



Key sustainability initiatives ▾

Key sustainability initiatives

We made great strides on our sustainability journey in 2021. We assessed GHG emissions from our credit portfolio, first among the domestic banks, updated our focus on the United Nations' sustainable development goals (SDGs) and held two green bond issuances. The Bank's Sustainable Financing Label was created and we introduced a new savings account and fund to contribute to sustainability. We also achieved our best ESG risk rating from Sustainalytics to date.



Sustainability policy updated

We updated our sustainability policy in 2021. The policy extends to all divisions of the Bank, sets out our key focus as regards sustainability and describes how we will implement sustainability in our operation. The policy addresses the UN SDGs, climate concerns, social issues, governance, ESG risk rating, responsible investment and responsible lending.

Altered focus on the SDGs

We are focused on four of the UN SDGs. In 2021, we reconsidered which SDGs best fit the Bank's operation, using the UN's tools and resources. Our conclusion was to shift our emphasis slightly and increase the number of SDGs we focus on from three to four. These goals all directly correlate with the

Bank's operation and work to achieve them maximises the Bank's positive impact on the environment and society.

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**GENDER
EQUALITY**



8

**DECENT WORK AND
ECONOMIC GROWTH**



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE





13 CLIMATE ACTION



We also follow the Principles for Responsible Banking (PRB) which guide banks in their work on the SDGs and the Paris Agreement.

Landsbankinn's sustainability goals

Our sustainability goals have been reviewed and updated. There is more information about the process in the chapter on Sustainable Accounting.

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

Emphasise responsible lending

Achieve a reduction in direct GHG emissions

Achieve a reduction in indirect GHG emissions

Attain a gender ratio of executives that accords with set limits

Measures to counteract discrimination - share information about EKKO

Review sustainability information

Direct business to responsible suppliers



Sara Pálsdóttir
Sara Pálsdóttir

Landsbankinn has great momentum

"Community is a new division, made up of three departments that are key to communications with employees and customers - Human Resources, Marketing and Economic Research, with the addition of a Communications Team and Sustainability Team drawn from these departments to increase focus.

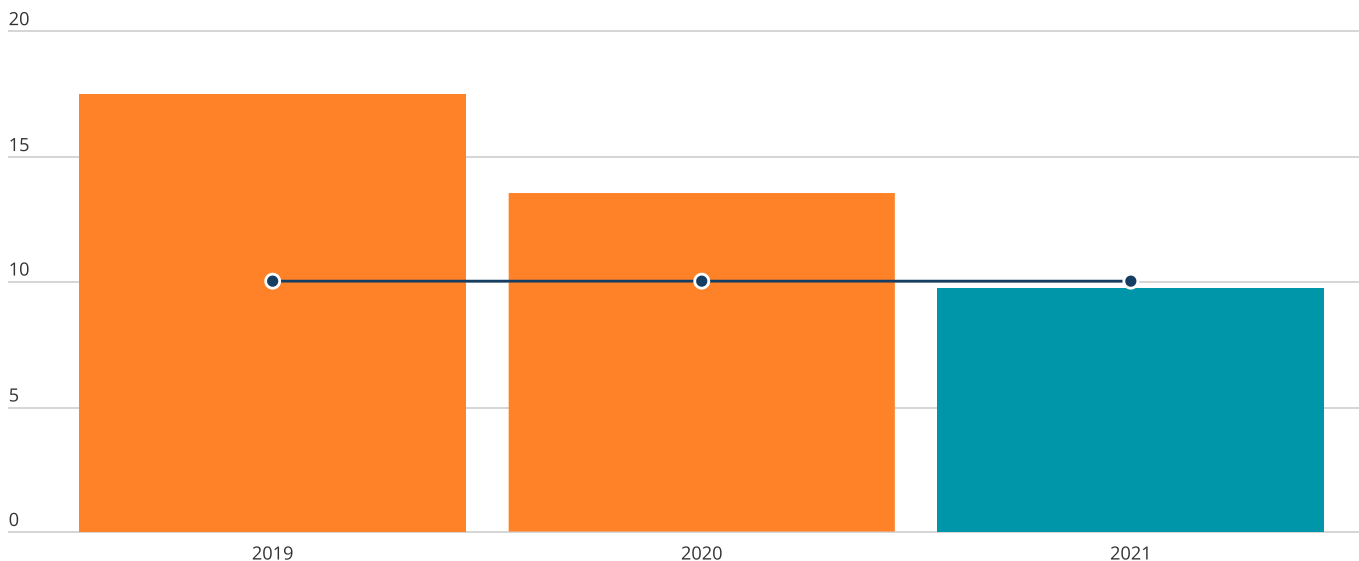


More

Leading Sustainalytics' ESG risk rating

We achieved our best ESG risk rating from Sustainalytics to date in May 2021. Landsbankinn led the field of 423 peers rated by Sustainalytics. We went from 13.5 to 9.7 on a scale to 100. This means that Sustainalytics considers Landsbankinn at exceedingly low risk of experiencing material financial impact from ESG factors, on which the analysis is based.

Development of Sustainalytics rating



Line shows Landsbankinn's aim

Sustainable finance framework

We published our first sustainable finance framework in January 2021. The framework is certified by Sustainalytics and serves to define the Bank's funding of environmental and social initiatives. The framework is based on ICMA's guidelines and the EU's recent taxonomy for green and social financing.

Green issuance

In 2021, we issued two sets of green bonds in the amount of EUR 300 million each. Green bond issuance supports our work towards sustainability, such bonds often carry better returns and reach a broader investor group.

Impact report

In 2021, we worked on a green bonds impact report and published it in early 2022. Investors in the Bank's green bonds receive detailed information about the allocation of proceeds from the bonds and the resulting impact. Sustainalytics verified that the funds were allocated in accordance with the Bank's sustainable finance framework.

Sustainable savings account

Vaxtareikningur sjálfbær

In 2021, we introduced a new sustainable savings account, Vaxtareikningur sjálfbær. Deposits to the account are used to finance projects that contribute to sustainable development. Our customers can use this new account type to let their savings positively impact the environment and community. The account is based on our sustainable finance framework.

Sustainable asset allocation fund

Eignadreifing sjálfbær

A new Landsbréf investment fund, Eignadreifing sjálfbær, was launched in 2021. The fund considers ESG factors in its investment decisions. Its inclusion in our product offering broadens the selection of investment objectives based on the methodology of responsible investment available to our customers.

New Sustainable Financing Label:

Sustainable financing for companies

We offer companies the option of sustainable financing. When a company has demonstrably met the criteria of sustainable financing, it can be issued with Landsbankinn's Sustainable Financing Label. UR Seafood (Útgerðarfélag Reykjavíkur hf.) was the initial recipient of the label for its MSC Certified Sustainable Seafood in 2021. Later in the year, Reykjavík Energy received the label for low-carbon footprint production of electricity and heat, as did Ljósleiðarinn for the installation and operation of fibre optics.





We know our emissions

In 2021, we assessed GHG emissions from our credit portfolio using PCAF's carbon accounting method and published our results, first of the Icelandic banks. PCAF stands for the Partnership for Carbon Accounting Financials, an initiative that aims to standardise measurement of emissions from financial undertakings through their lending and investment activity. This is a large step, as one of the main challenge banks have faced has been to assess their indirect environmental impact. We consider it important to gain a thorough knowledge of our carbon footprint - only 1% of our emissions are directly from the Bank's operation.

Leading international development with PCAF

Our experts participated in the development of PCAF's international methodology which allows financial undertakings to assess their indirect environmental impact and present their carbon accounts in a comparable and coordinated manner. Our experts have been active participants in the project since its inception and leaders in the partnership. Around 170 financial institutions and investors have now undertaken to use the methodology in the assessment of their indirect environmental impact.

Operation again carbon neutralised

We renewed our international CarbonNeutral® company certification and have carbon-offset traditional banking activity for 2021. We work with Natural Capital Partners to carbon-offset operations through carbon sequestration or the avoidance of GHG emissions. Such sequestration complies with strict global standards and has already taken place.





First sustainability bond issued in Iceland

We worked with Árborg municipality on the issuance of the first sustainability bond in Iceland. Landsbankinn consulted throughout the entire process.

Responsible investment and responsible lending

We have emphasised responsible investment for a number of years now, as the strategy positively impacts return on investment in the long term and reduces operational risk. We are guided by the UN's Principles for Responsible Investment (UN PRI) and issue yearly progress reports. We wish to be a leader in responsible lending as well, as the methodology reduces operational risk for companies. For more details, see the Bank's sustainability policy.

Clearer demands for suppliers

At the end of 2021, we finalised work on a compact the Bank's suppliers will be asked to sign. The compact obliges suppliers to ensure human rights and freedom of association in their own operation and with sub-contractors; also to work to prevent corruption. The compact is based on the 10 principles of the UN Global Compact.

Model of good governance

Landsbankinn has been a model of good governance since 2014, as determined by a review of its governance practices. We intend to continue to be a model of good corporate governance and comply with guidelines issued by Nasdaq Iceland, the Iceland Chamber of Commerce and the Confederation of Icelandic Employers.

Strong emphasis on cybersecurity

Cybersecurity is one of our top concerns. We consider wide-reaching education about cybersecurity to be part of our social responsibility. In 2021, the Bank's experts were active participants in discussion about

cybersecurity in the media and we published several articles on the subject to our website and social media.

Active in public debate

Our experts participate actively in public debate about sustainability and social responsibility. In 2021, we published a number of articles on the topics to our website and social media and, in addition, our experts were prominent on sustainability platforms.

Sustainability obligations

Through participation in the following initiatives, we have obliged the Bank in various ways with regard to sustainability. We communicate our progress on sustainability in a report to the Global Reporting Initiative (GRI).

[> Open GRI report](#)

Festa, Centre for Sustainability

UN Global Compact

UN Principles for Responsible Investment (UN PRI)

UN Environment Programme Finance Initiative (UNEP FI)

IcelandSIF - Iceland Sustainable Investment Forum

Principles for Responsible Banking (PRB)

Partnership for Carbon Accounting Financials (PCAF)



[i](#) Legal notice

[↓](#) Accompanying documents

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