is prepared by the Bank’s employees in various divisions and an outside consultant reviewed disclosure with regard for compliance with the GRI Standards.¹ In 2019, a CSR expert was hired² to a 50% position. The CSR expert edits and supervises reporting.

An index accompanying the Report sets out the extent of disclosure on each indicator. This Report contains detailed discussion of some indicators while others

are merely reviewed shortly in the index. Where indicators are not discussed in full it is because information is insufficient or has not been available in comparable form. To avoid repetition, the index in some instances refers to other media and reports from the Bank, as applicable.

The advancement of social responsibility and sustainability at Landsbankinn can be tracked through perusal of the Bank’s previous ESG reports. This

Quality assurance of information

- » Determine the extent to which the standards apply to Landsbankinn
- » Determine the level of disclosure needed to comply with each standard
- » Identify the parties responsible for information and determine how to make the information comparable between years

Report focuses on the activities of Landsbankinn and not its subsidiaries, unless otherwise stated.

Regard was had for the following in determining the scope and approach of the Report.

- » While this year's Report includes the same indicators as previous ones, they were updated to reflect changes from GRI G4 to GRI Standards in 2018.
- » The selection of indicators was based on reports by comparable financial undertakings in the Nordic countries, as well as stakeholder views.
- » The GRI 103 table outlines the approach to management of material topics by the Bank and the person or division responsible. The table was initially prepared in 2018 to reflect changes from GRI G4 to GRI Standards reporting. The table responds to the GRI 103 standard in that it shows management's approach to material topics.
- » In order to identify material topics in the Bank's operation, the standards were



reviewed by Landsbankinn's employees and a materiality analysis carried out. Once the material topics of the GRI Standards had been identified based on Landsbankinn's operation, the responsibility for management of each standard was identified by division.

- » The table shows material topics, or GRI Standards, on the y-axis. The Bank's divisions are arranged on the x-axis and management of each standard recorded in the table's columns.

- » A review during the preparation for this Report ensured that no changes had occurred since 2018.

All information in the Report is for the calendar year 2019. Landsbankinn encourages readers of the Report to contact the Bank with any comments on the Bank's social involvement, as well as suggestions for improvement of the Report.

1. Finnur Sveinsson, sustainability consultant.
2. Aðalheiður Snæbjarnardóttir, sustainability expert.

About Landsbankinn

Landsbankinn hf. was established on 7 October 2008, with roots going back to 1886 through its predecessor, Landsbanki Íslands hf. (now LBI hf.). Landsbankinn is Iceland's largest bank. The Bank provides individuals, corporations and investors with sound, universal financial services based on long-term business partnerships.

Landsbankinn provides traditional lending and deposit services plus market transactions, fund management through subsidiary Landsbréf, corporate finance, private banking and asset management services. Landsbankinn has been headquartered at Austurstræti 11 and surrounding buildings since its establishment. In 2017, the Board of Directors of Landsbankinn decided to construct housing for the Bank's operation at Austurbakki 2, Austurhöfn in Reykjavík. The Bank does not operate outside of Iceland.

At year-end 2019, the National Treasury of Iceland held 98.2% of shares in Landsbankinn. Landsbankinn owns 1.56% of own shares. Other shareholders, current and former employees of Landsbankinn and former guarantee capital owners of the savings banks Sparisjóður Vestmannaeyja and Sparisjóður Norðurlands (other than the state), hold 0.24%.

Gallup surveys show that Landsbankinn held a 37.2% share in the retail market in 2019. Landsbankinn has held the highest share of the retail market six years run-

ing. Gallup surveys show that confidence and satisfaction with the Bank's services has increased in the same period.

The Bank, including subsidiaries, had 943 employees in 893 full-time equivalent positions at the end of 2019, 60% female and 40% male. The gender balance is unchanged between years.

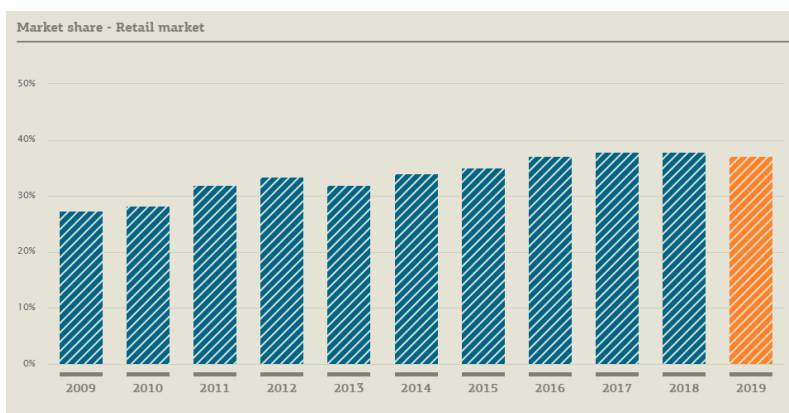
All Landsbankinn employees in banking jobs are members of the Confederation of Icelandic Bank and Finance Employees (SSF) and work in accordance with the

collective bargaining agreement of the Confederation of Icelandic Employers (SA) and the Confederation of Icelandic Bank and Finance Employees (SSF).

Landsbankinn a model of good governance

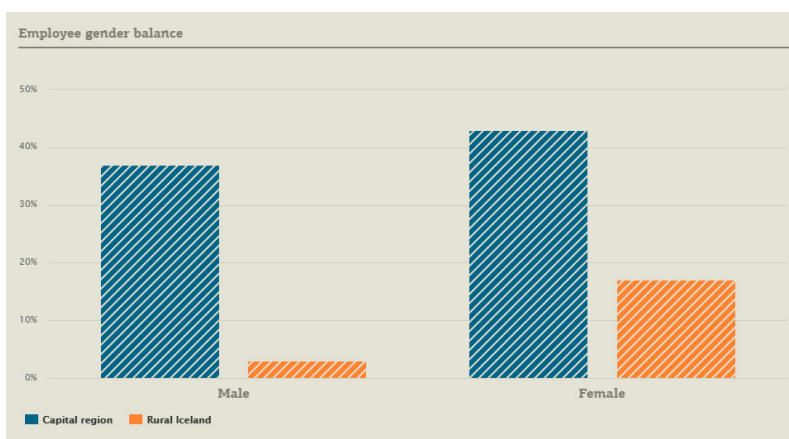
The governance structure of Landsbankinn forms the foundation for solid relations between shareholders, the Board of Directors, executives, employees and other stakeholders and encourages objectivity, integrity, transparency and responsibility in the management of the Bank. Landsbankinn adheres to recognised guidelines on corporate governance and regularly reviews the Bank's compliance with such guidelines.

In April 2019, the Centre of Corporate Governance renewed its recognition of Landsbankinn as a model of corporate governance. The award is organised by the Iceland Chamber of Commerce, Nasdaq OMX Iceland, the Confederation of Icelandic Employers and the CCG at the University of Iceland. The award is based on a review of the Bank's governance practices, carried out by Deloitte ehf.



About Landsbankinn	31.12.2018	31.12.2019	Change
Retail customers of Landsbankinn	126.746	129.943	2.5%
Corporate customers	13.670	14.584	6.7%
Branches and outlets at year-end 2019	37	37	0%
Full-time equiv. positions at year-end 2019	919	875	-2.8%

Key ratios (ISK bn)	31.12.2017	31.12.2018	31.12.2019
Net operating income	53,512	53,910	51,517
After-tax profit	19,766	19,260	18,235
After-tax ROE	8.2%	8.2%	7.5%
Capital adequacy ratio (CAR)	26.7%	24.9%	25.8%
Interest margin on assets and liabilities	2.5%	2.7%	2.4%
Cost-income ratio	46.1%	45.5%	42.6%
Total assets	1,192,870	1,326,041	1,426,328
Ratio of customer lending to deposits	153.0%	153.6%	161.1%



Number of employees by modality of employment	Permanent employment	Trial employment	Temporary employment	Total
Male	366	3	11	380
Female	525	15	23	563
Total	891	18	34	943

GRI index

This ESG Report is prepared in accordance with the GRI Standards: Core option. The Report is edited by Landsbankinn's sustainability expert¹ with information from the Bank's divisions and its suppliers. An outside sustainability consultant² reviewed disclosure with regard for compliance with the GRI Standards. In instances where indicators are not reported or partly reported, this is because information is missing or has not been available in an accessible or comparable format in the Bank's information systems.



1. Aðalheiður Snæbjarnardóttir, sustainability expert.
2. Finnur Sveinsson, sustainability consultant.

Future Vision

Strategy

Sustainability vision

Landsbankinn is focused on integrating sustainability in its core operations.

Landsbankinn's policy on social responsibility is to contribute to sustainability in Iceland, to be a dynamic force in society and operate in accordance with the principles of good corporate governance.

The Bank will take the initiative to form partnerships with companies, institutions and organisations to develop economic activity and infrastructure which will contribute to increased sustainability in Icelandic industry and society with the aim to utilise as best as possible the available opportunities for the maximum future benefit of Icelanders and Iceland. A joint effort can create new business opportunities that emphasise sustainability.

Landsbankinn focuses especially on three of the UN's Sustainable

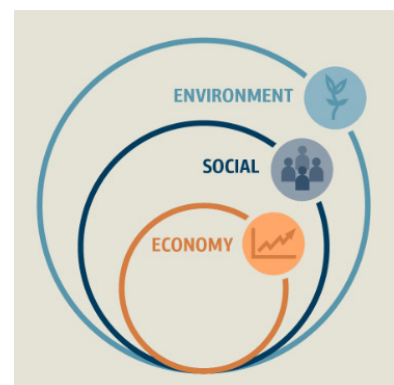
Development Goals (SDGs) and new Principles for Responsible Banking from UNEP-FI. The latter are intended to link banking with the UN's SDGs and the Paris Climate Agreement.

More detailed coverage of the Principles for Responsible Banking from UNEP-FI is presented alongside information about the Bank's sustainability policy in the chapter Responsible banking and the SDGs.

In addition, Landsbankinn has adopted measurable and time-bound goals based on UNEP-FI's guidelines to work to achieve the SDGs and the Paris Climate Agreement. These goals are presented in the chapter on Goals.

Policy on sustainability

The State Ownership Policy for Financial Undertakings states that financial undertakings shall adopt environmental and sustainability policies, as well as a CSR policy. To comply with the Ow-



nership Policy, Landsbankinn has been an active participant of the UN Global Compact, a member of UN PRI, a founding member of the Iceland Sustainable Investment Forum (IcelandSIF), as well as Festa, Centre for Corporate Social Responsibility, and publishes an annual ESG report based on the principles of the Global Reporting Initiative (GRI).

Landsbankinn approved a CSR Policy in 2011 and that Policy has since been under constant development. The focus is on integrating sustainability in the Bank's core operation. In 2019, Landsbankinn became a signatory of new Principles for Respon-

sible Banking, obliging the Bank to set goals that enable it to work to further the UN's Sustainable Development Goals and Paris Climate Agreement in its activities. In shaping these goals, the Bank utilised guidelines from UNEP-FI and involved executives, employees, various stakeholders, customers and the general public in the process. For more details on the goals and their shaping, turn to the chapter Goals.

The Bank's strategizing, including sustainability policies, is the purview of the Executive Board and the Board of Directors of Landsbankinn.

Landsbankinn ranked 6th out of 376 banks by Sustainability

In October 2019, Landsbankinn received an ESG risk rating from Sustainalytics, reflecting an in-depth assessment of the Bank's risk exposure to material ESG issues. ESG stands for environmental, social and governance. Landsbankinn received an excellent score, ranking 6th out of 376 European banks assessed by Sustainalytics. Landsbankinn scored 17.5 points on a scale of 0 to 100 which means that exposure to financial risk from ESG issues is deemed low.

There is increasing demand for third-party verification of companies' ESG issues and several investors require independent evaluation of the Bank's sustainability platform. ESG issues



are benchmarks that measure a company's management of the environmental impact of its operation, its treatment of human resources, suppliers, customers and society.

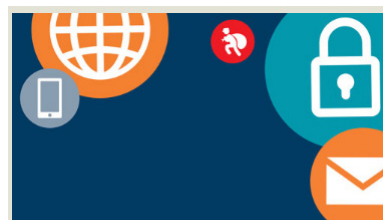
Landsbankinn contributes to carbon accounting method

In 2019, Landsbankinn joined PCAF, a global partnership of financial undertakings that work together to develop and implement a harmonized approach to assess and disclose greenhouse gas (GHG) emissions. The carbon accounting method is intended to allow financial undertakings to measure and analyse emissions from their credit and asset portfolios. The initiative originated in the Netherlands and since then, open-source methodologies to measure carbon emissions have been developed for banks in North America. Work is currently under way to develop an international method to allow financial undertakings throughout the

world to measure carbon emissions in a scientific and co-ordinated manner. Landsbankinn participates in PCAF's development of the international method which is a 3-year project.

Strong emphasis on cyber security

Landsbankinn takes cyber security extremely seriously and participates in various collaborations with organisations and institutions in the field, both in Iceland and abroad. The Bank's experts are active participants in debate about these issues and



Numerous articles and videos on cyber security have been published on Umræðan

produced accessible educational material published to Umræðan and to social media in 2019. The Bank considers such instruction and training to be part of its efforts under social responsibility.

In 2019, the Bank's cyber security experts participated in around 30 events on cyber security, hosted well attended meetings and educational events for companies.

Customer rights and processing of personal data

Landsbankinn respects the legally protected rights of customers provided for in the Act on Personal Data Protection and in keeping with the Bank's policy on data protection and the processing of personal information. Individuals can use the Bank's data rights portal to request access to their own personal data that the Bank uses in its operation, and request correction or deletion of certain personal data from the Bank's systems.

In 2019, Landsbankinn processed 44 applications for access to information, 21 applications to delete data and 1 request to transfer data to another service provider. The Bank's Data Protection Officer did not receive any complaints about the treatment of the personal data of customers or others in 2019.

Corporate governance

Landsbankinn intends to be a model of good corporate governance and complies with guidelines issued by Nasdaq Iceland, the Iceland Chamber of Commerce and the Confederation of Icelandic Employers. For more information, see the chapter About Landsbankinn.

Collaborative ventures on sustainability

Landsbankinn participates in the following sustainability collaborations:

Festa, Centre for Corporate Social Responsibility. Landsbankinn was a founding member of Festa in 2011.

United Nations Global Compact. Landsbankinn has been a signatory of the UN's Global Compact since 2006.

United Nations Principles for Responsible Investment (UN PRI). UN PRI is an association of investors, funds and analysts that aims to include environmental, social and governance (ESG) criteria in investment decisions.

United Nations Environment Programme Finance Initiative (UNEP-FI). Landsbankinn was a founding member of UNEP-FI in 1992.

Iceland Sustainable Investment Forum (IcelandSIF). Landsbankinn was a founding member of

IcelandSIF in 2017. The objective of IcelandSIF is to promote awareness among investors of the methodology of sustainable and responsible investment and to boost debate.

Paris Climate Agreement. In November 2015, Landsbankinn signed a declaration on climate issues, joining over a hundred Icelandic companies and institutions in a collaborative venture of the City of Reykjavík and Festa.

UNEP-FI Principles for Responsible Banking. In September 2019, Landsbankinn committed to implement and comply with the Principles for Responsible Banking. They are intended to link banking with the UN's SDGs and the Paris Climate Agreement. Landsbankinn focuses on three of the SDGs in its operation: No. 5, gender equality, no. 8, decent work and economic growth, and no. 12, responsible production and consumption.

Platform Carbon Accounting Financials (PCAF). In 2019, Landsbankinn joined PCAF, a global partnership of financial undertakings that work together to develop and implement a harmonized approach to assess and disclose greenhouse gas (GHG) emissions. The carbon accounting method is intended to allow financial undertakings to measure and analyse emissions from their credit and asset portfolios.

The chapter Collaborators contains more details about Landsbankinn's collaborations in the field of sustainability and CSR.

Responsible banking and the SDGs

International sustainability guidelines for banks

In September 2019, Lilja Björk Einarsdóttir, CEO of Landsbankinn, signed new Principles for Responsible Banking at the UN General Assembly in New York. Landsbankinn thereby joined a coalition of 130 banks from around the world. The Principles are intended to strategically align financial activity with the UN's Sustainable Development Goals and the Paris Climate Agreement.

Taking place at the start of the UN General Assembly, the official launch of the Principles for Responsible Banking marked the beginning of the most significant partnership to date between the global banking industry and the UN. The Principles were developed by 30 international banks under the auspices of the United Nations Environment Programme Finance Initiative (UNEP FI) of which Landsbankinn is already a member. By signing them, the banks commit to focusing their efforts where

they have the greatest impact – in their core business – and set, publish and implement ambitious targets to scale up positive and address any negative impacts in line with global and local goals. This is the first global framework that guides the integration of sustainability across all business areas of banking activity.

The Principles set the global standard for what it means to be a responsible bank and will ensure that banks create value for both their shareholders and society.





Alignment: Align the business strategy of banks to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks. It is important that banks concentrate their efforts where they have the greatest impact.

Impact: The banks shall seek to increase their positive impact while reducing the negative impact of their operation, pro-

ducts and services on individuals and the environment.

Customers: The banks shall work responsibly with customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Stakeholders: The banks shall take the initiative to responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.

- Principles for Responsible Banking**
1. Align strategy with the SDGs and the Paris Climate Agreement.
 2. Boost positive effects on society and the natural environment and reduce negative impact.
 3. Work towards sustainability together with customers.
 4. Work with stakeholders to achieve society’s goals.
 5. Responsible and effective governance and target setting.
 6. Transparency and accountability about both positive and negative impacts.

Governance & target setting:

The banks shall implement their commitment to these Principles through effective governance and a culture of responsible banking, demonstrating ambition and accountability. Key targets and the impact of this work shall be made public.

Transparency & accountability:

The banks shall periodically review their individual and collective implementation of these Principles and be transparent about and accountable for their positive and negative impacts and contribution to society's goals.

Further information on the six Principles for Responsible Banking.

Commitment to the Principles for Responsible Banking means that Landsbankinn must set measurable and time-bound goals based on guidelines from UNEP-FI to work to achieve the SDGs in its operation. Landsbankinn had previously disclosed which three of the SDGs it intended to focus on. This work will be reviewed annually to increase the likelihood of achieving success. For more details on the goals and their shaping, turn to the chapter Goals.

The banks that endorse the Principles also agree to assist each other and share information about effective methods. As the banks in the group operate in widely different locations throughout the world and are variously



advanced as regards sustainability, this is a good platform for peer learning.

SDGs a part of sustainability policy

Landsbankinn is committed to adhering to the UN's Sustainable Development Goals in its operation. Emphasis will be placed on working to achieve three of the SDGs: Goal 5 on gender equality, goal 8 on decent work and economic growth, and goal 12



Landsbankinn is committed to adhering to the UN's Sustainable Development Goals in its operation.

on responsible consumption and production. The chosen SDGs all relate to the Bank's activities and as such allow the Bank to maximise the positive impact of its work on the environment and the community.

The UN's SDGs

The United Nations presented their Sustainable Development Goals (SDG) in 2015 as replacement for the Millennium Development Goals (MDG), set around the turn of the century. The SDGs are more numerous and specific than the MDGs and focus on the pressing challenges facing the entire world. Below is a review of each SDG and their sub-goals.

Goal 5 - Gender equality

Landsbankinn has over many years made a point of ensuring that



men and women receive equal pay for equally valuable work and enjoy the same job opportunities. Landsbankinn has twice been awarded the golden seal of PwC's Equal Pay Audit and, in March 2019, the Bank achieved legally required equal pay certification.

A detailed coverage of equality at Landsbankinn is presented in the chapter on Equality.

Goal 8 - Decent work and economic growth

Goal 8 promotes sustained and sustainable economic growth, full and productive employment and decent work for all. Landsbankinn supports this goal in various aspects of its operation. Landsbankinn signed a seven-year loan agreement with the Nordic Investment Bank (NIB), the terms of which provide that Landsbankinn re-loan the funds to small and medium-sized enterprises and environmental projects in Iceland.

Landsbankinn has approved sector policies that incorporate guidelines on sustainability for the following industries: fisheries and seafood, real



estate companies, construction companies, holding companies, the travel industry, commerce, services, IT and telecommunications. Landsbankinn contributes to the improvement of access to banking and financial services for all with the country's largest branch network and most ATMs. Landsbankinn's community grants and scholarships support local culture.

Goal 12 - Responsible consumption and production

Goal 12 focuses on ensuring sustainable consumption and production patterns. Landsbankinn contributes to responsible consumption and production through various aspects of its activities and has a wide-reaching effect on the community.

In its efforts to reduce food waste, general garbage production, boost recycling and decrease waste in general, Landsbankinn has made rapid headway towards becoming a paper-free bank, reduced waste and garbage from its operation and now runs a Nordic Swan ecolabelled canteen.



To reduce the emission of compounds and chemicals into the atmosphere, water and soil, Landsbankinn has offered retail customers favourable terms on funding of ecofriendly vehicles and reduced its own fuel use and greenhouse gas emission, uses ecolabelled cleaning products and sanitary towels, offers transportation grants to employees and offsets carbon emissions from all work-related employee travel both domestically and abroad.

Landsbankinn promotes sustainable practices in its procurement and takes its business to local suppliers, with 89% of the Bank's suppliers in 2019 being local.

The chapter Indicators in this Report contains details about environmental aspects of the Bank's operation: development of paper use, waste treatment, fuel use, carbon offsetting and other environmental concerns. Landsbankinn has published ESG reports annually since 2011, in compliance with the standards of the Global Reporting Initiative (GRI). The trajectory of the Bank's efforts under CSR and sustainability can be tracked through the yearly reports.

Landsbankinn is working to reduce GHG emissions through SDG 12. By supporting responsible consumption and production, a behavioural pattern emerges that leads to lower GHG emissions.

Goals

Landsbankinn's sustainability and ESG goals

Landsbankinn has adopted the following goals to enable it to work systematically towards the UN's sustainable development goals (SDGs) and the Paris Climate Agreement through its core operation. For a more detailed discussion of the SDGs, go to Responsible banking and the SDGs.

» Assess emissions from Landsbankinn's credit and asset portfolios

- This is a 4-year goal, i.e. the aim is to publish information about emissions from Landsbankinn's credit and asset portfolios in the ESG report for 2023 (to be published in early 2024).
- Work on this goal will be based on the PCAF carbon accounting method. Mapping emissions from credit and asset portfolios is a complex and difficult task. Development of the PCAF carbon accounting method aims to enable banks to measure emissions in a scientific and comparable manner.



» **Develop green lending**

- The goal is to develop a green credit framework in 2020 and use it to establish in realistic terms the percentage of green loans in the Bank's credit portfolio by 2025.
- The results will be published in Landsbankinn's ESG report for 2020, to be published in early 2021.

» **Work to close the gender-based wage gap and boost gender equality in the labour market**

- The Bank has worked towards this target through its efforts to promote equality in recent years by making it its policy to ensure at least 40% representation by either gender in the Bank's management teams. This has been achieved in the Bank's executive board and future efforts shall focus on balancing the gender ratio in other areas and to maintain the positive progress already made.



- Developments will be communicated annually through Landsbankinn's ESG report.

These goals support SDGs 5, 8 and 12; the three SDGs Landsbankinn is working to promote through its core operation. Two of Landsbankinn's goals also support SDG 13, on climate action, and the Bank has always considered its work in connection with SDG 8, on responsible production and consumption, and 12, on responsible production and consumption, to constitute action against climate change.

Landsbankinn has set these goals in order to work effectively, measurably and against a set schedule to achieve the PRBs, comply more fully with the GRI Standards and the targets the agreement on climate action the Bank has signed with Festa and the City of Reykjavík, and which is in line with the Paris Climate Agreement.

Methods used to develop the goals

Landsbankinn used draft guidelines from UNEP FI, published in September 2019, Impact Identification & Assessment for Bank Portfolios, in the development phase of its own goals.

In preparation for the project, Landsbankinn's sustainability expert reviewed the methodology of the guidelines with the assistance of an outside consultant¹ for the purpose of analysing the guidelines and preparing an action plan.

The first step was to identify the main impact of Landsbankinn's operation in Iceland using UNEP-FI's impact radar. This included careful review of the following steps of the guidelines:

- » Significant impact area
- » Impact identification
- » Impact assessment

- » Impact needs
- » Impact performance
- » Impact targets
- » Bank impact profile
- » Impact management

An attempt was made to involve as many of Landsbankinn's stakeholders as possible and the following parties were interviewed:

- » Landsbankinn's Executive Board
- » The Consumers' Union
- » Landvernd, the National Association for the Protection of the Icelandic Environment
- » Festa, Centre for Corporate Social Responsibility.

Data from the interviews, in which respondents were asked about sustainability and ESG in relation to Landsbankinn, was used to elucidate the Bank's impact on Icelandic society. 17 individuals in the following categories were interviewed for this purpose:

- » Customers, retail
- » Customers, partners
- » Customers, SMEs
- » Customers, large enterprises

Data from the interviews was used to analyse Landsbankinn's impact on Iceland, as the country is defined as the Bank's operational area. The overall impact was broken down into impact from the following operating units:

- » Commercial banking
- » Corporate banking
- » Investment banking
- » Capital markets

In order to focus on Landsbankinn's core operation and the SDGs the Bank has chosen to emphasise, in addition to the targets of the Paris Climate Agreement, regard was had for the sub-targets of the SDGs considered most applicable to Iceland. Information from the interviews was analysed based on these sub-goals. The sub-goals most emphasised in

the interviews and which fell under SDGs 5, 8 and 12 were drawn out. The sub-goals of SDG 13 were also considered as compatible with the targets of the Paris Climate Agreement, and as the Bank was seeking means of working towards better integrating the Agreement in its operation.

The next step was a survey, sent to members of the public and Landsbankinn's employees. The survey was performed by EMC rannsóknir and aimed to identify the issues that are most important to the public and employees. The survey also asked what actions the respondent's bank could take to promote sustainability and ESG. Respondents among the public were 603 and 367 from among Landsbankinn's employees.

Results from both surveys were very similar and identical in the three top issues identified as most important for Iceland.

- » Adopt a circular approach in all consumption and production to ensure that resource utilisation does not exceed natural tolerance.
- » Ensure equal opportunities and equal pay for the same work.
- » Work to reduce climate change and its impact on nature.

Thus, the three goals of Landsbankinn were shaped in collaboration with both internal and external stakeholders and with regard to international guidelines. The goals are linked to the SDGs and/or the Paris Climate Agreement in the following manner:

By identifying emissions from its credit and asset portfolio, Landsbankinn can assess its effect on the climate and encourage reduced emissions. Companies can achieve a reduction in emissions

by adopting circular approaches and in so doing lessen their impact on the climate. This goal supports SDG 12 and the Paris Climate Agreement.

Development of green loans encourages companies to optimise their operation through green projects. This goal supports SDGs 8 and 12 and the Paris Climate Agreement. Once a green credit framework has been developed, the extent of which such products can support companies in green endeavours will be easier to assess. More information will be published at a later date, as it is too early to make any claims at this stage.

Work to reduce the gender-based wage gap and boost gender equality in the labour market supports equal opportunities and equal pay for comparable work. This goal supports SDGs 5 and 8.

In addition to contributing to SDGs 5, 8 and 12, and the

102-8	201	301-1	401-1	FS6
102-22	201-2	301-2	401-2	FS7
102-24	203-1	301-3	403-1	FS13
103	203-2	302	403-2	FS14
103-2		302-1	403-3	FS16
		302-2	403-4	
		302-3	404-1	
		302-4	404-2	
		302-5	404-3	
		303	405-1	
		303-3	406-1	
		305	408-1	
		306	409-1	
		307		

Paris Climate Agreement, work to attain these goals will allow the Bank to fulfill many GRI Standards even more thoroughly. The goals will impact the following GRI indicators:

The goals will be reviewed annually and developments disclosed in Landsbankinn's ESG report.

Equality and responsible investment

Equality

Landsbankinn has over several years placed great emphasis on ensuring equal pay and equal job opportunities. In 2019, the focus on equality was sharpened even further with Capacent's Equality Indicator and the Bank received equal pay certification.

Equal pay certification legally required

Landsbankinn attained legally required equal pay certification in March 2019 and has since operated in accordance with a certified equal pay system. The gendered wage difference in the Bank is calculated regularly and in 2019 it has ranged between 1.4-1.8%, in favour of male employees. Regression analysis of December 2019 wages reveals a 1.5% gender-based wage difference.

The Act on Equal Pay Certification from 2017 provides that

certification shall be based on the Equal Pay Standard ÍST 85. The key aim of equal pay certification is to counteract a gender-based wage gap and boost gender equality in the labour market. Implementation of an equal pay standard at Landsbankinn in fact means that the Bank has enacted a control system which ensures that handling and decisions about wages is based on objective factors, free of gender-based discrimination.

Emphasis on SDG No. 5 - Gender equality

Landsbankinn is focused on working to attain three of the UN's Sustainable Development Goals (SDGs), including goal 5, on gender equality. Prior to gaining legally required equal pay certification, the Bank had twice been awarded the golden seal of PwC's Equal Pay Audit, initially in

2015, first of the domestic banks. Landsbankinn wants to ensure that men and women receive



equal pay for equally valuable work and has set itself the goal of ensuring at least 40% representation by either gender in the Bank's management teams.

Landsbankinn's Gender Equality Policy is reviewed regularly and an equal rights committee is active in the Bank. Landsbankinn is a signatory of the Women's Empowerment Principles – Equality Means Business (WEPs), an international venture by UN Women and UN Global Compact. By signing WEPs, Landsbankinn committed itself to further gender equality within the company and conduct its business in accordance with the principles of corporate social responsibility.

Conference on workplace equality

In November 2019, Landsbankinn hosted a conference on





equality in the workplace along with Landsvirkjun and Alcoa Fjarðaál. The conference was held in Egilsstaðir in East Iceland and was very well attended. The focus was on the importance of emphasising equality in business. Lilja Björk Einarsdóttir, CEO of Landsbankinn, spoke at the conference and participated in panel discussions.

Equality boosted with Capacent's Equality Indicator

Landsbankinn is a member of Capacent's Equality Indicator, a wide-reaching undertaking to

analyse the status of equality within the Bank in detail. All Bank employees were involved in the project which began in 2018. During implementation of the equality indicators, goals were set in 6 categories leading up to the year 2022.

Several actions were undertaken in 2019 to work towards these goals. A development and mentor system was created to help employees strengthen their job development trajectory. Representation on behalf of the Bank in media and conferences was registered. This proved effective and a gender balance was attained at year end. A contingency plan for

Key focus points in gender equality:

- » Landsbankinn is a workplace where men and women have equal opportunity for employment and board membership.
- » Landsbankinn aims to attain a gender balance in its workforce and to avoid earmarking certain jobs for either gender.
- » Landsbankinn pays equal wages to men and women for equally valuable work.
- » Landsbankinn is a workplace that allows its employees to harmonise work and private life.
- » Landsbankinn does not tolerate bullying, discrimination, gender-based or sexual harassment or violence.
- » Landsbankinn ensures that all employees have equal opportunities for job development, to train and study.

bullying, gender-based discrimination, sexual harassment and violence (EKKO) was introduced to employees during the year. A register has been maintained of the gender ratio of applicants in all hiring processes, logging interview calls and information about final hiring decisions. Management was instructed on the pervasiveness of subconscious prejudices and ways and means of counteracting them.

Goals for 2022 set based on Capacent's Equality Indicator

- » Development and mentor system, establishing solutions to help employees strengthen their job development trajectory.
- » Role models, the gender breakdown of representatives of the Bank.
- » Culture, ensuring that processes related to EKKO are clear and credible and that employees receive regular instruction about EKKO.
- » Education, events on equality issues and educational campaign for employees.
- » Hiring process, work towards eliminating unconscious prejudices in personnel appointment.
- » Equal gender representation, achieving a 40/60

gender ratio in all levels of management.

Responsible investments

In recent years, Landsbankinn has worked to implement a Policy on Responsible Investment. Emphasis is placed on the integration of sustainability in core operations.

Landsbankinn's Policy on Responsible Investment reflects work practices that have been shaped in recent years, as well as the challenges the future holds. The next steps for Landsbankinn will include integrating ESG issues in the process of investment decisions in a structured manner, both as relates to listed and unlisted equities and bonds.

The Policy on Responsible Investment has regard for the United Nations Principles for Responsible Investment (UN PRI) of which the Bank has been a member since early 2013. Members

of UN PRI oblige themselves to publish a Communication of Progress report on their adherence to the guidelines and the Bank has done so in recent years. UN PRI requires members to demonstrate clear progress. The progress reports are intended for investors, customers and stakeholders and are published on the websites of PRI and Landsbankinn.

The integration of environmental, social and governance (ESG) factors in the investment process has a positive impact on return on investment in the long term and reduces operational risk. The business environment is changing and a company's stance on sustainability and social responsibility has begun to factor in risk assessment, as well as in the evaluation of growth opportunities.

In engaging in an active dialogue on ESG and sustainability with other companies, Landsbankinn wishes to focus on mitigating action and ensure long-term benefits for the Bank and investors. As regards responsible investment,

Landsbankinn's practices build on active communication whereby exclusion is a rare exception.

Expert knowledge of green bonds

Over the past few years, the Bank has developed and built expertise in green bonds. Green bonds allow for the financing of environmentally friendly projects. Interest in green bonds has increased steadily in Iceland in recent years, in line with exploding interest abroad. Increased awareness of climate and environmental issues and pressure from the public has encouraged countries, municipalities and private companies to place greater weight on these issues. Landsbankinn has endeavoured to build knowledge of so-called sustainable bonds, i.e. green bonds, red bonds (issued to fund social commitments) and blue bonds (issued to finance ocean-friendly projects).

In 2019, Landsbankinn Markets worked with Municipality Credit Iceland towards the certification of its green bond framework. By offering green loans, the MCI aims to encourage municipalities to more selectively choose environmentally friendly projects that minimise climate change. The framework has been reviewed by Sustainalytics, a leading global provider of ESG ratings.

In July 2019, Reitun ehf., Landsbankinn and Landsbréf signed a service agreement providing for Landsbankinn and Landsbréf to obtain ESG ratings for issuers of equities and bonds in portfolios under management by the two companies. This agreement is the next step towards introducing procedures for responsible investment, continuing along the path which the Bank and its subsidiary Landsbréf have set for themselves in recent years.

Supplementary guidelines for investment analysis

Landsbankinn Economic Research has in the past couple of years gathered strategic information about the operation of listed companies with regard for sustainability and social responsibility. This work is based on a standardized questionnaire that pertains to the main elements of ESG issues. The questionnaire represents Landsbankinn's first steps to gathering information about how listed companies approach these matters. Responses to the questionnaire were made available to investors via Economic Research's website in 2017. To date, the responses are only for the attention of investors and the department does not evaluate the answers. In the long term, the aim is to give more weight to these issues in the evaluation of investment opportunities. The aim is to implement sustainability principles in general analysis work in the future, in line with the Bank's obligations under the tenets of responsible investment.

Controversies and partnership

Controversies

Corporate and public awareness of what sustainability means continues to grow and controversies regularly arise.

Landsbankinn's ESG reports for recent years have focused on development in the Bank's branches, sexual harassment in the workplace, sale of companies by the Bank, supply chain responsibility, interest margins and pricing. The reports have also focused on changes in the banking environment, the new directive on payment service and data protection laws, challenges relating to human resources, cyber security and increased demand on sustainability from the investor side.

This year's report will focus on two issues; the measures banks can take to be socially responsible and the sustainability certification of Landsbankinn's new facilities.

Is it possible to assess banks based on sustainability and ESG factors?

In recent years, public awareness about sustainability has increased with concomitant pressure on



companies to pay serious attention to these matters. Banks are no exception and demands that they demonstrate progress have grown, both from the public and from investors.

The main challenges banks face in the integration of the ideology and methodology of sustainability in their operation is to identify areas where they can most effectively achieve results through core operations. It is also challenging for companies to practice long-term thinking and apply that vision in business

activities. It is necessary to adopt a long-term approach in corporate processes to achieve the best results for the environment, society and operations.

Challenging to measure the impact of banking activities through credit and asset portfolios

Until recently, banks were considered to have a small environmental footprint as their activities were not thought to produce

GHG emissions to any significant degree. As standards evolve and ESG requirements become more sophisticated, it is now generally accepted that banks have a high impact on their environment and produce emissions through their credit and asset portfolios. Banks must contribute to society's effort to achieve the goals of the Paris Climate Agreement and the opportunities lie in the projects they choose to finance and invest in rather than in direct activity. Such indirect emissions are difficult to identify and measure.

The Partnership for Carbon Accounting Financials (PCAF) is working to develop a harmonized approach to assess and disclose greenhouse gas (GHG) emissions for financial undertakings. The carbon accounting method is intended to allow financial undertakings to measure and analyse emissions from their credit and asset portfolios. Landsbankinn participates in the development of the method. The project originated in the Netherlands and PCAF carbon accounting systems have already been developed for domestic financial undertakings and North-American banks. The PCAF ideology is primarily based on the GHG Protocol, adapting that methodology to the credit and asset portfolios of banks. For

more information on the project, [click here](#).

There are several avenues open to banks to measure the impact of their credit and loan portfolios, such as TCFD, CDP and the aforementioned GHG Protocol, but each bank must decide which method best suits its operation. It is nonetheless important to consider the methods and standards selected by other banks and financial undertakings, as investors need to be able to review information that is comparable across financial undertakings.

In addition to environmental factors, banks must consider social factors and governance practices when evaluating the impact of their operation through credit and loan portfolios. This is increasingly done through sustainable financing, whereby funding is systematically channelled to environmentally and socially positive projects. There are indications that investors are prepared to fund environmentally friendly projects on more favourable terms than other projects. In order for sustainable financing to be successful, ESG must be an integral part of a bank's core operation and daily decision-making. It is key to banks, as to other companies, to maximise

their impact by integrating sustainability in core operation.

In order for the public to learn about banks' actions and their sustainability platforms, it is important to tend to annual reporting and to publish detailed information on non-financial aspects of activities, so-called key information.

Robust disclosure builds trust

It is important to review the impact of operation on the environment and society every year and to publish comparable figures to track progress between years. The aim of reporting on sustainability and ESG is to create transparency and build trust.

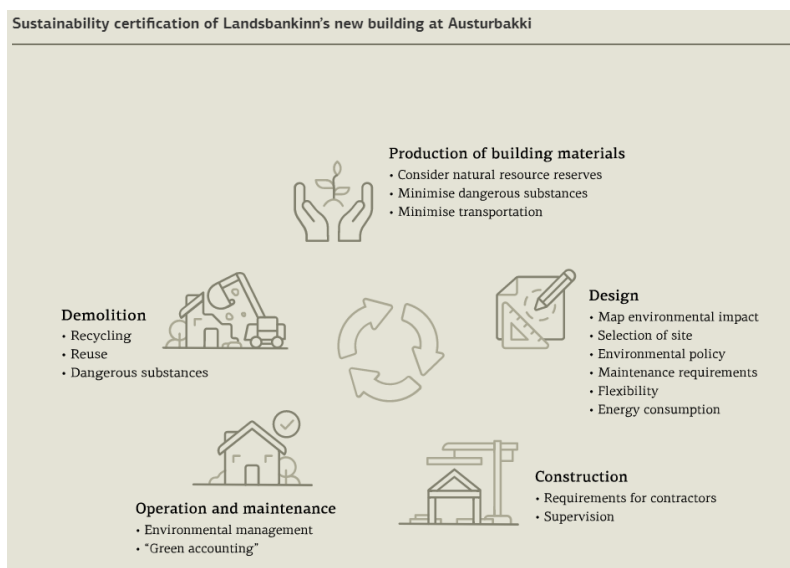
Various standards have been designed to ensure comparability of reporting from year to year, most notably the Global Reporting Initiative Standards and the Nasdaq ESG reporting guide. Both the GRI Standards and Nasdaq's guide include an index that is comparable between reports to facilitate comparison of disclosure between companies.

Third-party review and international commitments reduce “greenwashing”

Rumours of so-called “greenwashing” tend to follow discussion of corporate sustainability and work to further ESG concerns. This refers to the practice of talking the talk of social responsibility in order to reap the benefits without doing any real work to implement and develop the methods of sustainability. Both the GRI Standards and Nasdaq’s guide require verification of ESG reports by a third party to ensure information quality. Investors increasingly insist on independent review of the entire operation of banks to determine their ESG risk. Analysts who undertake such reviews include Sustainalytics, ISS, S&P Global, MSCI, etc. The benefit of obtaining an ESG risk assessment of operations is that good ratings facilitate access to favourable funding.

As interest in ESG and sustainability grows along with the demand for actual engagement, the ways and means by which banks can implement and monitor ESG in their operation become more specific and numerous. This includes the Principles for Responsible Invest-

Sustainability certification of Landsbankinn’s new building at Austurbakki



ment (PRI) and the Principles for Responsible Banking (PRB), both under the auspices of UNEP FI (United Nations Environment Programme – Finance Initiative). PRI has been around for several years and the decision was recently taken to rescind the membership of companies who have not shown any development in their ESG reports. The PRBs were launched in fall 2019 as a means of assisting banks to align their operation with the Paris Climate Agreement and the UN’s SDGs. Participants are required to set specific, measurable and time-bound goals based on the Paris Climate Agreement and the SDGs and report annually on their pro-

gress. Failure to do so will lead to dismissal from the project. Such projects are a valuable platform for peer-to-peer learning, to share success stories and allow for comparison between banks. By participating in these projects, banks show their long-term commitment to sustainability.

Long-term vision crucial

To the general public, it may be difficult to maintain an overview of the commitments and projects available to banks and which projects it is important for banks to participate in to further

sustainability and ESG issues. In order to help the public gain insight into such work and track ESG development between years, it is important that banks publish annual reports. One of the main challenges faced by banks when it comes to sustainability is the tradition of prioritising quarterly results over long-term success. As a result, one of the key challenges banks must address is to adopt a long-term vision in their processes to achieve the best possible results for the environment, society and their own operation, for the future.

Climate change is a powerful and present challenge. The environmental impact of construction projects is considerable, with the construction sector responsible for as much as 40% of energy indirect CO₂ emissions and 36% of the world's energy consumption. Construction also generates the highest waste volume in most countries. Sustainable develop-

ment in the construction sector is one of the largest challenges of our time.

Landsbankinn is currently engaged in constructing a multi-purpose commercial and office

building at Austurbakki in central Reykjavík. The new building will be rated under the BREEAM standard. BREEAM is the world's leading sustainability assessment method for

construction projects and the assessment system most used in Iceland, with nigh on thirty domestic projects currently rated or in the process of being rated by BREEAM. The aim is to achieve an "excellent" rating, most notably for design and construction of the Bank's building, matching the highest ratings given in Iceland.

The sustainability certification of Landsbankinn's new building supports and aligns with the Bank's CSR policy. It is the logical

continuation of the Bank's current efforts under CSR and sustainability. The Bank continuously aims to improve its operation and environmental concerns are of high importance.

Why sustainable buildings?

It is sensible to invest in buildings that support well-being and consume less energy, require less maintenance, have a longer lifetime and utilise less amounts of harmful substances. The health and well-being of the building's users is vital, regardless of whether a building is for business or residential purposes, and factors that support good in-use and a healthy environment should be emphasised.

The aim of sustainable design is to systematically boost quality and reduce negative impact. The main scope for creating value during the various stages of a building's lifetime is during the preparation and design phase,

where strategic decisions are made. Design of sustainable buildings must consider the impact of their entire life cycle, from resources used and production of building material, to the construction process, operation and, finally demolition and waste treatment.

A sustainable building must be based on the methodology of sustainable development that seeks to fulfil the needs of current generations without reducing the possibilities of future generations to do the same. Sustainable construction is based on eco-friendly methods, effective use of resources and reducing negative environmental impact throughout the entire life cycle of the building.

Sustainability certification of buildings aims to increase quality, reduce the negative impact of construction on the environment, produce health-promoting and safe constructions and reduce the overall cost of buildings during their lifetime. The motivators for choosing sustainable construction are environmental, financial and health related.

What are the advantages of certification over simple emphasis on environmental factors?

Is it not enough to emphasise eco-friendly options in construction projects without seeking official sustainability certification? Certainly, sustainable buildings

can be constructed without undergoing formal sustainability assessment. Experience nevertheless shows that a formal rating system removes the risk of relaxing requirements. While initial intentions are good at the outset of many projects, requirements are quite often relaxed during the process and in the end, little may remain of the factors that were intended to result in a sustainable building. As a result, there is real value in achieving recognised sustainability certification.

Such value may be financial and involve more favourable funding terms for the project. Value can also relate to image and marketing, as a sustainability rating allows companies to actively demonstrate environmental and social responsibility.

Environmental motivator	Financial motivator	Health-related motivators
Reduced energy consumption	Favourable funding	Healthier interior
Reduced use of harmful substances	Lower operating cost	More wholesome and secure building
Reduced waste	Investment retains its value	Users can manage their environment

“Green leases” and sustainable buildings are becoming increasingly popular internationally. Environmental awareness continues to grow and companies, institutions and private parties increasing place value on environmental and social responsibility. Adherence to a recognised sustainability assessment system is an effective and acknowledged method of achieving sustainability goals and reducing the negative environmental impact.

Sustainability certification requires a great deal of documentation. It is vital to analyse and assess projects and their scope to select a certification system that suits each undertaking. Large-scale sustainability certification systems are less suited to smaller undertakings, at least in current form.

Cost of certification - does it pay?

There is little concrete information to be had about the scope and nature of the Icelandic construction sector and there is also a dearth of accessible

data and research on the cost of sustainability certification. Available information about the energy consumption of domestic buildings is limited. Attempts have been made to assess the cost of sustainability certification of buildings. The cost involves on the one hand direct expenses linked to documentation, administrative cost and the cost of work by the design team, contractors and owners, and on the other hand, additional costs of building linked to equipment and materials. Increased initial cost of sustainability certification has been estimated at 2-3% of construction cost. Such additional costs can however frequently be gained back through lower operating cost during the lifetime of the building.

Gains

Awareness of environmental issues and sustainability has increased greatly in recent years and more demands are made of CSR and responsible investment. The construction sector has undergone a considerable change in attitude, as public authorities

place higher demands on designers, contractors and buyers.

The intended benefit of sustainability certification of buildings involves favourable funding, lower operating costs and healthier environments. While certification on its own does not guarantee quality, the process facilitates effective work. Certification systems encourage rigour in design, construction and operation, and guide undertakings and individuals on the right path yet they are no replacement for common sense and realistic assessment of actual circumstances.

Landsbankinn is guided by environmental, social and economic concerns in its operation. By seeking sustainability certification of its new building at Austurbakki, Landsbankinn actively shows responsibility. Landsbankinn aims to contribute, as the environment concerns us all.

Stakeholders

Landsbankinn regularly consults with key stakeholders to familiarise itself with their expectations and views on the Bank's operation. Such dialogue is intended to support product and service development, aligning it with the needs of customers and the community.

Stakeholders are divided into internal and external parties. Internal parties include customers, employees, shareholders, suppliers and the community. External parties are the authorities, regulators, media, investors, interest and lobbying groups.



Landsbankinn has not performed a stakeholder analysis based on ESG factors but avails itself of various methods, such as open meetings, comment systems, surveys, focus groups and interviews with employees and customers. The chapter on collaborators discusses Landsbankinn's partnership with several stakeholders.

Attitude

For the past six years, Landsbankinn has measured employees' attitude towards the Bank's sustainability platform with a survey that includes a question about its importance to the Bank's operation. Sustainability and ESG have been considered important all six years. There was

a significant increase between 2017 and 2018, with a rise from 4.22 to 4.35 out of 5. In 2019, the figure was 4.34 out of 5. Employees have also been asked to rate overall job satisfaction in recent years and job satisfaction rated 4.4 out of 5 in 2019, remaining unchanged from 2018.

In recent years, EMC rannsóknir has asked the public whether they consider their bank to be sustainable. The question was most recently asked in November and December of 2019 and scored 2.6 on a scale of 1-5. The highest-scoring bank got 2.8 on the same scale and the lowest-scoring 2.4. The survey included 89 of the country's largest companies and the average score was 2.7. Landsbankinn's score thus compares to the average company.

Collaborators

Landsbankinn supports and participates in numerous social initiatives that encourage development and progress in the community.

The Bank supports various causes with grants from its Community Fund, through direct support from branches to local ventures and mutually beneficial partnership arrangements. Landsbankinn endeavours to increase direct participation in the community by employees, including by providing expert advice on finance and innovation.

Emphasis is placed on ensuring varied support and that the Bank's contributions benefit many people. Through the diverse projects, Landsbankinn's support reaches rescue service and accident prevention efforts, art and culture, sports, education and the campaign for LGBTQI+ rights.

Gulleggið

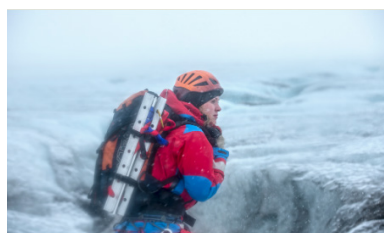
Landsbankinn sponsors Gulleggið, an annual innovation competition hosted by Icelandic Startups. The key goal of the competition is to create a platform for young entrepreneurs to practice and



gain experience of shaping new business ideas and operating a company. As part of the competition, participants are offered courses, advice and specialist assistance with everything from shaping a business idea to budgeting to communication with investors.

Rescue squad Landsbjörg

Landsbankinn is a main sponsor of Slysavarnafélagið Landsbjörg,



the Icelandic Association for Search and Rescue (ICE-SAR). The Bank wishes to contribute to effective rescue service and accident prevention throughout Iceland. ICE-SAR is a national association of rescue and prevention squads and one of Iceland's largest volunteer associations. The aim of ICE-SAR is to prevent accidents and save human lives and valuables.

Education of economic and financial issues



The department Business Solutions in Private Banking handles financial instruction to private individuals and supports efforts to increase financial literacy. Extensive coverage and education of economic and

financial issues also takes place through Umræðan, Landsbankinn's content and news site.

Over a span of several years, Landsbankinn has emphasised providing financial instructions to young people in upper secondary school, both younger students just embarking on their course of study and those about to finish school. This instruction is intended to contribute to increased financial literacy and prepare students for the future. The programme is available to all upper secondary schools and is carried out in collaboration with the schools' representatives.

In 2019, 48 visits were made to 13 schools throughout Iceland. A total of 1300 students received financial instruction. The Bank does not promote its products or services in financial instruction visits to school, only providing general financial advice.

Employees in the Bank's Customer Service Centre have handled financial instruction in the capital area and employees in rural

Iceland handle instruction in their communities. An effort is made to ensure that younger employees of Landsbankinn handle instruction to upper secondary school students in order to take advantage of peer mentoring.

Landsbankinn is an active participant in the project Fjármálavit, education material in financial literacy for older elementary school students. The project is under the auspices of the Icelandic Financial Services Association and the National Association of Pension Funds in collaboration with members and their employees throughout Iceland. Over a hundred employees from financial institutions, insurance firms and pension funds participated in the project last year, thereof 25 from Landsbankinn. Around 3000 10th grade students participated in the project in 2019. Since its launch five years ago, Fjármálavit has reached 20,000 students.



The Fintech Cluster

Landsbankinn is one of the founding members of the Fintech Cluster along with 62 other companies, universities, organisations and other entities. The aim of the Fintech Cluster is to promote innovation in finance and work to improve and facilitate business transactions of all kinds. The Cluster is a community of actors in finance who wish to encourage increased value creation, competition and improve daily life.

The Fintech Cluster will host events, such as meetings about the various aspects of financial technology (fintech), promote start-ups, fintech meet-ups and more. The Cluster will further the

interests of fintech in other ways, such as by fostering connections between foreign enterprises and clusters, possible partners and various specialised projects.

Future programmers

The fund Future Programmers is a social initiative that aims to promote programming and technical education in Iceland's elementary and secondary schools. The main goal is for programming to become a part of the elementary and secondary school curriculum. The Fund supports schools in their endeavour to offer programming courses, donates computer equipment to schools and advises on programming education and training for teachers. Landsbankinn is one of the Fund's backers along with the Icelandic Banks' Data Centre (RB), the Ministry of Education, CCP, Icelandair and others.



Skólahreysti - Fit for School

Landsbankinn is the main sponsor of Skólahreysti, a sports tournament for elementary schools, and an active supporter of the tournament. The aim of Skólahreysti is to encourage children to participate in a comprehensive sports experience based on the tenets of physical education. The popularity of Skólahreysti increases every year.

The competition was held for the 15th time in spring 2019 and 100 elementary schools from around Iceland participated. Skólahreysti is also sponsored by the Ministry of Culture and Education, the Nordic Council of Ministers, Toyota and the Icelandic Sports Union and Olympic Committee.

Cluster initiative in tourism

Landsbankinn has participated in a tourism cluster initiative since the project was launched in 2012. The key goal is to increase competitiveness and value creation in the travel industry and the project is guided by the cluster methodology espoused by Michael Porter. Key companies in the travel industry, public entities and companies in tourism





support branches or collaborative sectors all join forces in the cluster.

Svanni - Women's Loan Guarantee Fund

Landsbankinn and Svanni - Women's Loan Guarantee Fund collaborate to grant credit to women in business. The Fund and the Bank jointly guarantee the loans. Landsbankinn guarantees half of loan amounts and



the Fund the other half, ensuring easier access to funding to female business operators and increasing the opportunity for women to establish companies. The partnership agreement is part of Landsbankinn's efforts to boost Icelandic industry and encourage innovation domestically.

Gay Pride

Landsbankinn supports the Icelandic campaign for LGBTIQ+ rights and has been a proud sponsor of Reykjavík Pride since the beginning. Reykjavík Pride marked its 20th anniversary in 2019 with the grandest festival yet.

In 2017, the collaboration was enhanced with the establishment of the Pride Parade Fund. The aim of the Pride Parade Fund is to support individuals and smaller groups to prepare floats and appearances in the Pride Parade and thus to encourage participation in Reykjavík Pride.

Kraftur

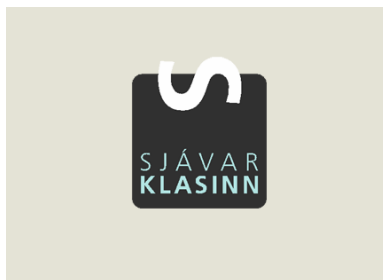
Towards the end of 2019, Landsbankinn presented Kraftur with a financial donation in the name of 876 companies deemed exceptional by Creditinfo. Kraftur is a support society for young cancer patients and their next of kin. Every year, around 70 individuals aged 18-40 are diagnosed with cancer and Kraftur provides both financial and emotional support to the patients and their families.





IcelandSIF

Iceland Sustainable Investment Forum (IcelandSIF) was established in Iceland in November 2017. The aim of IcelandSIF is to promote awareness and discussion about the methodology of sustainable and responsible investment. Landsbankinn is one of 23 founding members of IcelandSIF. IcelandSIF is intended to function as an independent forum for discussion and education about responsible and sustainable investment.



The Iceland Ocean Cluster

Landsbankinn is a partner of the Iceland Ocean Cluster, which aims to boost the competitiveness and value creation of Icelandic companies who utilise marine resources, directly or indirectly. Since its establishment, the Iceland Ocean Cluster has contributed to development and innovation in the sectors in the Cluster in cooperation with corporates and educational institutions and published various research and analysis papers. Around 60 companies and institutions in

varied marine-related operations in Iceland are formally a part of the Cluster.

The Vigdís International Centre

In 2019, Landsbankinn supported the Vigdís International Centre which operates out of Veröld - Vigdís' House. The Vigdís International Centre for Multilingualism and Intercultural Understanding was in November 2011 authorised to operate under the auspices of UNESCO.



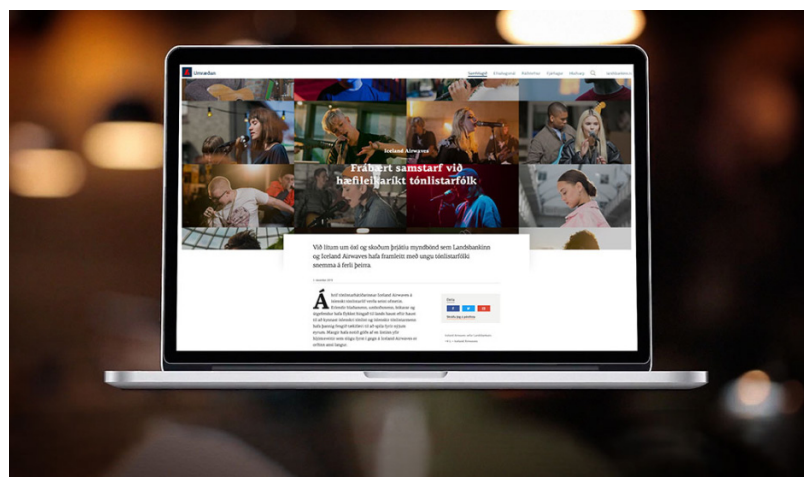
Publication

Landsbankinn publishes varied content on economic and financial matters in the broadest sense to its news and content site, Umræðan. Such publication refers to and is part of the Bank's aim to be a dynamic presence in the community. Subjects covered in 2019 include the travel industry, changes in financial services, young adults and finances, green funding and cyber security. A podcast from Economic Research was added to the wide variety of content published by Landsbankinn in 2019.

Interesting content on Umræðan

Umræðan has grown since it was launched in 2016. Content is presented in an accessible manner and covers trending topics in finance as well as social developments. Material is published in a myriad of formats, as text, photos, graphic statistics, informative videos and podcasts.

In 2019, Umræðan covered various topics as usual. Several articles focused on developments in banking and finance, including What direction is banking taking? which discusses changes in banking services brought on by open banking. There was a



piece on PSD2 in Europe, good reception of the first A2A payment solution and Apple Pay. Another article reviewed how financial activity has increasingly moved to smartphones.

There was a strong focus on sustainability. Articles that focused on CSR included green financing by municipalities, a discussion about how companies are evaluated based on CSR and



Umræðan has been chosen the best content and news site, as judged by the panel of the Icelandic Web Awards.

the UN's Sustainable Development Goals (SDG) as they relate to Landsbankinn's sustainability targets. Cyber security was another topic that maintained top position for another year. The Bank has placed strong emphasis on informing customers about the issue. Articles explained sextortion, a type of Internet fraud, and presented free solutions to secure email communication. The calculated psychological warfare perpetrated in cybercrime was discussed, as was investor fraud, which increased greatly in 2019.

Some good advice was extended regarding the establishment and operation of charities and the opportunities and challenges

Five topics on Umræðan

Society - Thoughtful articles and interviews about new developments and changes in the community, the financial world and in Landsbankinn's operations.

Economy - Articles and research on the economy from Landsbankinn Economic Research.

Conferences - Miscellaneous material from conferences and meetings hosted by the Bank.

Fjárhagur - Shorter, informative articles in which Landsbankinn employees share their experience and expertise on household finances and economics.

Podcast - Umræðan podcast was launched in 2018, in collaboration with the University of Iceland Student Council. The focus was on student and young adult housing issues, first purchase and the rental market. Economic Research's podcast, Markaðsumræðan, was launched in 2019.

Icelandic seafood and fisheries face from altered commercial practices was reviewed. Some of the topics covered on Umræðan have links to the community and the Bank's partners. This includes a retrospective on Iceland Airways with a review of thirty videos Landsbankinn has produced in collaboration with young musicians performing at the festival. An article was published on the

occasion of Gay Pride, describing the Pride Parade as an important family festival and another article reviewed the Politeness Prize Landsbankinn and KSÍ present to junior football leagues. A contributor wrote about how Polish nationals living in Iceland appreciate being able to get bank services in their native tongue. There was a review of how new technology impacts the life of individuals with disabilities, a consideration that was taken into concern in the entire design and development of Landsbankinn's app.

There was in-depth coverage of young adults and finances, incorporating interviews with several young adults on savings and advice from Landsbankinn's specialists. A similar piece focused on young adults and the housing market.

Dedicated websites were set up under Umræðan on the occasion of larger publications by Economic Research, as in previous years. A detailed analysis of the travel industry was published in September and the department's



Markaðsumræðan is directed by Arnar I. Jónsson and Sveinn Thórarinnsson.

Macroeconomic forecast was published in October. The websites employ interactive graphs, videos, photos and interviews with stakeholders in industry to illustrate the points made in Economic Research's analyses. Recordings and slides from conferences held in connection with publications are published to dedicated websites.

Landsbankinn Economic Research publishes its regular bulletin on economic affairs, Hagsjá, on Umræðan, with a focus on economic developments, public finances,

the real estate market, the inflation outlook etc. Regular column Icelandic Economic Weekly includes market information, a review of the previous week and a calendar for upcoming financial events, publication of statistics, financial statements, etc.

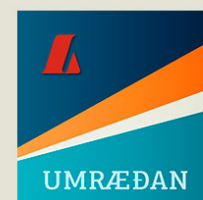
Markaðsumræðan, Economic Research's podcast

Markaðsumræðan is a new podcast on Umræðan in which equity analysts with Landsbankinn

Economic Research discuss their take on and analysis of listed companies and review recent economic and market developments. The podcast is accessible and the aim is to boost interest and discussion of the equity market.

The Markaðsumræðan podcast was launched in October. The main focus is on securities and domestic market developments without forgetting general information about economics, the economy and influencing factors such as the travel industry. A total of five podcasts aired in 2019 on a wide variety of topics.

Podcast on Umræðan



In a new podcast on Umræðan, Markaðsumræðan, analysts from Landsbankinn Economic Research review the equity market, business and industry, and the economy in general.



Landsbankinn Economic Research is a prolific producer of research and analyses of economic developments. The department plays a key role in shaping Landsbankinn’s stance on developments and outlook in the economy, both in Iceland and abroad. The department publishes macroeconomic and inflation forecasts, prepares sector analyses and handles other specialised tasks. Economic Research also prepares analyses and price valuations of listed companies.

Economic Research published 353 analyses in 2019

Economic Research published a total of 353 analyses in 2019 and hosted several events and information meetings on the economy. The department produced an in-depth review of the status and outlook in the travel industry and presented the results to a well-attended conference in Harpa in October. Economic Research then presented its annual macroeconomic forecast, *Þjóðhagur*, in Harpa in November and it was published on *Umræðan*. It is composed of in-depth analytical articles on various aspects of the Icelandic

and global economy. The title of the 2019 conference was: “The economy comes in for a soft landing”. There was special coverage on the housing market and Jamie Rush, Chief European Economist for Bloomberg Economics in London, discussed the economic ramifications of populism.

Analysts from Economic Research were prominent in domestic media in 2019, personally answering questions on the economy and their written publications being quoted.

Publications by Economic Research

Economic analysis, the stock and FX markets

<i>Þjóðhagur</i> and special publications	2
<i>Hagsjá</i>	150
<i>Iceland Economic Weekly</i>	49
Monthly review of the FX market	12
Monthly review of covered bonds	12
	225

Equity market

Profit forecasts	60
Performance reviews	38
Valuations	13
Monthly summaries	11
Special publications	1
Podcasts	5
	128

Indicators

Economy

201-2 Financial implications and other risks and opportunities due to climate change

Landsbankinn has not assessed risk from climate change especially. The Bank nevertheless deems it necessary to closely monitor climate developments, both in relation to business opportunities and impact on customers.

In recent years, emphasis on sustainability and corporate social responsibility has increased greatly, both in Iceland and abroad. The business environment is changing and performance in these matters is beginning to affect risk assessment in corporate operation, as well as the assessment of growth opportunities. New research shows a positive correlation between companies' emphasis on sustainability and profit. Landsbankinn's partners also increasingly demand that the Bank evaluate customers with respect of sustainability, both in the lending and investment process. There is every indication that emphasis on sustainability will continue to grow in coming years.

201-1 Direct economic value generated and distributed

Direct economic value in ISK million*	2018	2019	Change
Revenue	53,910	51,517	-4%
Operating costs**	8,469	8,050	-5%
Wages and related expenses	14,589	14,458	-1%
Dividends to shareholders	24,821	9,922	-60%
Income tax and special tax	10,713	9,290	-13%
Financial sponsorship	0,218	0,150	-31%
Total economic contribution	58,592	41,870	-29%
Economic gain	-4,682	9,647	306%
Proportion of economic contribution of gain	109%	81%	-26%

*Consolidated figures.

**Less impairment of PPE and grants.

Toward the end of 2016, Landsbankinn Economic Research began gathering responses from companies listed on Nasdaq Iceland's main list to a simple, standardized questionnaire that pertains to the main elements of sustainability, environmental issues and gender equality. The questionnaire represents Landsbankinn's first steps to gathering information about how listed companies approach these matters and analyse developments in the domestic market.

The questionnaire was intentionally simple in order to elicit the basic elements of companies' sustainability work and encourage them to review such matters. The questionnaire and other information gathering will develop over time. Most companies

are already working on sustainability issues and the response has been good. Responses to the questionnaire were made available to investors via a dedicated Landsbankinn website. To date, the responses are only for the attention of investors and Economic Research does not evaluate the answers. The questionnaire is a tool investors can utilise to evaluate companies' performance in ESG matters. In the long term, the aim is to give more weight to these issues in the evaluation of investment opportunities.

201-3 Defined benefit plan obligations and other retirement plans

In addition to paying mandatory pension premiums, Lands-



bankinn pays the equivalent of 2% of employee wages to a personal pension fund for the first three years of employment and 7% for subsequent years. The right to this payment is subject to the same rule as other seniority rights for employment at other financial undertakings. No other future liabilities due to pension plans are on the Bank's books. No future liabilities due to incentive systems are on the Bank's books.

201-4 Financial assistance received from government

The National Treasury is Landsbankinn's largest owner, holding 98.2% of shares in the Bank. The

State's holding in the Bank is not considered a government grant.

Market presence

202-2 Proportion of senior management hired from the local community

Landsbankinn defines Iceland as its local community. All Directors of the Board are Icelandic and all but one reside in Iceland. The CEO and managing directors are Icelandic and reside in Iceland.

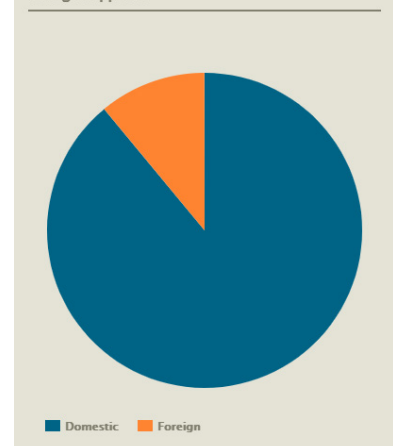
Procurement practices

204-1 Proportion of spending on local suppliers

Landsbankinn defines Iceland as its local community and endeavours to do business with Icelandic suppliers in so far as this is economical. In rural areas, the Bank endeavours to do business with local providers, provided they fulfill the requirements of the Bank's Procurement Policy.

The total number of suppliers to Landsbankinn with over ISK 500,000 in turnover in 2019 is 697. Domestic suppliers are 606

Proportion of procurement from domestic and foreign suppliers



and 46 thereof have a contract with at least a 1-year term. International suppliers are 91, 53 of which have contracts with over 1-year terms. These suppliers represent 100% of the Bank's procurement, as all significant suppliers have a contractual relationship with the Bank.

Total payments to suppliers in 2019 amounted to ISK 6,994 million. Procurement in Iceland is in Icelandic króna and accounted for 89% of total purchases by the Bank in 2019. These figures are on a group basis.

Procurement from abroad is for the most part linked to inform-

Proportion of supplier turnover by category	% of total		
	Domestic	Foreign	
Information technology (IT)	38%	78%	22%
Real estate operating costs	14%	100%	0%
Marketing costs	12%	100%	0%
Other	36%	93%	7%

ation technology and main expenditures are as follows:

Anti-corruption

205-1 Operations assessed for risks related to corruption

Landsbankinn has a policy on measures against bribery and corruption. The policy provides for effective organisational and managerial processes to minimise the risk of corruption and bribery in Landsbankinn's operation and in relations with customers, employees, regulators and other authorities, shareholders, auditors, competitors and other stakeholders.

This policy reflects the United Nations Convention against corruption, enacted in Iceland in March 2011, Article 264 (a) of the General Penal Code No. 19/1940,

Landsbankinn's Rules of Procedure and its Covenant of Ethical Conduct.

The Bank's Compliance function carried out a risk assessment of fraud actions to combat money laundering and terrorist financing in the Bank's key divisions in 2019.

205-2 Communication and training about anti-corruption policies and procedures

New employees at Landsbankinn receive special instruction and training about the Bank's main rules, including rules on conflict of interest, notification of misconduct and actions to combat money laundering and terrorist financing.

The Board of Directors and the CEO receive special instruction and training at the outset of employment as part of prepara-

tion for their eligibility assessment, carried out by the Financial Supervisory Authority of the Central Bank of Iceland. Managing directors undergo a similar eligibility assessment carried out by Compliance. Landsbankinn's policy against bribery and corruption extends to the duty of superiors to inform and instruct, as such instruction shall aim to increase employee awareness of measures against bribery and corruption and information about how to respond to suspicion of bribery and corruption.

205-3 Confirmed incidents of corruption and actions taken

Landsbankinn has set policies intended to support the Bank's measures against bribery and corruption, including the policy on conflict of interest, the policy on actions to combat money laundering and terrorist financing

and the compliance risk policy. Landsbankinn's rules on conflict of interest set out the Bank's main measures to mitigate risk of conflicts of interest damaging customer interests. The rules also identify possible conflicts of interest that may arise between customers, between customers and the Bank, and within the Bank.

Landsbankinn has also set various other special rules to prevent conflict of interest, including rules on the separation of operating segments (Chinese walls) and access to facilities, rules on employees' securities transactions, as well as general rules on work procedures that provide for employees' participation in business ventures and board membership, and gifts and hospitality trips.

The Bank has processes and work descriptions in place with regard to employee misconduct. Compli-

ance receives notices of employee misconduct and handles such cases in cooperation with Internal Audit.

Landsbankinn has also adopted rules on protection and support for whistle blowers, which are regularly presented to employees.

Landsbankinn's rules on measures to combat money laundering and terrorist financing provide for the Bank's main actions to combat such practices, through due diligence on customers, ongoing monitoring, the obligation to report suspicion of money laundering, internal processes, control and instruction to those units within the Bank that are sensitive to money laundering, conflict of interest and fraud.

Employees receive regular instruction on actions to combat money laundering and terrorist financing.

Environment

Raw materials

301-1 Materials used by weight or volume

Cleaning

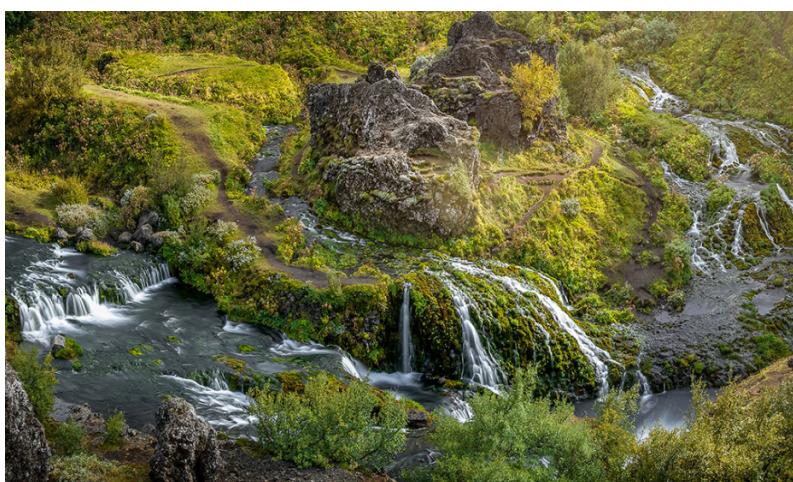
Dagar handles cleaning of just under 30,000 m² of the Bank's premises. In 2019, Dagar used 174 litres of cleaning agents and 98% of the agents used are ecolabelled, either by the Nordic Swan or the EU Ecolabel. Dagar has been certified by the Nordic Swan.

In addition to daily cleaning, Dagar handles various special assignments.¹ A 120 litres of non-ecolabelled cleaning agents were used in these special assignments.

In addition, 425 kg of sanitary towels were purchased, all ecolabelled, and 1,279 litres of cleaning agents for indoor use, 96% of which was ecolabelled.

Use of paper

The Bank continues to work towards its goal of becoming a paper free bank.



Total paper use in 2019 was 7.15 tonnes, plus envelopes which measured 920 kilos. In 2019, 87% of printed material in the Bank was greyscale and 77% was duplex.² All paper used was ecolabelled Nordic Swan or EU Ecolabel, as was 96.1% of the envelopes. At year-end, the Bank had 138 printers, down by 34 since 2018. All printing devices are labelled in accordance with German ecolabel Der Blaue Engel.

Total paper use per employee and customer was as follows:

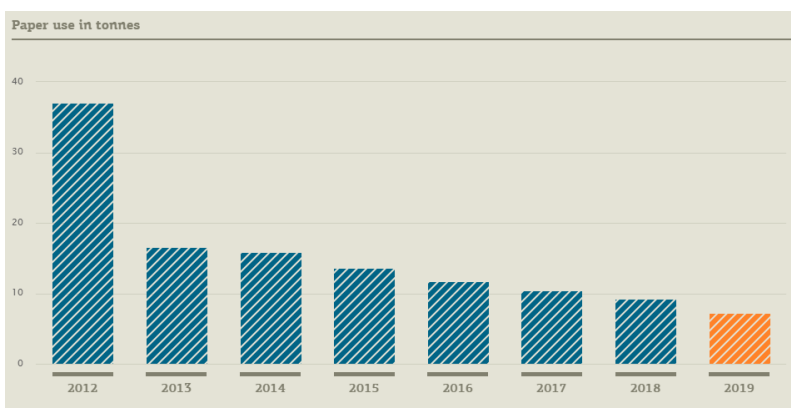
- › Around 8 kg per full-time equivalent position
- › Around 55 gr per customer

Printed material

Use of paper in published material amounted to 14.6 tonnes, 12.6 tonnes of which were printed on ecolabelled paper, or 86% of published material. The amount of printed material thus amounts to 112 grams per customer.

All printed material published by Landsbankinn is printed by Nordic Swan ecolabelled printers.

1. For 2018, information was not available for special assignments carried out for Landsbankinn by Dagar. In 2018, 13 litres of cleaning agents were used, 76.8% Nordic Swan ecolabelled.
2. The ESG Report for 2018 did not include information on the percentage of greyscale and duplex printing. That year, 88% of printed material was greyscale and 93% was duplex.



5,532 MWh for these square metres. The Bank does not have adequate information about electricity use in rented housing where electricity is included in the rent or other operating expenses. Total electricity consumption is estimated at 6,109 MWh, or 129 kWh/m², which is an 11.8% increase from the previous year.

Energy

302-1 Energy consumption

Vehicles in use by Landsbankinn at year-end 2019 numbered 19 and total use is estimated at 260,613 km during the year, or an average of 13,716 km per vehicle.

Driven kilometres with taxis in 2019 were 9,370, an 18% reduction from the previous year when 11,432 km were driven in taxis. A total of 1,352 car trips were driven in 2019 as compared with 1,591 in 2018.

Fuel consumption, measured in kWh, has decreased from 247,490 kWh to 218,497 kWh, or by 12% between years. Fuel consumption due to employee driving was as follows:

Continued reduction in fuel consumption between years has been achieved by switching to electric cards instead of fossil-fuel reliant cars and encouraging use of bicycles and public transport over cars.

302-2 Energy consumption outside of the organization

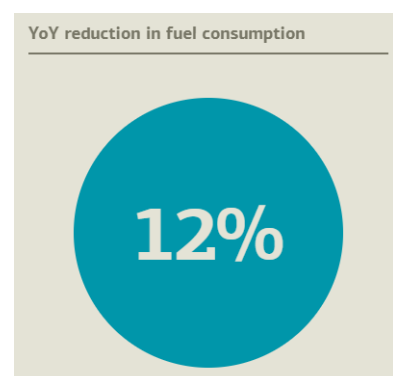
Electricity consumption

Landsbankinn has access to exhaustive information about use of electricity for 43,019 m² or 91% of total square meters occupied. Electricity consumption was

Fuel consumption	2018	2019
Fossil fuels (dm ³)	17,758	15,837
Methane (Nm ³)	7,326	6,369

Hot water consumption

Information about hot water consumption is subject to the same limitations as information about electricity use as it is sometimes included in rent or other expenses. Heating utilities state consump-



tion in cubic meters of water but not energy content. This impedes any comparison as water temperatures can vary greatly between areas. This excludes heating utilities in parts of Iceland where geothermal resources are scarce, where water is heated with electricity; there, heating is measured in terms of energy content. This further complicates comparison between heating utilities.

Landsbankinn has information about hot water consumption for 35,490 m², or around 75%, of total square meters occupied. Measured water consumption was just under 167,000 m³, putting estimated average use at 4.7 m³ per total square meters occupied.



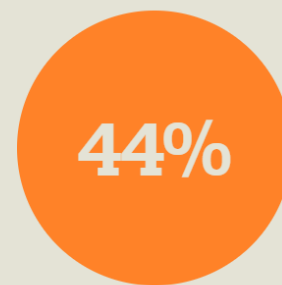
Landsbankinn planted a total of 3,174 trees to carbon offset its emissions in 2019.

305-5 Reduction of GHG emissions

Transportation agreement

The aim of the transportation agreement is to provide employees with more numerous commuting options, allowing them to

Percentage of transportation agreements



Emission

305-1-2-3 GHG emissions scope 1, 2, 3

In 2018, Landsbankinn changed its reporting from GRI G4 to GRI Standards. Reporting under 305-1, 305-2 and 305-3 has now been simplified to facilitate year-over-year comparison.

Emission of CO₂ equivalents was as follows:

The emission factors of the Environment and Food Agency were used to calculate GHG emissions for 2019. Figures for fuel from the previous year were updated using the same parameters for the sake of comparison since the Environment and Food Agency has altered its emission factors since 2018.

305-4 GHG emissions intensity

GHG emissions amounted to 317.4 tonnes in 2019, which is a 20% decrease from the previous year. Emissions amount to around 355 kg per full-time equivalent position. This equals 154 litres of petrol per FTE. Landsbankinn offset GHG emissions for 2019 with Kolviður. The cost of carbon offsetting emissions in 2019 was ISK 698,280, for the purchase and planting of 3,174 trees. Kolviður's calculator was used to calculate the offset amount.

Emission of CO ₂ in tonnes	2018	2019
Fuel (scope 1)	49.1	43.5
Energy consumption (scope 2)	44.6	53.8
Landfill of waste (scope 3)	117.7	36.9
Air travel (scope 3)	184.5	183.2
Total	396.0	317.4

avail themselves of the transport method best suited to each occasion, to take advantage of eco-friendly modes of transportation yet have access to a car when necessary.

The transportation agreement entails that employees oblige themselves to use other forms of transportation than a private vehicle in 60% of their daily commute. The Bank repays out-of-pocket expenses up to ISK 96,000 per year, or ISK 8,000 in monthly instalments.

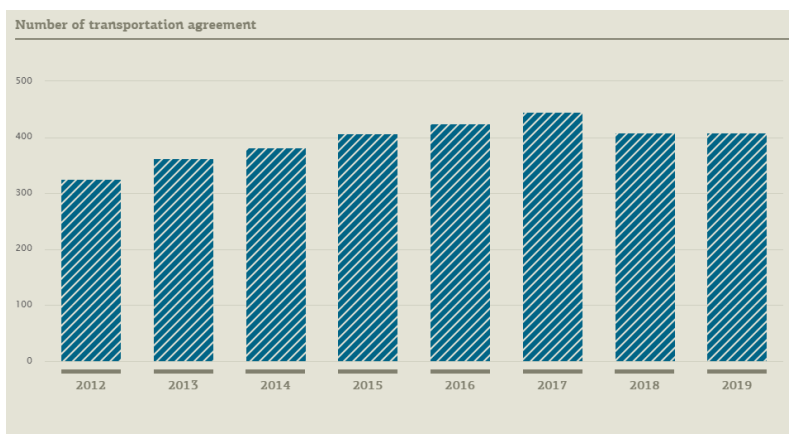
At year-end 2019, 1 408 employees had active transportation agreements, or 44.1% of all employees. Of the active participants, 58.8% are women and 41.2% men, which corresponds to the gender breakdown of the Bank's employees.

Landsbankinn exchanges all light bulbs with LED lighting when they need replacing and eco-friendly vehicles are purchased when there is any renewal of the Bank's cars.

1. Information about the transportation agreement was not included in the ESG Report for 2018. That year, there were 408 active agreements at year end. The gender balance was 59.3% women and 40.7% men, which is comparable to the overall gender ratio of employees in 2018.

Target:

Reduce waste to 60 tonnes in 2020 and to 20 tonnes by 2030.

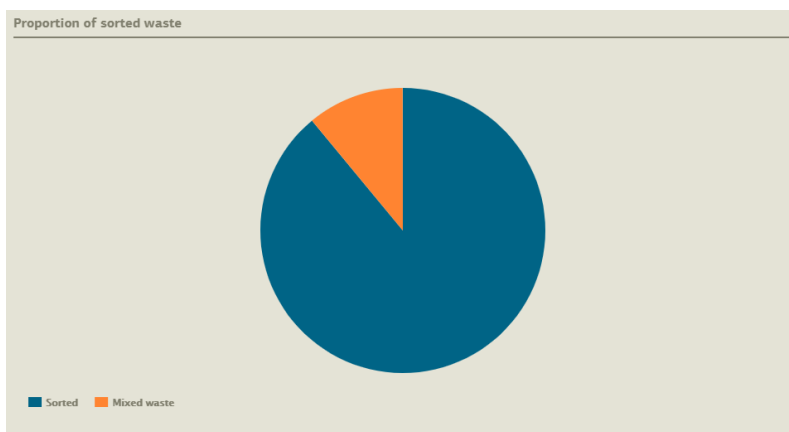


Effluents and waste

306-2 Waste by type and disposal method

Total waste amounted to 173.2 tonnes in 2019, a 14% reduction

from the previous year. 89% of waste was sorted in 2019, up from 68% in 2018. The Bank is working to increase waste sorting in its operation.



Waste treatment (in kg)	2014	2015	2016	2017	2018	2019
Mixed waste	96,940	94,118	84,943	93,353	63,837	18,317
Sorted	108,130	139,214	116,308	107,021	138,529	154,851
Organic	25,713	21,669	22,567	32,024	34,318	27,475
Sorted waste	45,065	47,610	56,178	28,839	35,372	46,925
Construction materials	13,740	3,120	3,750	11,940	4,880	0
Data expunction paper	22,350	60,057	32,272	25,285	62,695	74,689
Data expunction	534	6,235	1,237	8,277	1,265	5,763
Pollutants	728	522	304	657	0	0
Total	205,070	233,332	201,251	200,374	202,366	173,168

Social



102-43 Approach to stakeholder engagement

In 2019, customer satisfaction vis-à-vis Landsbankinn was measured in three surveys: Gallup's CE4 poll, the Icelandic Performance Satisfaction Index and EMC rannsóknir's survey on social responsibility.

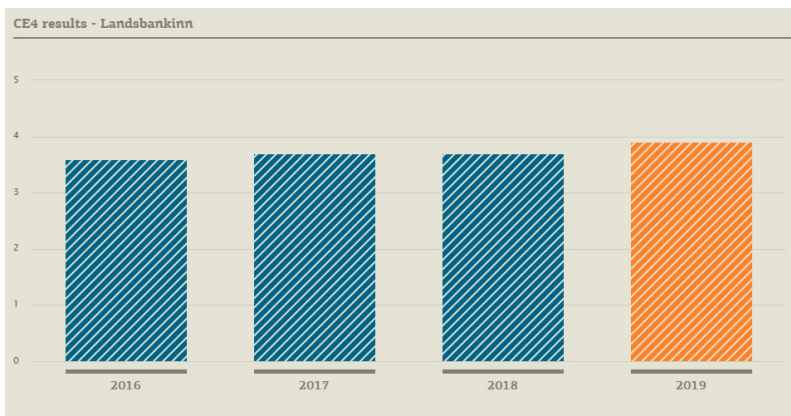
Gallup carries out a CE4 survey that measures the quality of the

business relationship between customers and their main bank of business based on satisfaction, trust, loyalty and pride in the relationship. Previously called

Landsbankinn topped the list of banks in the Icelandic Performance Satisfaction Index 2019.

the CE11 survey, the name was changed in 2019. At year-end 2019, Landsbankinn and another bank shared the top place with the same score of 3.9, up by 0.2 since 2018.

EMC rannsóknir carries out a survey in which members of the public are asked how socially responsible they consider 89 of the country's largest companies on the scale of 1-5.



note of the regulation on investor protection and the business conduct of financial undertakings No. 995/2007, the purpose of which is to ensure that information on investment funds is presented clearly and correctly. No comments or legal complaints were received in 2019.

Employment

Landsbankinn scored 2.6, ranking second of the four banks included in the survey.

The below image shows the spread of scores in EMC rannsóknir's survey. The median was published in 2018; not so in 2019.

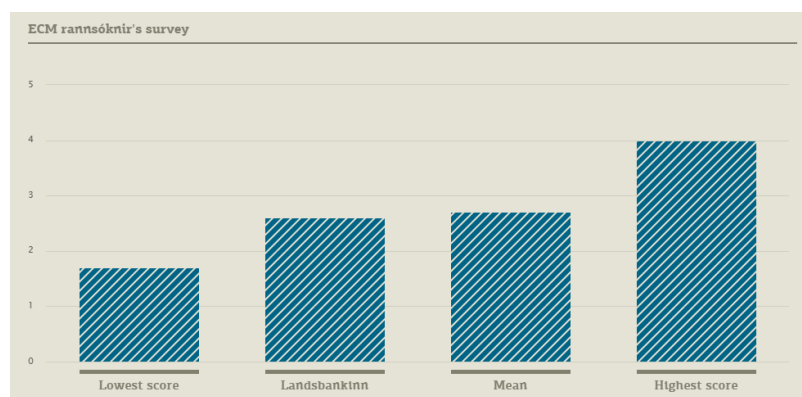
102-2 Activities, brands, products, and services

Landsbankinn's Covenant of Ethical Conduct stipulates that staff is to act professionally and honestly by seeking information, abiding by law, rules, accepted work procedures and other criteria applying to their work in each instance. In addition to obeying general legislation on consumer protection and mar-

keting, marketing personnel is subject to guiding ethics of the Society of Icelandic Advertising Agencies and the guidelines of the Consumer Spokesman and Ombudsman for Children on marketing targeting children. Furthermore, Landsbankinn takes

401-1 New employee hires and employee turnover

At year-end 2019, Landsbankinn had 925 employees working in the equivalent of 875 full-time positions. Of that number, 58% is university educated.



New hires were 39% male, 61% female.

Trial employees are beginning their employment at Landsbankinn. They receive permanent employment after 3 to 6 months. In 2019, one permanent employee resigned.

Employee turnover in 2019 was 5.6%, as compared with 9.2% in 2018.

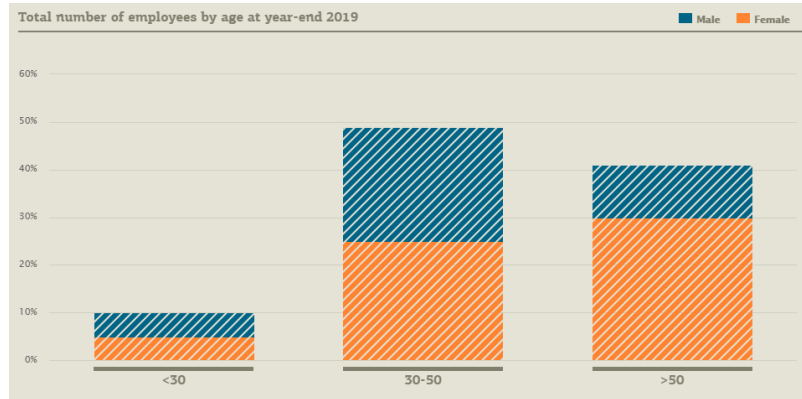
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

Landsbankinn employees receive benefits under the collective bargaining agreement between the Confederation of Icelandic Banks and the Confederation of Icelandic Employers, from the Landsbankinn Employee Association and Landsbankinn hf. The terms vary depending on whether employment is trial or permanent. In some instances, trial employees can enjoy the same benefits as permanent employees.

All employees, both trial and permanent, have access to a consulting physician, lunch, accident insurance, parental leave as well as a sickness fund.

All permanent employees have life assurance, receive disability payments if needed and are paid a part of the difference between wages and payments from the parental leave fund.

In addition to the above, employees enjoy various benefits, such as access to summer cottages, sports grants, transportation



grants, study grants and hobby grants. Further information about benefits available to employees is available on the Bank's website.

401-3 Parental leave

In 2019, the number of women who took parental leave dec-

reased by 6% compared with the previous year while the decrease was 8% with men. Both women and men took shorter parental leave in 2019 as compared with 2018.

Three employees, all male, chose not to return to work following parental leave.

Employees on parental leave	2014	2015	2016	2017	2018	2019	YoY change
Average number of women on parental leave	16	17	16	11	14	13	-6%
Average number of men on parental leave	8	7	6	6	8	7	-8%
Average number of weeks of parental leave - women	56	59	58	37	48	43	-11%
Average number of weeks of parental leave - men	20	17	16	14	19	18	-5%

Labour/Management relations

402-1 Minimum notice periods regarding operational changes

The general notice period is as follows:

Trial employees – 2 months.

Permanent employees – 3 months.

Permanent employees with more than 10 years' work experience at a financial undertaking or at least 45 years of age - 6 months.

Processes and number of comments on human resource issues and their handling

In the event of dispute or other problems requiring attention, the proper course is for employees to turn to their immediate superior who is responsible for resolving the matter or escalating it to Human Resources if necessary. If the dispute is centred on the relationship between the employee and his/her immediate superior, the employee can turn directly to Human Resources. Landsbankinn's contingency plan for bullying and/or sexual harassment has been updated and presented to staff.

No complaint was received in 2019 regarding bullying, sexual harassment, gender-based discrimination or violence.

An equal rights committee and an ethics committee are active within the Bank and employees can bring matters to the attention of these committees if they are concerned about potential violations of the Code of Ethical Conduct or the Bank's equality policy by other employees or the Bank itself. Neither the equal rights committee nor the ethics committee received any complaints in 2019.

403 Occupational health and safety

Landsbankinn has an occupational health and safety committee as provided for in Act No. 46/1980 on Facilities, Health and Hygiene Procedures and Safety in the Workplace. The Bank appoints two persons and the employees' association elects two other persons to the committee. The committee meets regularly and participation by representatives of the employees' association ensures collaboration with union representatives throughout the country.

Number of sick days

Employees of financial undertakings have considerably extensive rights in illness. These are linked to length of employment, based on a 12-month period and are as follows:

Trial employees have a right to full wages for 30 days and ½ wages for 30 days.

Permanent employees have a right to full wages for 3 months and ½ wages for 3 months.

After 10 years of employment the right to full wages is for 4 months and ½ wages for 4 months.

After 15 years of employment the right to full wages is for 6 months and ½ wages for 6 months.

After 20 years of employment the right is 12 months of full wages.

Work related illness is not recorded separately as such illness is most frequently musculoskeletal problems which may also be caused by factors outside the working environment.

The average number of sick days was 8.1 in 2019 and 8.7 in 2018. Long-term illness of employees (absence for more than four consecutive weeks) was 8.1% in 2019. Less long-term illness, the average number of sick days was 5.1 day in 2019.

The average number of absences to due to child sick days was 1.2 days in 2019 as compared with 1 day in 2018.



Training and education

404-1 Average hours of training per year per employee

Challenges relating to human resources

Financial undertakings will face several challenges relating to human resources in the near future and Landsbankinn is no exception. The Bank must ensure that it is a desirable workplace for coming generations and also attempt to bridge the demographic gap that may form in the workforce. Jobs are changing as a result of automation and the skills and competencies of employees must be developed to ensure appropriate qualification and expertise for each position.

Landsbankinn is focused on empowering employees to develop and grow in their work. In 2019, the Bank continued underlining the importance and benefit of pursuing knowledge. This focus was first introduced in 2018. The job environment

demands increased awareness about personal job trajectories from employees and that they receive support and opportunities to seek necessary knowledge at each time. The Bank's education programme emphasises support for a robust culture of learning. Employees have been offered work and study counselling, enabling them to analyse their own position and make plans for job development. This counselling focused on information, education and guidance about useful study courses and continuous learning.

New skills introduced through education

At Landsbankinn, employees have access to a varied education programme. The offering is based on the Bank's strategy at any given time and the aim is to offer education and training that will help move the Bank toward set goals. Employees also have the option of studying with other continuing education providers, through courses, conferences and lectures.

In 2019, the focus was deepened by introducing and instructing on the skills that will be desirable and sought after in the changing work environment of the future. A project titled effective job development was initiated in 2019, whereby the Human Resources department advertised for up-and-coming leaders or experts interested in participating. A total of 45 applications were submitted and 18 individuals were invited to participate.

Participants receive personal executive coaching and assistance in creating a job development plan. They participate in courses and workshops designed to empower employees both professionally and personally. Participants built skills in areas classified as so-called 21st century skills. The project was a success and will be repeated.

A series of lectures titled 21st century skills was organised in 2019. The focus was on digital literacy, one of the three skills classified as 21st century skills. Digital literacy consists of information literacy, media literacy (news and social media) and technical literacy. Individuals who possess these skills should be able to identify key points and use content appropriately. Lectures in the series focused on children and the Internet, personal data on the Internet, fake news and the future of democracy, and cyber security.

Online education

Electronic study channels have multiplied in recent years and a new education system makes it

21St century skills		
Ability to learn and create	Digital literacy	Professional and personal strengths
Critical and solution-oriented thinking	Information literacy	Flexibility and adaptability
Creativity and innovation	Media literacy	Initiative and independence
Communication skills	Technical literacy	Social and intercultural relations
Collaboration skills		Efficiency and reliability
		Leadership skills and responsibility

even easier for the Bank to offer online content. As a result, employees can take advantage of the Bank's education offering where and whenever it suits. Employees are increasingly taking advantage of this option. In 2019, the education programme included 42 online courses which were completed by 4800 employees. Each employee completed 5 online courses on average.

In 2019, an online course, training for new employees, was added to Torgið, Landsbankinn's Internet education platform. New employees are required to

complete the course that provides an overview of all key information a new employee must familiarise themselves with in the first weeks and months of employment. The course consists of 9 online sessions about general rules of procedure, the Code of Ethical Conduct and other information about the Bank's rules. Managers have access to the system and are responsible for ensuring that new employees under them complete the entire course.

Education programme in numbers

In 2019, the Bank's education programme included around 166 educational events which were attended by around 3139 participants. Each employee attended an average of 3 events on the programme.

Dividing the courses into categories reveals that most offerings fall under job-related skills. This refers to education directly or indirectly linked to the Bank's operation. The prominence of this category is explained by emphasis on EKKO instruction (bullying, sexual harassment, gender-based violence and violence) and on 21st century skills.

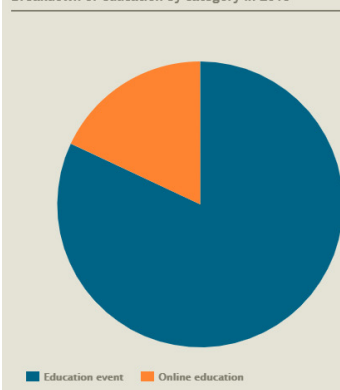
Highlights of the 2019 education programme

- » Effective job development
- » Online training for new employees
- » 21st century skills
- » Digital literacy
- » Collaboration with Mimir - Adult learning on work and study counselling
- » Increased supply of electronic learning tools
- » Emphasis on the importance of actively seeking knowledge and building skills

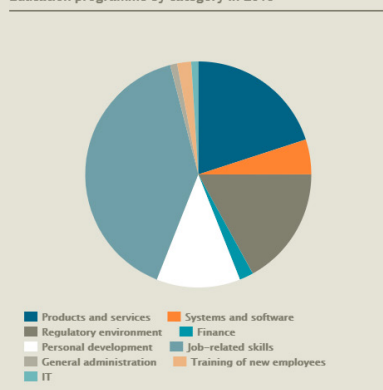
Participation in education

The education programme includes courses that are obligatory for employees. Not counting obligatory instruction, 89% of employees attended some job-related instruction offered by the Bank.

Breakdown of education by category in 2019

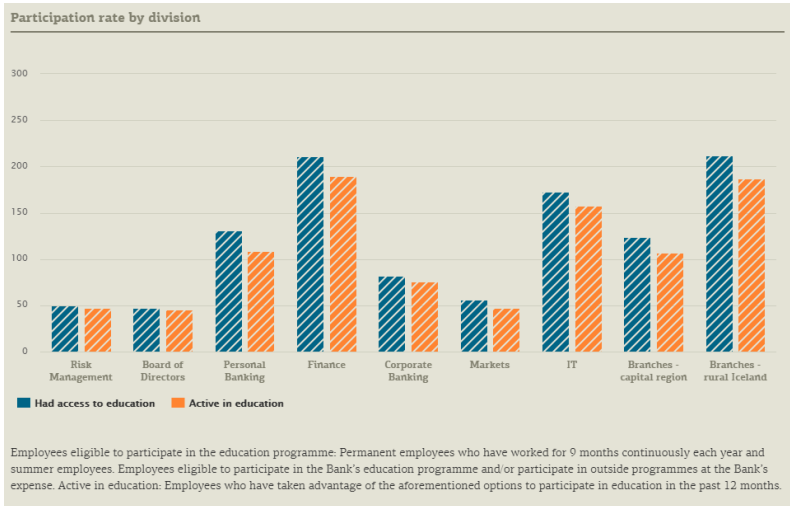


Education programme by category in 2019



Participation rate by division

There is a high degree of participation in education across all divisions. Participation is highest at the CEO's Office (96%), Risk Management (94%) and in Corporate Banking (93%). The participation rate was lowest in Markets (84%) and in Personal Banking (83%). The participation rate reflects education and electronic instruction that is not mandatory yet on the Bank's



404-2 Programs for up-grading employee skills and transition assistance programs

Management training

Education and training for management is a large part of the Bank's education programme. In recent years, managers have participated in extensive training with follow-up. Managers are offered individually-oriented executive training with personal coaches as well as tailored courses.



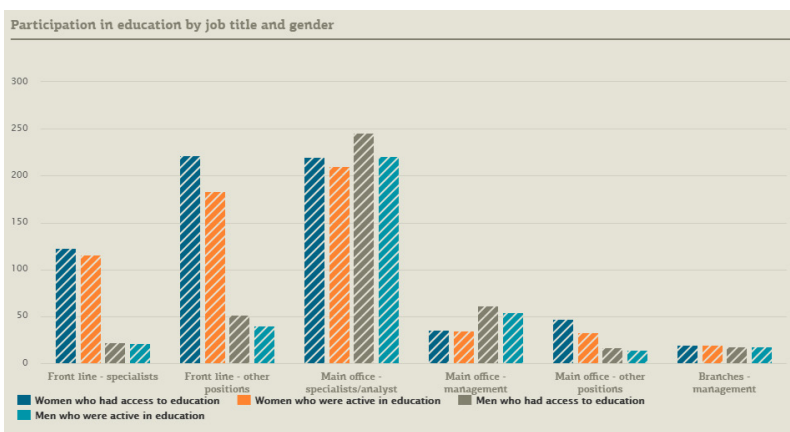
education programme. It also includes outside education paid for by the Bank.

Equal education opportunities

Participation in education by job title and gender

The Bank endeavours to ensure that men and women enjoy equal education opportunities. The table below shows participa-

tion in education by job title and gender. The number of employees with the option of participating in education in 2019 shows that women are more active than men. The participation rate is highest among women who are managers in the main office and with women managers in branches. Male managers of branches are equally active in education as are women with the same job title. Considering all managers within the Bank, women are more active in education than are men.



Training of new employees

Employees beginning work for the Bank are required to complete certain training and instruction. New employees complete an online mandatory course within eight weeks of commencing work. Otherwise, training takes place on the job. Summer employees who have not previously worked for the Bank attend a full-day training seminar that reviews all key aspects of the Bank's operation and focuses on encouragement, team building and team work. The education programme also contains some courses aimed at summer employees.

Landsbankinn has for several years offered temporary summer employees coming to work for the Bank for the first time a full-day training seminar at the Bank's education centre in Selvík, Áltavotn.

Education for front-line employees

The job of front-line employees has changed alongside the increase in digital service solutions for the Bank's customers. Instruction and training for front-line employees emphasises the Bank's products, new work procedures and processes and changes in the regulatory environment. Workplace has become an important tool for the Bank to share new information, especially to front-line staff. In recent years, there has been an increase in organised group study sessions and meetings where front-line employees learn and share knowledge on a peer basis. Employees in rural areas can participate via weblink.

Study and continuing education grants

Landsbankinn's employees can apply for grants to fund their studies or continuing education. There are grants for longer courses of study, such as university entrance diplomas, university diplomas or legal certification, as

well as shorter courses attended outside of work hours. A total of 64 employees received financial support to study alongside work in 2019, a similar number as in 2018. 480 employees received grants to attend shorter courses, double as many as in 2018.

Increased awareness of the importance of preparing for retirement

Course about retirement and pension issues

Every year, employees planning to go into retirement in the next two years are offered the opportunity to attend a retirement course. The aim is to assist employees in preparing for a turning point in their lives, contributing to better health, satisfaction and well-being after retirement. Attendance has increased between years, with demand in 2019 high enough to warrant two courses, one in spring and another in fall. A total of 35 employees attended a retirement course in 2019 as

compared with 12 in 2018. The education programme includes regular courses on pension issues, open to all employees. In 2019, 107 employees participated in the course Pension for Personnel, held eight times in 2019 in response to demand. The same course was held twice in 2018 for a total of 18 participants.

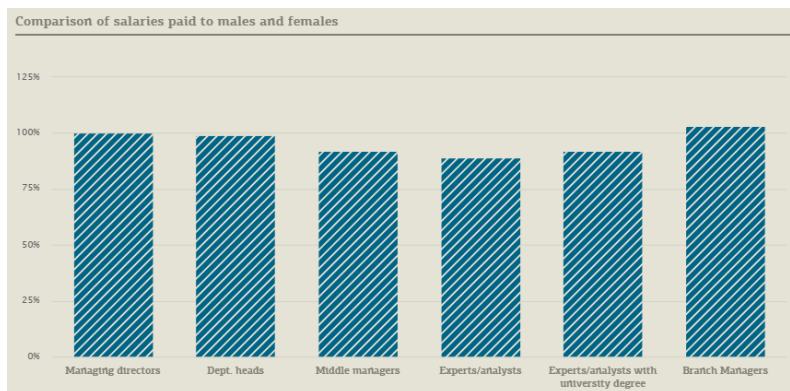
Quality certification of education programme

Landsbankinn's education programme is certified under the European Quality Mark (EQM), a quality assurance mark for all providers of non-formal learning throughout Europe. Landsbankinn is the only financial undertaking in Iceland to receive quality certification of its education programme. Certification supports the Bank's aim for its education programme to be as effective as possible.



404-3 Percentage of employees receiving regular performance and career development reviews

Performance interviews at Landsbankinn are carried out by individual managers in line with the Bank's policy of boosting management independence. Performance interviews are carried out by each employee's immediate superior who is the responsible party. As a general rule, there are three performance interviews per annum, each focusing on a different area. The number and focus of interviews may vary depending on the manager and job in question and may be combined in one comprehensive annual interview. The Bank does not have information about how many employees parti-



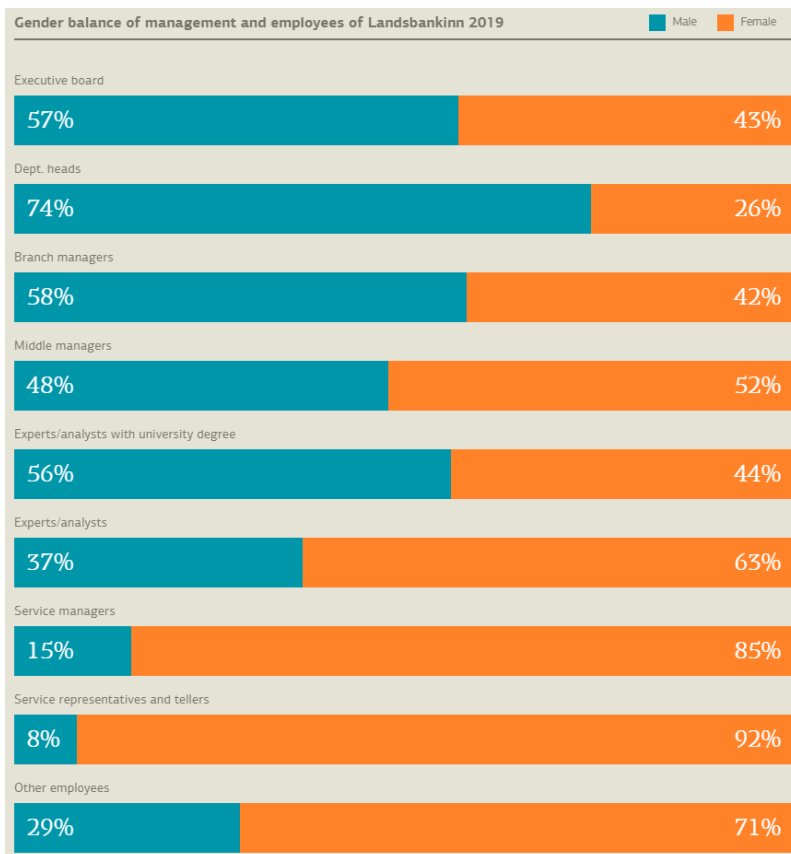
icipated in performance interviews in 2019.

Diversity and equal opportunity

405-1 Diversity of governance bodies and employees

These figures represent Lands-

bankinn only. The ESG report for 2018 included the CEO in figures for the Executive Board for the first time and this year, the Managing Director of Landsbréf is no longer included in the figures. The reason for this change is that other figures in the chapter apply to Landsbankinn's employees only. As the rest of the chapter does not reflect the Group, merely the parent, it was natural to remove the Managing Director of Landsbréf from the figures.



405-2 Ratio of basic salary and remuneration of women to men

The figures show a comparison of salaries paid to males and females in 2019 by job title. No regard is had for duration of employment, experience, education or other factors.

414-1 New suppliers that were screened using social criteria

The Bank distributes a security and quality survey to main suppliers at 18-month intervals. The survey is in the form of a questionnaire divided into categories, such as governance, security and social issues. When a supplier has responded to the questionnaire, the Bank evaluates the answers against pre-determined

parameters. If the Bank deems the supplier's responses insufficient, either in a particular category or overall, the Bank's liaison to the supplier is informed of the results. The liaison contacts the supplier, both to seek clarification and to communicate requests for improvement, if deemed necessary. The Operational Risk department is then informed of the results of such follow-up and the information communicated to the Operational Risk committee. There is currently no requirement for suppliers to respond positively to questions about sustainability and ESG. That being said, Landsbankinn considers questions about the issues and the conversation with suppliers who fail to pass muster in the category to strongly indicate that this is an area the Bank emphasises. The process is still under development, and the procedure Security and quality appraisal of suppliers sets out rules on the scope of the survey. Several suppliers have received the questionnaire annually since it was first sent out in 2016. The questionnaire was sent to international suppliers for the first time in 2019, leading to a rather large number of first-time respondents.

All new suppliers are required to complete Landsbankinn's security and quality appraisal before a business relationship is established.

In 2019, 23 suppliers responded to Landsbankinn's security and quality appraisal, with the following results from ESG questions:

	Yes	No
Has the company adopted an environmental policy?	57%	43%
Has the company adopted a CSR policy?	48%	52%

417-3 Incidents of non-compliance concerning marketing communications

The Environment and Food Agency monitors promotional goods and found that reflectors handed out by Landsbankinn contained certain dangerous chemicals subject to restriction under regulation No. 888/2015, on the registration, evaluation, authorisation and restriction (REACH) of chemicals, and regulation No. 945/2013, on persistent organic pollutants (POP). Landsbankinn responded to this finding by recalling the reflectors with an announcement to media and on its website, in Icelandic, English and Polish. Parents and guardians of children who received the reflectors were asked to cease use of the product and return them to a recycling station as plastic or to a local Landsbankinn branch. The Environment and Food Agency saw no reason to take further action and closed the case on 24 May 2019.

Customer privacy

418-1

In recent years, all complaints received by Landsbankinn have been disclosed under the GRI 418-1 indicator. It would be more accurate to publish statistics for:

1. The total number of complaints involving confirmed exceptions from customers' privacy, broken down to:

The aim of goal 418-1 is to elucidate at which point customers' privacy is violated or loss of control of personal data occurs.

a. Complaints from external parties, confirmed by the Bank.

b. Complaints from authorities.

2. Total number of confirmed data leaks, theft or loss of business data.

The aim of 418-1 is to elucidate at which point customers' privacy is violated or loss of control of personal data occurs. In order to provide as accurate an image as possible, complaints will in future be disclosed in accordance with these definitions.

In 2019, Landsbankinn received 43 complaints from customers regarding searches for their Id. Nos. All searches were for natural business reasons except one, which was in breach of the Bank's rules. The employee in question received a reprimand. Two customers submitted complaints about handling of their personal data to the Data Protection Authority. Landsbankinn awaits the Authority's conclusion in both cases.

Six personal data breaches were recorded, whereby customer information was transmitted to unconnected parties. The Data Protection Authority was informed of all six instances, in accordance with the Act on Data Protection and the Processing of Personal Data. The Authority did not remark on the reports. Neither data leaks nor theft of customer data occurred in 2019.

Financial institutions



FS1 Policies that involve analysis of environmental and social factors

A general sector policy for lending through the Bank’s Corporate Banking division was approved by the Board of Directors in 2017 and general sustainability principles in lending to corporates were approved by the Board of Directors in 2018. Landsbankinn’s sector policies contain guidelines on sustainability and ESG factors,

including climate risk. Sector policies are in place for the following industries: fisheries and seafood, real estate companies, construction companies, holding companies, the travel industry, commerce, services, IT and telecommunications. Landsbankinn supports customers’ efforts to reduce GHG emissions in order to have a positive impact on their environment. Support from the Bank is primarily in the form of lending to investors.

FS3 Processes to monitor customer implementation of and compliance with the environmental and social provisions of contracts or in business transactions

Supplementary guidelines for investment analysis

Landsbankinn Economic Research gathers information about

the activities of listed companies with regard for sustainability and social responsibility. This work is based on a standardized questionnaire that pertains to the main elements of corporate social responsibility, environmental matters and equality. While the responses have been available to investors since June 2017, Economic Research does not evaluate the answers. In the long term, the aim is to give more weight to sustainability and ESG concerns in the evaluation of investment opportunities. This is in line with the Bank's commitments under responsible investment.

Developing expertise on responsible investment

Experts and analysts from the Bank and Landsbréf have systematically attended courses held by IcelandSIF. Representatives of the Bank and Landsbréf also attended the annual general meeting of PRI. The Bank has also collaborated with the University of Iceland in carrying out specific analysis of the status of responsible investment at Landsbankinn.

Next steps

Landsbankinn and Landsbréf have signed an agreement with Reitun, providing for the Bank and Landsbréf to obtain ESG risk ratings of issuers of equities and bonds in portfolios under management by the latter two companies.

Landsbankinn and Landsbréf have adopted an ambitious strategy for responsible investment, taking into account environmental and social factors as well as governance (ESG) in investment decisions. The objective is to reduce risk and deliver sustainable long-term returns.

This agreement is the next step towards introducing procedures for responsible investment, continuing along the path which the Bank and its subsidiary Landsbréf have set for themselves in recent years.

ESG rating has been a collaborative project of Reitun, Klappir Green Solutions and Thröstur Ólafur Sigurjónsson, associate professor at the University of Iceland, aimed at developing and providing ESG ratings for the domestic market. Interna-

tionally, use of such ratings in investment decisions has been growing strongly and domestic investors are rapidly adopting them. An ESG rating assesses how companies perform with regard to environmental aspects, sustainability and governance, showing their strengths and weaknesses, with a quantitative rating enabling their comparison with others. Reitun's services in providing ESG ratings will be based on digital solutions as well as traditional analytics.

G4-FS8 Goods and services intended to achieve environmental benefits

Landsbankinn and the Nordic Investment Bank (NIB) signed a 7-year loan agreement in October 2018 under which Landsbankinn borrows USD 75 million to finance small and medium sized enterprises (SMEs) and environmental projects in Iceland.

NIB is an international financial institution owned by eight member countries: Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden. The Bank finances private and public projects in and outside of the member countries.



Supervision

FS9 Scope and frequency of reviews and risk assessment procedures

Landsbankinn has a documented process to assess operational risk. All divisions undergo annual operational risk assessment. Operational risk is subsequently mapped on the group level. Where risk is higher than provided for in the Bank's current risk appetite, mitigating and preventative measures are applied and monitored. Assessment of operational risk extends to all components of operational risk, including insufficient or failing internal processes, human or systemic factors or external events. The assessment is not

adjusted to specifically assess environmental or sustainability policies.

Internal Audit is part of the Bank's risk management platform and of its internal monitoring system. Internal Audit assesses the Bank's operational efficiency, compliance with external and internal rules, and presents its findings to the Board of Directors. Internal Audit covers all divisions of the Bank, including operational risk and the audit process. International standards body BSI group reviewed the Bank's compliance with ISO 27001, an international standard for information security management. The Bank also regularly performs internal checks to monitor compliance with the standard. The Bank's external

auditors adhere to standardised practices in their information gathering for audits of the Bank's consolidated financial statements. This includes review of internal control that applies to the preparation and credible presentation of accounts.

Finance

FS11 Ratio of assets analysed to determine environmental or social impact

Emphasis on the integration of social responsibility in core operations

Landsbankinn's Policy on Responsible Investment is based on the United Nation's Principles for Responsible Investment (UN PRI). Landsbankinn emphasises integrating social responsibility in the investment decisions taken by its asset management team. The Bank has been a member of UN PRI since early 2013. Members of UN PRI oblige themselves to publish a Communication of Progress report on their adherence to the guidelines and the Bank has done so in recent years. PRI further requires that members show development from year

to year, in the implementation of their social responsibility policies.

Having regard for ESG factors in the evaluation of investment objectives supports positive returns in the long term and reduces operational risk. The business environment is changing and a company's stance on sustainability and social responsibility has begun to factor in risk assessment, as well as in the evaluation of growth opportunities. In addition, customers increasingly pressure companies to adhere to policies of responsible investment.

Maintaining a dialogue with securities issuers on sustainability can support preventative measures that ensure future benefit for the Bank and investors. Landsbankinn's responsible investment practices thus build on active communication with issuers whereby exclusion is a rare exception.

Landsbankinn has emphasised developing expertise in responsible investment in the domestic market and was one of the founders of IcelandSIF, Iceland Sustainable Investment Forum, in 2017. IcelandSIF is intended to function as an independent forum for discussion and education



about responsible investment. The Bank has also endeavoured to build knowledge of so-called sustainable bonds, i.e. green, red and blue bonds, and its employees now possess considerable expertise of these issues.

The market has responded positively to green issuance and there are clearly many opportunities in the field in Iceland. Capital markets are ideally placed to support environmentally friendly undertakings and to make a positive contribution. Landsbankinn collaborated with Municipality Credit Iceland on a green bond framework in 2019. The framework was created to issue green bonds and has been reviewed by Sustainalytics, a leading ESG risk rating firm. According to the review, the MCI's framework is

credible, effective, transparent and in line with guidelines issued by the International Capital Market Association (ICMA). By offering green loans, MCI aims to encourage municipalities to more selectively choose environmental-improving projects that minimise climate change in accordance with the MCI's environmental policy.

Landsbankinn and Landsbréf have concluded a service agreement with Reitun ehf. that provides for the risk assessment of ESG factors with issuers of both equities and bonds. For more information about ESG rating, scroll up to FS3 - Next steps.

G4-FS13 Access to banking services

All main general banking services are now accessible via self-service channels. As a result, Landsbankinn's customers have nigh on 24-hour access to general banking services through the Bank's app and online banking, which both support user interfaces in three languages. Cash services are in many locations available on a 24-hour basis through ATMs and cash machines.

Landsbankinn operates the most extensive ATM network in Iceland, with 88 ATMs in 63 locations throughout Iceland at year-end 2019. In recent years, Landsbankinn has added ATMs that allow for both withdrawals and deposit. All branches in the capital area have FX ATMs, and FX ATMs are also located in Akranes, Akureyri, Höfn in Hornafjörður, Reykjanesbær and Smáralind.

Electronic solutions continue to multiply alongside general technological advances and changes to the Bank's branch network should reflect those developments, as well as the increased offering of self-service solutions. Solutions based on electronic authentication of customers and electronic consent are under constant development. Already such solutions have multiplied self-service channels which improves access and allows customers to tend to banking business anytime and anywhere. An example of such services is that customers can now alter credit card limits themselves through online banking or the Landsbankinn app. Systematic efforts are under way to instruct customers in the use of self-service solutions and

increase access to such solutions in the Bank's branches. In Landsbankinn's branches, customers are offered instruction in the use of electronic solutions and ATM cash services.

Landsbankinn has the most extensive branch network of any Icelandic bank, with 37 outlets and branches located throughout the country. Further information on the Bank's branch network, outlets and service visits is available on its website.

G4-FS14 Specialised customer service

In addition to self-service solutions and the services provided in outlets and branches, Landsbankinn makes service visits to certain locations. The

Service visits

Vestfirðir Þingeyri, Tálknafjörður, Reykhólahreppur and senior citizen home Hlíf in Ísafjörður, once per week, and Súðavík, every other week.

Bank has sought new means of ensuring customer access to certain banking service, such as through cash withdrawal agreements with stores. Regard is had for special needs or situation of customers, such as distance to nearest branch/outlet, transport and the special position of certain customer groups, such as senior citizens and individuals who cannot easily seek service at nearby branches or outlets.

Customers

G4-DMA (FS16) Action to improve financial literacy by target group

The department Business Solutions in Private Banking handles financial instruction to private individuals and supports increased financial literacy. Extensive coverage and education of economic and financial issues takes place through Umræðan,

Landsbankinn's content and news site.

Over a span of several years, Landsbankinn has emphasised providing financial instructions to young people in upper secondary school, both younger students just embarking on their course of study and those about to finish school. This instruction is intended to contribute to increased financial literacy and prepare students for the future. This instruction is available to all upper secondary schools and is carried out in collaboration with the schools' representatives.

In 2019, 48 visits were made to 13 upper secondary schools throughout Iceland, reaching 1300 students. The Bank does not promote its products or services in financial instruction visits to school, only providing general financial advice. Employees in the Bank's Customer Service Centre have handled financial instruction in the capital area and employees in

rural Iceland handle instruction in their area. An effort is made to ensure that younger employees of Landsbankinn handle instruction to upper secondary school students in order to take advantage of peer mentoring.


Landsbankinn is an active participant in the project Fjármálavit, education material in financial literacy for older elementary school students. The project is under the auspices of the Icelandic Financial Services Association and the National Association of Pension Funds in collaboration with members and their employees throughout Iceland. Over a hundred employees from financial institutions, insurance firms and pension funds participated in the project last year, thereof 25 from Landsbankinn. Around 3000 10th grade students participated in the project in 2019. Since its launch five years ago, Fjármálavit has reached 20,000 students.

Appendix

Concern	CEO / Board of Directors	Finance	Corporate Banking	Markets	Risk Management	IT	Personal Banking	Human Resources	Internal Audit / Compliance	Other details
201-1	Direct economic value generated and distributed	Landbankinn's capital structure policy Remuneration policy	Landbankinn's capital structure policy							
201-2	Financial implications and other risks and opportunities due to climate change	CSR policy Own operations	Sustainable banking	PHI Iceland/SIF			Sustainable banking	Collective bargaining agreements	Rules of the Financial Supervisory Authority of Iceland on bonus systems	
201-3	Defined benefit plan obligations and other retirement plans	Landbankinn's remuneration policy						Equal pay policy		
201-4	Financial assistance received from government	Laws and regulations					The Blue Bank Gullgölg innovation competition Branch cluster ZSE policy			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage						Branch network			
203-1	Infrastructure investments and services supported	Policy on outsourcing of projects and services				Policy on outsourcing of projects and services				
203-2	Significant indirect economic impacts	Procurement								
204-1	Proportion of spending on local suppliers	Procurement								
205-1	Operations assessed for risks related to corruption	Policy on actions to combat money laundering and terrorist financing, and policy on conflict of interest			Rules on operational risk				Landbankinn's rules on actions to combat money laundering and bribery and corruption Policy against bribery and corruption	
205-2	Communication and training about anti-corruption policies and procedures	Code of Ethics							Landbankinn's rules to prevent bribery and corruption Policy against bribery and corruption	
205-3	Confirmed incidents of corruption and actions taken									
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Landbankinn's policy on competition practices								
301-1	Materials used by weight or volume	CSR policy								
301-2	Recycled input materials used	CSR policy								
301-3	Reclaimed products and their packaging materials	CSR policy								
302-1	Energy consumption within the organization	Climate change project of Festa								
302-2	Energy consumption outside of the organization									
302-3	Energy intensity									
302-4	Reduction of energy consumption									
302-5	Reductions in energy requirements of products and services									
305-1	Direct (Scope 1) GHG emissions	Climate change project of Festa								
305-2	Energy indirect (Scope 2) GHG emissions									
305-3	Other indirect (Scope 3) GHG emissions									
305-4	GHG emissions intensity									
305-5	Reduction of GHG emissions									
305-6	Emissions of ozone-depleting substances (ODS)									
307-1	Non-compliance with environmental laws and regulations	Legislation Montreal Protocol								
308-1	New suppliers that were screened using environmental criteria	CSR policy								
308-2	Negative environmental impacts in the supply chain and actions taken	Procurement Unknown								
401-1	New employee hires and employee turnover									
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees									
401-3	Parental leave									
402-1	Minimum notice periods regarding operational changes									
403-1	Governance of health and safety	Security policy			Security policy					
403-2	Hazard identification, risk assessments, and incident investigation									
403-3	Occupational health services									
403-4	Worker participation, consultation, and communication on occupational health and safety									
403-6	Promotion of worker health									
403-8	Workers covered by an occupational health and safety management system									
404-1	Average hours of training per year per employee									
404-2	Programs for upgrading employee skills and transition assistance programs									
405-1	Percentage of employees receiving regular performance and career development reviews									
405-2	Ratio of base salary and remuneration of women to men									
406-1	Incidents of discrimination and corrective actions taken	Equal rights legislation Code of ethics								
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk									
408-1	Operations and suppliers at significant risk for incidents of child labour	Procurement								
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Procurement								
413-1	Operations with local community engagement, impact assessments, and development programs	Sector policies								
413-2	Operations with significant actual and potential negative impacts on local communities									
414-1	New suppliers that were screened using social criteria									
414-2	Negative social impacts in the supply chain and actions taken	Procurement								
415-1	Political contributions									
417-1	Requirements for product and service information and labelling	Landbankinn's Covenant of Ethical Conduct Guiding ethics of the Society of Icelandic sound business practices and customs of financial underwriting and insurance agencies								
417-2	Incidents of non-compliance concerning product and service information and labelling	Rules of the Consumer Spokesman and Regulation on Investor Protection and Good Practices of Financial Underwriting No. 995/2007								
417-3	Incidents of non-compliance concerning marketing communications									
418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data									
419-1	Non-compliance with laws and regulations in the social and economic area	Act No. 161/2002, on Financial Underwriting Act No. 106/2007, on Securities Transactions	Act No. 161/2002, on Financial Underwriting Act No. 161/2002, on Securities Transactions				Act No. 161/2002, on Financial Underwriting		Act No. 90/2018, on the Protection of Privacy, in regards the Processing of Financial Data.	

GRI content index 2019	Reporting	Notes	Reasons for omissions	UN's SDGs	Nasdaq ESG metrics
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Organizational profile

102-1	Name of the organization	yes	Landsbankinn hf.		
102-2	Activities, brands, products, and services	yes	www.landsbankinn.is		
102-3	Location of headquarters	yes	Austurstræti 11, 155 Reykjavík		
102-4	Location of operations	yes	About Landsbankinn		
102-5	Ownership and legal form	yes	About Landsbankinn		
102-6	Markets served	yes	About Landsbankinn		
102-7	Scale of the organization	yes	About Landsbankinn		
102-8	Information on employees and other workers	yes	About Landsbankinn		S4, S5
102-9	Supply chain	yes	Economy		
102-10	Significant changes to the organization and its supply chain	yes	About Landsbankinn		
102-11	Precautionary Principle or approach	yes	Responsible banking and the UN's SDGs		
102-12	External initiatives	yes	Strategy - Collaborative ventures on sustainability Collaborations		
102-13	Membership of associations	Fulfilled in part	Strategy- Collaborative ventures on sustainability Collaborations	Data missing	

Strategy


102-14	Statement from senior decision-maker	yes	From the Chief Executive Officer		
102-15	Key impacts, risks, and opportunities	yes	From the Chief Executive Officer Responsible banking and the UN's SDGs Goals		

Ethics and integrity

102-16	Values principles, standards, and norms of behavior	yes	Website - Covenant of Ethical Conduct		G5, G6
102-17	Mechanisms for advice and concerns about ethics	yes	Economy, indicators: 205-1, 205-2 and 205-3		


Governance

102-18	Governance structure	yes	Corporate governance statement 2019		
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102-19	Delegating authority	yes	Corporate governance statement 2019		E8, E9
102-20	Executive -level responsibility for economic, environmental, and social topics	yes	Policy on Social Responsibility The Board of Directors is responsible for Landsbankinn's sustainability policy, the CEO for its organisation and Human Resources for implementation. A sustainability expert works out of Human Resources. Policy on Social Responsibility		E8, E9
102-21	Consulting stakeholders on economic, environmental, and social topics	yes	Strategy - Future vision in sustainability Goals - Methods used during preparation of the goals		
102-22	Composition of the highest governance body and its committees	yes	Corporate governance statement 2019		G2
102-23	Chair of the highest governance body	yes	Annual report - Board of Directors and Executive Board		G2
102-24	Nominating and selecting the highest governance body	yes	Corporate governance statement 2019		
102-25	Conflicts of interest	yes	Corporate governance statement 2019		
102-26	Role of highest governance body in setting purpose, values, and strategy	yes	Corporate governance statement 2019		
102-27	Collective knowledge of highest governance body	yes	Corporate governance statement 2019 Rules of Procedure for the Board of Directors		
102-28	Evaluating the highest governance body's performance	yes	Corporate governance statement 2019		
102-29	Identifying and managing economic, environmental, and social impacts	yes	Annual report - Risk management Strategy		E8, E9
102-30	Effectiveness of risk management processes	yes	Corporate governance statement 2019		E8, E9
102-31	Review of economic, environmental, and social topics	yes	Annually		E8, E9
102-32	Highest governance body's role in sustainability reporting	yes	HR Manager		
102-33	Communicating critical concerns	Fulfilled in part	Corporate governance statement 2019 Landsbankinn's rules	Data missing	

102-34	Nature and total number of critical concerns	yes	No critical concerns the Bank is obligated to report on under GRI Standards were communicated to the highest governance body during the year	
102-35	Remuneration policies	yes	Remuneration Committee Annual financial statement - Notes to the consolidated financial statement	G3
102-36	Process for determining remuneration	yes	Remuneration Committee AGM of Landsbankinn 2019	
102-37	Stakeholders' involvement in remuneration	N/A		
102-38	Annual total compensation ratio	Fulfilled in part	Annual financial statement - Notes to the consolidated financial statement	S1
102-39	Percentage increase in annual total compensation ratio	Fulfilled in part	Annual financial statement - Notes to the consolidated financial statement	

Stakeholder engagement



102-40	List of stakeholder groups	yes	Stakeholders	
102-41	Collective bargaining agreements	yes	Social - indicator 401-2	 G4
102-42	Identifying and selecting stakeholders	Fulfilled in part	Stakeholders Goals - Methods used during preparation of the goals	
102-43	Approach to stakeholder engagement	Fulfilled in part	Stakeholders Goals - Methods used during preparation of the goals	
102-44	Key topics and concerns raised	yes	Goals - Methods used during preparation of the goals	

Reporting practice

102-45	Entities included in the consolidated financial statements	yes	About the Report	
102-46	Defining report content and topic Boundaries	yes	About the Report	
102-47	List of material topics	yes	About the Report	
102-48	Restatements of information	yes	About the Report	
102-49	Changes in reporting	yes	About the Report	
102-50	Reporting period	yes	Calendar year 2019	

102-51	Date of most recent report	yes	Calendar year 2018
102-52	Reporting cycle	yes	Annually
102-53	Contact point for questions regarding the report	yes	samskipti@landsbankinn.is
102-54	Claims of reporting in accordance with the GRI Standards	yes	From the Chief Executive Officer
102-55	GRI content index	yes	GRI index
102-56	External assurance	yes	GRI index G10

Management Approach

103-1	Explanation of the material topic and its Boundary	yes	About the Report	
103-2	The management approach and its components	yes	About the Report	 E7, S6, S8, S9, S10, G5, G6
103-3	Evaluation of the management approach	yes	About the Report	

Economic Performance

	Management approach disclosures	yes	About the Report	
	Topic-specific disclosures	yes	About the Report	
201-1	Direct economic value generated and distributed	yes	Economy	
201-2	Financial implications and other risks and opportunities due to climate change	yes	Responsible banking and the UN's SDGs	
201-3	Defined benefit plan obligations and other retirement plans	yes	Economy	
201-4	Financial assistance received from government	yes	The State Treasury is the Bank's largest owner with a 98.2% share and the endowment capital has not been considered a government grant.	

Market presence

	Management approach disclosures	yes	About the Report	
	Topic-specific disclosures	yes	About the Report	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	no		
202-2	Proportion of senior management hired from the local community	yes	Economy	

Indirect Economic Impacts

	Management approach disclosures	yes	About the Report	
	Topic-specific disclosures	yes	About the Report	
203-1	Infrastructure investments and services supported	yes	Collaborations	
203-2	Significant indirect economic impacts	no		

Procurement Practices

	Management approach disclosures	yes	About the Report	
	Topic-specific disclosures	yes	About the Report	
204-1	Proportion of spending on local suppliers	yes	Economy	

Anti-corruption







	Management approach disclosures	yes	About the Report	
	Topic-specific disclosures	yes	About the Report	
205-1	Operations assessed for risks related to corruption	Fulfilled in part	Economy	Data missing about the number of operating units assessed during the year.
205-2	Communication and training about anti-corruption policies and procedures	Fulfilled in part	Economy	Lacking adequate data about employees and partners who received instruction during the year
205-3	Confirmed incidents of corruption and actions taken	yes	No incidents occurred during the year	

Anti-competitive Behaviour











	Management approach disclosures	yes	About the Report	
	Topic-specific disclosures	yes	About the Report	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	yes	No instances in 2019	

Environmental topics



Materials

	Management approach disclosures	yes	About the Report	
	Topic-specific disclosures	yes	About the Report	
301-1	Materials used by weight or volume	yes	Environment	 
301-2	Recycled input materials used	N/A		 
301-3	Reclaimed products and their packaging materials	N/A		 

Energy

	Management approach disclosures	yes	About the Report	
	Topic-specific disclosures	yes	About the Report	
302-1	Energy consumption within the organization	yes	Environment	  E3, E5
302-2	Energy consumption outside of the organization	Fulfilled in part	Environment	  E3
302-3	Energy intensity	Fulfilled in part	Environment	  E4
302-4	Reduction of energy consumption	no		 
302-5	Reductions in energy requirements of products and services	no		 

Water and Effluents








	Management approach disclosures	yes	About the Report	
	Topic-specific disclosures	yes	About the Report	
303-1	Interactions with water as a shared resource	N/A		
303-2	Management of water discharge-related impacts	N/A		
303-3	Water withdrawal	N/A		 
303-4	Water discharge	N/A		
303-5	Water consumption	N/A		E6

Biodiversity



	Management approach disclosures	yes	About the Report	
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	Topic-specific disclosures	yes	About the Report		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A			
304-2	Significant impacts of activities, products, and services on biodiversity	N/A			
304-3	Habitats protected or restored	N/A			
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A			

Emissions

	Management approach disclosures	yes	About the Report		
	Topic-specific disclosures	yes	About the Report		
305-1	Direct (Scope 1) GHG emissions	yes	Environment		E1
305-2	Energy indirect (Scope 2) GHG emissions	Fulfilled in part	Environment		E1
305-3	Other indirect (Scope 3) GHG emissions	Fulfilled in part	Environment		E1
305-4	GHG emissions intensity	yes	Environment		E2
305-5	Reduction of GHG emissions	yes	Environment		
305-6	Emissions of ozone-depleting substances (ODS)	yes	No cooling agents were used in 2019 and therefore no emissions to report		
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A			

Effluents and waste

	Management approach disclosures	yes	About the Report		
	Topic-specific disclosures	yes	About the Report		
306-1	Water discharge by quality and destination	N/A			
306-2	Waste by type and disposal method	yes	Environment Environment. Emission figures for 2018 have been updated based on the changed coefficient for 2019		

306-3	Significant spills	N/A		
306-4	Transport of hazardous waste	N/A		
306-5	Water bodies affected by water discharges and/or runoff	N/A		

Environmental Compliance

	Management approach disclosures	yes	About the Report	
	Topic-specific disclosures	yes	About the Report	
307-1	Non-compliance with environmental laws and regulations	yes	No fines or violations	

Supplier Environmental Assessment

	Management approach disclosures	yes	About the Report	
	Topic-specific disclosures	yes	About the Report	
308-1	New suppliers that were screened using environmental criteria	no		
308-2	Negative environmental impacts in the supply chain and actions taken	no		

Social





Employment

	Management approach disclosures	yes	About the Report	
	Topic-specific disclosures	yes	About the Report	
401-1	New employee hires and employee turnover	yes	Social	  S3
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	yes	Social	
401-3	Parental leave	yes	Social	 

Labor/Management Relations

	Management approach disclosures	yes	About the Report	
	Topic-specific disclosures	yes	About the Report	
402-1	Minimum notice periods regarding operational changes	yes	Social	

Occupational Health and Safety

	Management approach disclosures	yes	About the Report		
	Topic-specific disclosures	yes	About the Report		
403-1	Occupational health and safety management system	Fulfilled in part	Social	Data missing.	
403-2	Hazard identification, risk assessment, and incident investigation	Fulfilled in part	Social		
403-3	Occupational health services	Fulfilled in part	Social		
403-4	Worker participation, consultation, and communication on occupational health and safety	Fulfilled in part	Social	Data missing	
403-5	Worker training on occupational health and safety	no		Data missing	
403-6	Promotion of worker health	yes	Landsbankinn's health policy - only available in Icelandic		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	N/A			
403-8	Workers covered by an occupational health and safety management system	yes	Any health or security related impact on employees at work are covered by the Icelandic social security system		
403-9	Work-related injuries	N/A			S7
403-10	Work-related ill health	N/A			

Training and Education

	Management approach disclosures	yes	About the Report		
	Topic-specific disclosures	yes	About the Report		
404-1	Average hours of training per year per employee	yes	Social		 
404-2	Programs for upgrading employee skills and dtransition assistance programs	yes	Social		
404-3	Percentage of employees receiving regular performance and career development reviews	Fulfilled in part	Social		 

Diversity and Equal Opportunity

	Management approach disclosures	yes	About the Report		
	Topic-specific disclosures	yes	About the Report		
405-1	Diversity of governance bodies and employees	yes	Social	 	S4, G1
405-2	Ratio of basic salary and remuneration of women to men	yes	Social	 	S2

Non-discrimination

	Management approach disclosures	yes	About the Report		
	Topic-specific disclosures	yes	About the Report		
406-1	Incidents of discrimination and corrective actions taken	no		 	

Freedom of Association and Collective Bargaining

	Management approach disclosures	yes	About the Report		
	Topic-specific disclosures	yes	About the Report		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Fulfilled in part	As Landsbankinn operates only in Iceland it is assumed that there is a low risk of violations of employee rights concerning the right to collective wage bargaining and freedom of association.		

Child Labor

	Management approach disclosures	yes	About the Report		
	Topic-specific disclosures	yes	About the Report		
408-1	Operations and suppliers at significant risk for incidents of child labor	no			

Forced or Compulsory Labor

	Management approach disclosures	yes	About the Report		
	Topic-specific disclosures	yes	About the Report		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	no			

Security Practices

	Management approach disclosures	N/A			
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	Topic-specific disclosures	N/A
410-1	Security personnel trained in human rights policies or procedures	N/A

Rights of Indigenous Peoples

	Management approach disclosures	N/A
	Topic-specific disclosures	N/A
411-1	Incidents of violations involving rights of indigenous peoples	N/A

Human Rights Assessment

	Management approach disclosures	N/A
	Topic-specific disclosures	N/A
412-1	Operations that have been subject to human rights reviews or impact assessments	N/A
412-2	Employee training on human rights policies or procedures	N/A
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	N/A

Local Communities

	Management approach disclosures	yes	About the Report
	Topic-specific disclosures	yes	About the Report
413-1	Operations with local community engagement, impact assessments, and development programs	no	
413-2	Operations with significant actual and potential negative impacts on local communities	no	

Supplier Social Assessment

	Management approach disclosures	yes	About the Report
	Topic-specific disclosures	yes	About the Report
414-1	New suppliers that were screened using social criteria	Fulfilled in part	Social  
414-2	Negative social impacts in the supply chain and actions taken	no	 


Public Policy

	Management approach disclosures	yes	About the Report
	Topic-specific disclosures	yes	About the Report
415-1	Political contributions	yes	No donations were made

Customer Health and Safety

	Management approach disclosures	N/A
	Topic-specific disclosures	N/A
416-1	Assessment of the health and safety impacts of product and service categories	N/A
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A

Marketing and Labeling

	Management approach disclosures	yes	About the Report
	Topic-specific disclosures	yes	About the Report
417-1	Requirements for product and service information and labeling	no	
417-2	Incidents of non-compliance concerning product and service information and labeling	yes	No known violations
417-3	Incidents of non-compliance concerning marketing communications	yes	Social

Customer Privacy

	Management approach disclosures	yes	About the Report
	Topic-specific disclosures	yes	About the Report
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	yes	Social G7

Socioeconomic Compliance


	Management approach disclosures	yes	About the Report
	Topic-specific disclosures	yes	About the Report

419-1	Non-compliance with laws and regulations in the social and economic area	yes	In 2019, Landsbankinn was not penalised in the form of fines for violations of rules and laws on products or use of products and services
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Sector Specific Indicators for the Financial Services Sector


Society

Local Communities

G4-FS13	Access points in low-populated or economically disadvantaged areas by type	yes	Financial institutions	
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	yes	Financial institutions	



Product Responsibility

Product and Service Labeling

G4-DMA (FS15)	Policies for the fair design and sale of financial products and services	yes	Website - Covenant of Ethical Conduct	
G4-DMA (FS16)	Initiatives to enhance financial literacy by type of beneficiary	yes	Financial institutions	

Product Portfolio

G4-DMA (FS1)	Policies with specific environmental and social components applied to business lines	yes	Financial institutions
G4-DMA (FS2)	Procedures for assessing and screening environmental and social risks in business lines	no	
G4-DMA (FS3)	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	yes	Financial institutions
G4-DMA (FS4)	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Fulfilled in part	No processes are in place
G4-FS5	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities	no	

G4-FS6	Per (e.g. Micro/SEM/large) and by sectorpercentage of the portfolio for business lines by specific region, siz	no		
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	no		
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	yes	Financial institutions	

Audit

G4-DMA (FS9)	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	yes	Financial institutions	
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Active Ownership

G4-DMA (FS12)	Voting policy(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	yes		Landsbankinn has not adopted a voting policy that applies to social concerns at AGMs where the Bank holds voting rights or advises on voting
G4-FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	yes		This has been done in some cases but no figures have been collected.
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening	yes	Financial institutions	