



Landshypotek Bank

# Sustainability Report 2022

For a richer life in the countryside



# Sustainability Report

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## Reporting calendar

General Meeting of Shareholders	20 April 2023
Interim Report Q1	5 May 2023
Interim Report Q2	26 July 2023
Interim Report Q3	1 November 2023

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# To promote sustainable development countryside

Landshypotek Bank helps people to run companies, realise their dreams and to live countryside. Through the strong commitment of the bank's owners, customers, investors and employees, the bank strives daily to develop our unique bank. Landshypotek Bank believes in wise, long-term investments that continue over generations. Almost 200 years ago, the first building society was founded that evolved into Landshypotek Bank as it stands today, and we plan to continue offering competitive financing and safe savings to countryside entrepreneurs and households for at least as long again.

## The bank's contribution to sustainable development

A living countryside, where fields and forests are cultivated, creates growth and jobs as well as the prerequisites for an evolving business community and welfare across the country. Sustainable development countryside rests on the possibilities for living and working throughout Sweden. Landshypotek Bank uses sound and responsible credit granting to enable investments in rural enterprise and housing, both in and outside of cities. This lays the foundation for a future for the cities and the countryside. In this way, the bank contributes to sustainable societal development – economically, environmentally and socially.

## Meaningful for development across the country

Agriculture and forestry fill many important functions and are of great significance to the country's development. The forest is a key link in the transition to achieve net zero emissions. Forest raw materials are renewable, recyclable and biodegradable, and can be used for many different products and replace fossil alternatives. Growing forests bind carbon dioxide and counter climate changes.

Swedish farms and agriculture maintain high standards for animal husbandry, environmental adjustment and food quality. Agriculture has considerable potential to contribute to reducing CO<sub>2</sub> emissions. The use of land also contributes to biodiversity, nature management and variety in the Swedish countryside.

Being the bank for all of Sweden also means offering loans to customers wishing to buy homes both in and outside the major cities. Together, the bank and its customers promote a living countryside where people live and work.

In the past few years, Landshypotek has also strengthened and structured the bank's sustainability efforts as part of living up to the expectations of the business environment. A Chief Sustainability Officer has been part of the bank's Management Group since 2016 to ensure that these issues are pushed and permeate the entire operation.

## Sweden's member-owned bank

Farming and forestry borrowers become members of Landshypotek Ekonomisk Förening and, thereby, owners of Landshypotek Bank. With some 35,500 members, the association is one of the country's largest cooperative associations.

The association's purpose is to benefit its customers and members. The owner directive states that the bank is to contribute to long-term societal development by creating the preconditions to live and work in the Swedish countryside. By offering competitive financing, the bank will strengthen its competitiveness as well as that of the cooperative association's members. The bank's actions in pursuit of this owner directive are reported on an ongoing basis by the CEO to the Board of Directors of Landshypotek Ekonomisk Förening.

The ownership form is one of the bank's strengths. As loan customers are also the bank's owners, this creates commitment, shared responsibility and a long-term approach. The bank's profits are redistributed back to the members and to agriculture and forestry, and are used to develop operations at the bank. This is part of modern, progressive business practices.

## Impact on key issues

Over the year, the bank has continued to engage in and monitor the formulation of the diverse regulations that are relevant to the Swedish farming and forestry sectors. The bank has worked with the implementation of the EU Taxonomy regulation for sustainable investments and finances with a particular focus on how the farming and forestry sectors are classified. The bank has engaged in issues concerning the EU deforestation regulation that risks harming Swedish forest owners, the economy and sustainable development.

## Customers and the offering

### Landshypotek Bank's customers

Landshypotek Bank targets owners and entrepreneurs in agriculture and forestry, those living on agricultural properties, house owners and savers. The bank's loan



customers are mainly located outside of Sweden's major cities and the bank's target groups are clearly defined. Landshypotek Bank lends to customers against collateral in agricultural and forest properties or houses in Sweden. The bank's savings customers can be found countrywide. The bank's customers include a large portion of the country's large-scale production agriculture, many smaller farmers and foresters as well as house owners. For natural reasons, the customers' relationships with the bank are longstanding and often continue across generations, since farming and forestry are capital intensive, long-term businesses.

#### **Proximity and networks**

One of Landshypotek Bank's strengths is its close links to the farming and forestry industries. The bank's account managers at offices around the country often have backgrounds in agriculture and forestry, and banking and financing expertise. Moreover, the organisation is small and decentralised, which enables close customer relationships with short decision paths. Together with its elected representatives, Landshypotek Ekonomisk Förening maintains an extremely strong presence, competence and commitment across the company.

#### **Sound and sustainable lending**

Since 1836, Landshypotek Bank has endeavoured to offer sound and sustainable loans. This means contributing to customers' financial security, within the framework of the bank's credit regulations. The regulations aim to protect customers' financial positions and, at the

same time, to shield the bank and owners from credit losses.

Landshypotek Bank strives to achieve high risk awareness and low risk undertaking in its credit granting and deposits operations. This position is demonstrated by the bank's lending being primarily against collateral in immovable property and its focus on first lien mortgage loans for farms, forests and houses. Read more about the bank's risk management in Note 2.

The bank promotes simplicity, clarity and transparency in its credit granting. Distribution and marketing must be responsible and moderate. Customers are to feel secure with Landshypotek Bank, and to understand the terms being offered when facing critical financial decisions.

Landshypotek Bank's operations are assessed as being critical for Sweden's financial system and are therefore encompassed by the Swedish National Debt Office's resolution planning. The bank thereby also contributes to securing the country's long-term economic stability.

The bank's focus entails natural limitations in its credit granting. The bank does not finance weapons, such as cluster weapons, anti-personnel mines, biological or chemical weapons, or the production or distribution of nuclear weapons, and the bank has no exposure to nuclear power or coal.

#### **Credit appraisal with regard to climate and environmental risks**

Landshypotek Bank's credit appraisals are based on customers' repayment capacity. During the year, the

bank developed an analysis for medium-sized and large enterprises as well as all legal entities to better capture climate and environmental risks related to lending. Climate and environmental risks are to be an integrated part of the credit appraisal since they impact the bank's credit, reputational and strategic risks. The climate and environmental analysis must identify physical and transition risks pertaining to the customer's competence, strategy, operations and security. Furthermore, the analysis must assess the impact of these risks on the customer's repayment capacity and the level of preparedness of the customer and its operations in terms of a changing climate and the measures taken to mitigate climate impact. Read more about risks and risk management in Note 2.

#### **Preventive insolvency management**

The bank works actively with preventive insolvency management. This entails early contact by the bank with customers who have or who could have difficulties in meeting their interest or amortisation payments. Many situations can arise in life that could change a person's repayment capacity. It is therefore important that the bank takes early contact with customers and prepares individual plans to enable them to get on top of their payments. If the bank succeeds with early identification and can start a good dialogue, this often leads to good outcomes for our customers as well as the bank.

#### **Investments**

The bank's liquidity reserve comprises interest-bearing securities, either covered bonds in SEK issued by Nordic credit institutions or securities issued by Swedish municipalities or regions. The bank's green bond framework and its Sustainability Policy stipulate that the bank is to ensure responsible investments by integrating sustainability aspects in its investment decisions. As part of this objective, the bank has decided that investments in the liquidity portfolio may not include operations with a focus on fossil-based energy production, nuclear power, research or development of weapons, potentially environmentally harmful extraction of resources (for example, rare earths or fossil fuel), gambling or tobacco. Therefore, the bank's assessment is that there are no material non-financial risks linked to the bank's investment activities.

#### **Greener funding**

In 2018, Landshypotek Bank prepared a green framework for issuing green bonds. The aims included being able to promote a more sustainable financial market as well as to meet demand from the bank's investors. The

bank's green bond framework is based on sustainable forestry practices, renewable energy and energy-efficient buildings. The framework is aligned with the Green Bond Principles prepared by the International Capital Market Association. The framework was awarded a Dark Green rating from the Center for International and Environmental Research – Oslo (CICERO), which is the highest rating for green bonds.

The bank has issued green covered bond at a volume amounting SEK 10.75 billion. The funds raised by the bonds are used exclusively to finance sustainable forestry. As per one of the obligations under the bank's green bond framework, the fourth impact report for green bonds was prepared and published on the bank's website in 2022. Read the full report on the bank's website under investor relations. The bank's green bonds comprise 13.4 percent of the bank's total covered bonds.

### **Employees working for all of Sweden**

Landshypotek Bank comprises 216 employees (FTEs) and has 19 offices across the country. Many of the bank's account managers, those meeting customers in the front office, have backgrounds in agronomy, forestry, agrology or similar fields in addition to their banking and financing expertise. The bank's account managers who work with mortgage loans have Swed-Sec licences. Together, the bank's staff work to promote a richer life countrywide.

#### **Small bank – Huge commitment**

Maintaining high employee commitment is important for the bank. In order to achieve this target, it is fundamental that the bank is perceived as an attractive employer where employees help each other to grow and succeed. The bank's foremost assets are its employees and culture as well as its employees' commitment. The employees are also the bank's main brand carrier; the aim is for all employees to feel committed, enjoy their daily work and feel motivated by, and pride in, their employer and their daily tasks. Each employee accounts for around half a percent of the bank, which means that each individual's commitment is highly important. Employees are involved in numerous projects and are part of how the bank is developed. At the year's two employee meetings, staff met and were given opportunity to jointly discuss the bank's transition journey, make new contacts and work together in new compositions and constellations.

During the year, employee commitment at the bank was evaluated in many ways. In the spring, each employee responded to questions based on a commitment index



called the sustainable employee engagement (SEE) index. Evaluating SEE captures the motivation of employees and the prerequisites they have for offering their best for the organisation. It also captures the extent to which employees feel self-fulfilled and recognise personal development in their work, which is positive both for the individual and for the organisation. SEE provides an indication of the extent to which employees understand their organisation's overall objectives and how their own contributions meet these objectives. The SEE index consists of nine questions in three areas: motivation, leadership and strategic management. The results of this year's survey show that we have healthy prerequisites for sustainable employee engagement as employees have provided average value scores of over four on a scale of one to five.

### Employee survey

During the year, all employees were given the opportunity to respond to three employee surveys. The surveys had different focuses and aims. In the first survey, questions were posed about how employees perceived their close and everyday work with questions based on the SEE index. In the second survey, questions were posed concerning the work environment and unequal treatment, and in the third, questions were posed about how employees perceived the bank's overall development during the year.

We measure the bank's employee net promoter score (eNPS) by posing the question "How likely are you to recommend Landshypotek Bank as an employer to a friend?" Our eNPS measurements are historically strong. The results of the latest eNPS measurement amounted to 33, which is a very favourable result and far about the average in Sweden, indicating a positive attitude and feeling toward the bank as a workplace. The insights gained from the employee surveys provide, together with healthy dialogue between employees and managers, the foundation of the bank's continual development and shared efforts to strengthen and retain the employeeship and the culture that permeates the bank.

### Sick leave

A work-life balance is crucial for everyone's well-being. A good work environment and climate promotes lower absence due to illness. Accordingly, it is important to regularly measure, follow up and take initiatives to prevent ill health and illness. The bank regularly measures and follows up sick leave to be able to implement timely initiatives. The bank's sick leave figures are low both for short-term (1–14 days absence) and for long-term (>15 days absence) sick leave. Short-term sick leave

was unchanged in 2022 (average 1.2 FTEs) compared with 2021 (average 0.9 FTEs) and long-term sick leave increased somewhat from already low levels (average 1.0 FTEs in 2022 and 0.9 FTEs for 2021). Total sick leave (short- and long-term) in 2022 was higher than total sick leave in 2021 as a result of an increased number of physical meetings in 2022 that contributed to an increased spread of influenza and other diseases compared with 2021.

### Skills and development

The bank thinks widely in terms of personnel skills and development. All managers have regular dialogues with their personnel to jointly manage and develop the work group's and the individual's tasks, and to build and broaden the employee's skills in the long term. Beside development in their current roles, this could include participating in different projects, holding courses for colleagues, swapping departments for a period or studying for a formal qualification. The bank has a standing range of courses available, some of which are obligatory, for example, credit training, anti-money laundering training, and IT and information security. The bank also trains employees in work environment related issues such as unequal treatment and discrimination.

During the year, the bank's employees both arranged and were invited to digital inspirational meetings and lunch seminars. These were occasions to source new inspiration and gain knowledge or tips for the next customer meeting.

### Leadership programme

The bank is continuing to invest in committed employees and leadership development. Together, this enables a workplace that is attractive and in which employees are given the preconditions for performance. During the year, the bank's managers worked on developing their leadership roles. Collective information, follow-ups and feedback on leadership was strengthened. A leadership framework was developed containing information on the expectations of managers and a programme for tools and dialogue for what it means to be a manager at Landshypotek Bank was launched.

### Gender equality and diversity

The bank values diversity and equal treatment. All employees are provided the same opportunities irrespective of gender, gender identity, gender expression, ethnic origin, religion or belief, disabilities, sexual orientation or age. It is therefore central for the Bank to actively identify, avert and prevent all types of harassment and discrimination.

Experience and knowledge of Swedish farming and forestry is important as a player in the sector, but an equally central success factor to promote a richer life country-wide entails having a differentiated workforce in terms of experience, competence and background.

The bank believes that egalitarian and diverse groups improve work and performance. The bank prioritises creating space for different perspectives, evening out gender, age and experience distribution of misaligned working groups and ensuring that no one is discriminated against or mistreated in other ways.

#### Rights and conditions at work

Landshypotek Bank strives to be a popular, good place to work, both with regard to employment terms and conditions, and to the work environment. The employees are offered loans at favourable terms, profit sharing and subsidised lunches, for example. The bank has a collective agreement with the Financial Sector Union of Sweden and the Swedish Confederation of Professional Associations (SACO). Each of the two unions have appointed their own representative on the bank's Board.

The bank strives to achieve sound and fair pay scales that ignore background and gender. The bank adheres to the legislation in this area, which entails the bank conducting an annual salary review within the organisation with the aim of identifying, addressing and preventing unjustified salary differences between genders. The bank adopts structured measures in the event that the analysis reveals that unjustified salary differences are present.

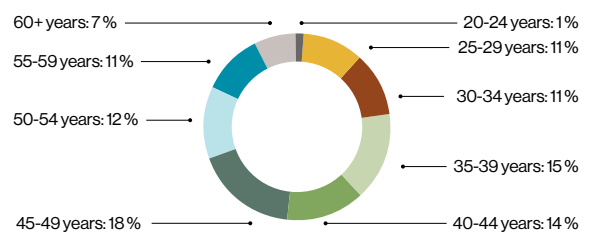
#### The ILO's Core Conventions apply to the bank's operations:

Human rights are always respected and the bank adheres to the legislation that applies to its operations. Labour law requires that employment is voluntary and that no form of discrimination, harassment or child labour may occur. Salaries are paid directly to the employees and any overtime is always compensated. The bank's employees have the right to organise and collective agreements are always respected. The bank complies with national environmental requirements. The operations are conducted with high moral standards and ethics to ensure sound professionalism. All forms of corruption, extortion and bribes are unacceptable.

The bank's Work Environment Council is tasked with promoting a good work environment and following up the bank's work environment efforts. The Council comprises employer and union representatives, health and safety representatives, and the bank's Risk Manager. Employees also have access to generous wellness subsidies, health checks, support dialogues and extra financial compensation when on parental leave.

#### Age distribution

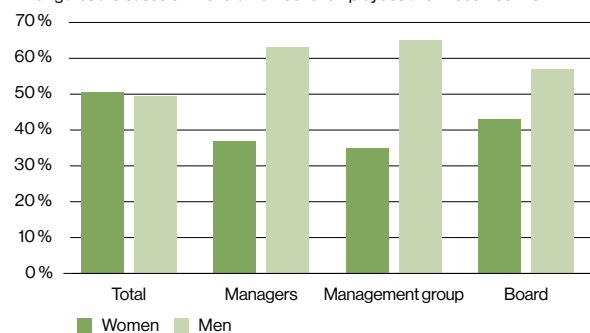
The figures are based on the total number of employees at 31 December 2022



The bank has a broad age distribution. The most common age intervals among the bank's employees are 35-39 and 45-49. The interval from 20-24 is the least common, which reflects the educational and experience requirements for many positions at the bank.

#### Gender balance in percent, women/men

The figures are based on the total number of employees at 31 December 2022



The distribution between women and men is even at the bank. As of 31 December 2022, the percentage distribution between men and women was 51/49 (50/50), among managers 37/63 (35/65), in the management 30/70 (25/75) and 43/57 (43/57) on the Board. The total distribution, that is equal between women and men, is not reflected in the other groups. On the other hand, the Board lives up to the bank's target for equal groups.

#### Business ethics and anti-corruption

Respect for human rights is essential for the conduct of sound and sustainable enterprise and something that the bank always adheres to in its own operations and in relation to customers, suppliers or other business partners. The bank's sustainability efforts comprise the entire operation. As such, it is important for the bank that its suppliers also take responsibility for the promotion of sound and sustainable development. Respect for human



rights, the environment and business ethics permeate the entirety of the bank's supply chain.

As part of this work, the bank has prepared a Code of Conduct for suppliers in which the bank's expectations are described in detail. Given the operations of the bank and the bank's requirements of suppliers and business partners, the bank's assessment is that there are no significant risks linked to human rights.

#### **Acting ethically and correctly**

The bank's and its employees' knowledge of, and compliance with, business ethics and anti-corruption is a prerequisite for Landshypotek remaining active in the market and retaining its confidence. This knowledge is secured through annual compulsory training courses and the bank has developed a new code of conduct during the year that applies for all of the bank's employees and temporary staff as well as for the bank's dealings with suppliers and the business world.

Acting correctly and objectively is of great importance in all of the bank's business dealings. The bank applies a zero-tolerance policy toward corruption. This means that no employee may provide, promise or offer any inappro-

priate benefit. Nor may any employee receive or request such a benefit or reward, or recommend or enable a customer to receive or request such a benefit or reward.

The bank's and its employees' extensive commitments in agriculture and forestry are a strength but also entail a risk of conflicts of interest and bias. A structured process is therefore in place, inter alia, to approve and follow up the ancillary activities of employees. Employees' ancillary activities are notified and followed up annually. Should a risk of bias or other conflict of interest arise, the case must be transferred to another colleague at the bank.

The bank's compliance department regularly carries out – at least once per year – risk analyses concerning the bank's corruption risks and conflicts of interest. The risk analysis identifies the likelihood and consequence of the risk being realised. Suitable measures are drawn up based on this.

#### **Prevention of financial crime**

Money laundering and terrorism financing comprise serious to society in Sweden and the rest of the world. The bank does not tolerate and does not participate in money laundering or terrorism financing. The bank takes



all reasonable measures to prevent the bank being used for money laundering or terrorism financing, and the Board and CEO have the ultimate responsibility for these issues. The Board and CEO are also ultimately responsible for the bank's operations taking necessary measures, for the bank's internal rules complying with external regulatory requirements and that said rules are appropriate, well implemented and complied with in operations. As part of its organisation to prevent money laundering and terrorism financing, the bank has created the following roles: Designated Supervisor, Central Function Manager, Operational AML Manager and Independent Auditor (the function is often conducted within the bank by internal audit). The bank also has a separate AML function at Board level with a focus on regulatory compliance. Read more about Landshypotek Bank's risks and risk management in Note 2.

#### **Administration and internal regulatory compliance**

Landshypotek Bank's ethics policy states that operations should apply sound values and professionalism; that customers', employees' and the owner's interests at an overall level should be taken into account in all decisions, and that external and internal rules should always be complied with. The bank's policy on conflicts of interest also governs insider trading as well as gifts, rewards and other benefits. Guidance is provided here for difficult situations.

Business ethics are included in various employee training courses, including induction training for new employees and annual training in business ethics. If employees are unsure about how to apply the code of conduct or other policies, the first resort is to contact their immediate manager. Furthermore, the bank's compliance function can be contacted for advice and support. Additionally, the bank has a whistle-blower process. Anyone who suspects serious misconduct can use the whistle-blower service anonymously. In 2022, one whistle-blowing report was managed through the whistle-blower system. However, the report was not assessed to be a whistle-blowing case according to the bank's definition.

Landshypotek Bank also has an incident reporting system for deviations that entail a risk of adversely impacting the bank's internal or external procedures, customers and regulatory compliance.

#### **Suppliers and business partners**

The bank has mainly outsourced activities in terms of IT. In support of the bank's outsourcing, procurement and monitoring, the bank has a number of policy documents that set requirements for the design of the bank's outsourcing

agreements. The bank is also subject to Finansinspektionen's requirements for outsourcing agreements as defined in FFFS 2014:1. The bank monitors suppliers on an ongoing basis, which also encompasses an ESG perspective. All IT equipment purchased by the bank is TCO certified (fixed-line telephones are not included as no environmental classification is in place for them). TCO certification means that sustainability requirements are set, which include driving social and environmental responsibility over the product's lifecycle. The requirements extend beyond the industry standards and legislation that drive the development of sustainable IT products.

## **Climate and the environment**

Landshypotek Bank's main environmental impact is at customer level. The bank's core business is the financing of Sweden's agricultural and forestry sector. Many of the bank's core customers, run operations that affect and are affected by the climate and the environment. Climate change can have a direct and indirect impact on our customers' operations and, thus, also on the bank's credit risk. Accordingly, the bank carries out analyses to identify climate and environmental risks in its customer credit appraisals, see above under "Customers and the offering."

Many of the solutions to climate challenges can be found in farming and forestry. As society is transitioning on a systemic level, more biogenic raw materials and biological processes will be required and in demand. The foundation of farming and forestry sectors is photosynthesis, a natural process whereby plants absorb carbon dioxide from the atmosphere and then convert it into energy. While some carbon dioxide is returned immediately through cellular respiration, a considerable portion is stored in the plant and the ground via the plant's roots. Swedish forests and arable and pasture land are already today sequestering a considerable amount of carbon. Nevertheless, there is scope to increase the environmental benefit of this with greater sequestration and to reduce farming and forestry's own emissions.

For farming in general, the greatest emissions come from land use, animal digestion and the management of manure. Emissions from machines and the heating of farm buildings and production facilities are two other emission sources that have an impact. This impact is, however, significantly less.

For forestry, emissions are primarily the result of fuel consumption by machines used in forests and for the further transportation of timber. Emissions also arise from the maintenance and construction of new forest roads. There is also a natural release of carbon dioxide from



the forest through cellular respiration and on harvesting when carbon from the ground is released.

As a bank, we can be part of the transition to a farming and forestry industry that both reduces the impact on the climate and ensures that the industry is equipped for a future climate where positive impacts are retained over time.

The bank's other customer group that has grown in the past few years is mortgage customers who live in houses or own holiday homes in Sweden. Homes with heating and energy consumption account for a large proportion of climate impact from private individuals. Emissions attributable to housing are linked to energy sources and energy consumption, with the latter closely connected to the efficiency of the energy sources and of the building. Energy consumption is driven by heating, hot water, cooling and electricity, but it is heating that accounts for the majority of emissions. As a bank, we can be part of the transition to more energy efficient and sustainable homes by enabling investments in cleaner energy and heating sources and investing in initiatives for more energy efficiency.

#### **A new climate strategy paving the way forward**

In 2022, the Board of Directors of Landshypotek Bank adopted a climate strategy that will pave the direction and ambition for the bank faced with a changed climate. This

climate strategy further builds on the bank's sustainability work, but with a clear focus on the climate and climate risks. This climate strategy was developed to clarify the bank's targets within the area and the climate-related risks and measures that are relevant to Landshypotek Bank with lending to farmers, forest owners and house owners nationwide. Landshypotek Bank backs the industry-wide climate roadmap that was adopted in spring 2021. The roadmap establishes the target of ensuring the bank's operations are in line with the Paris Agreement and the Swedish goal of achieving net-zero emissions by 2045. To ensure that the bank reaches this, a number of targets have been established, including the bank joining the Principles for Responsible Banking global initiative in 2022, which was achieved at the end of the year. The bank has also identified its most significant positive and negative impacts on society, the economy and the environment in 2022.

#### **Climate change and its impact on farming, forestry and living in the countryside**

Climate change will impact all of us. A changed climate will lead to challenges and opportunities, particularly in the field of farming and forestry in Sweden. The average temperature will increase and growing zones will move northward. Growth periods will become longer, creating



scope for larger and more frequent harvests, but also greater variation of crops in fields and species of trees in forests. A warmer climate will also increase pressure from different pests and the need for more energy to cool housing and production sites. Longer periods of drought with heatwaves and a lack of precipitation will be more common, which will put pressure on crops, trees and animals. At the same time, winters and autumns will become wetter with more rainfall, particularly in the country's northern and western areas. With a changed climate, weather will become more extreme and rainfall – with accompanying floods – will impact the farming and forestry sectors as well as buildings. From a longer perspective, sea levels will rise with a consequent effect on southern Sweden, where land uplift will not compensate for higher sea levels.

From a global perspective, climate change will, generally speaking, not impact the farming and forestry sectors as negatively as in many other parts of the world. The primary reason for this is the natural access to water here and a cooler climate. Already today, access to water is the greatest challenge for food production in many parts of the world, and this challenge is only expected to grow as temperatures increase. Sweden's natural climate has colder winters that generally result in lower pressure from different pests. If this balance is changed, it could have negative consequences for Swedish farming, with

more insect and fungal infestations. The winter and its accompanying ground frost create a natural pause in growing for crops as well as weeds.

In 2022, the bank analysed the energy performance of houses that are part of the bank's mortgage portfolio. The bank has compiled information about energy declarations for houses.

#### Climate- and environment-related risk and opportunities within the framework of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The bank has, together with SMHI (the Swedish Meteorological and Hydrological Institute), identified climate- and environment-related risks and opportunities to be able to map these and to identify their short- and long-term effects on the bank's credit risk. The identified risks and opportunities primarily affect the bank's credit risk toward farming and forestry, which is also the segment toward which the bank has its largest exposure. The indicators assessed by SMHI as most relevant for farming and forestry are: temperature, length of the growing season, heatwaves, precipitation, total ten-year water flows, soil moisture, snow cover, sea levels, fire risk and wind gusts. Based on these indications, the bank has assessed that physical risks attributable to temperature, the length of the growing season, heatwaves, precip-

	Acute physical risks and opportunities	Systematically physical risks and opportunities
<b>Temperature</b>	There is no acute physical risk connected to an increase in temperature but this may lead to higher risk of other acute events such as drought or heatwaves.	The systematic physical risk and likelihood is that the temperature will rise nationwide.
<b>Length of growing season</b>	An acute physical risk with a longer growing season with an earlier spring raises the risk of spring frosts, which can harm harvests. Aside from the spring frost, the opportunity of extending the growing season, providing larger and more frequent harvests.	The systematic physical risk and likelihood is that the length of growing season will increase nationwide in pace with the temperature increasing and growing zones moving northward. This could result in larger harvests of certain crops and enable new crops to be grown in geographical locations. However, conditions could deteriorate for other crops. A longer growing season also benefits forest growth, even if this can lead to consequences in the form of increased pressure from vermin.
<b>Heatwaves</b>	The acute physical risk that could arise is heat stress for animals and plants as a result of high, sustained temperatures without precipitation.	The systematic physical risk is an increased frequency and duration of heatwaves across the country.
<b>Precipitation</b>	The acute physical risk is a raised risk of flooding and extreme rainfall, which can destroy crops and damage properties. Wet ground and flooding also increases the risk of windthrow and rutting damage and presents challenges for using machinery on land.	The systematic physical risk is that annual precipitation will increase nationwide, mainly in the winter and spring and in the north and west of the country. Number of intense precipitation events expected to increase.
<b>Fire risk</b>	The acute physical risk is mainly a risk for forestry with destroyed forests and lost growth.	The systemic physical risk is an increased risk of forest fires nationwide.

itation and fire risk are the indicators with the greatest impact on the bank's exposure.

**Overarching:** Landshypotek Bank finances entrepreneurship and living in houses on agricultural properties. Agriculture is one of the sectors of society that is most clearly impacted by climate change. Arable farming and animal husbandry need to be constantly adapted to their environment. In the same manner, the risks and opportunities posed by a changed climate need to mark and permeate the entire bank.

**Governance:** Climate-related risks and opportunities for the bank's operations, today and in the future, are always on the bank's customers' agendas. In the same manner, this is incorporated as a natural part of the bank's governance and operations. The bank's position is strengthened through a focus on and awareness of these risks and opportunities to be part of the solution.

**Strategy:** The bank finances agriculture, forestry and houses on the basis of long-standing customer relationships. The majority of the bank's lending finances agriculture – a sector of society that is clearly impacted by climate change. The bank wants to be part of the solution and provide financial solutions for transitioning and adapting agriculture to changed conditions, but also to ensure that our customers' operations reduce their climate impact. These are changes that require investment in new facilities, land and new energy solutions are areas that the bank has identified as development opportunities. In accordance with the Swedish Bankers' Association's climate roadmap, the bank will ensure that its strategy of reaching the overall goal of net-zero emissions by 2045 is in place by 2026.

**Risk management:** The bank's mapping of climate-related risks, which can be categorised as: physical risks (acute and systemic) and transition risks linked to the bank's lending. During the year, the bank commenced quantifying physical risks and transition risks to better understand how they can impact the bank's credit risk in the short- and long-term. These efforts will continue in 2023 and will be integrated into the bank's risk framework.

**Metrics and targets:** The bank's climate strategy is to have net-zero emissions by 2045. To achieve this, the bank will measure the carbon footprint of its entire operations including the footprint of the bank's credit portfolio by 2024. The bank's direct environmental impact is measured and will diminish over time (refer to the section covering the bank's environmental impact).

### The bank's own environmental impact

Landshypotek Bank's direct environmental impact is limited and arises mainly from the bank's premises and business travel. As the bank's customers and its 19 offices are spread across Sweden, a considerable amount of travel is required by operations. Telephone and video are the first choice for meetings and internal and external communication and comprise areas that developed vigorously during the past few years. The bank's travel guidelines include taking the environment into consideration. Overall, the bank prioritises rail travel, but many of the customers can only be reached by car. For the fourth time, in 2022, the bank calculated the impact of the operations on the environment pursuant to the GHG protocol.

### Emissions broken down by scope

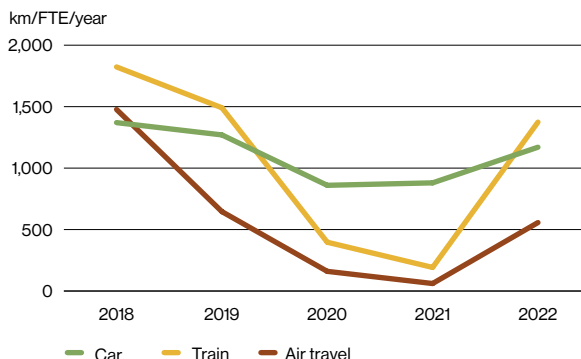
Tonnes CO <sub>2</sub> e	2022	2021	2020	2019	2018
Scope 1	0	0	0	0	0
Scope 2	55.4	50.2	44.9	30.5	38.7
Scope 3	40.5	29.9	28.9	67.8	118.1
<b>Total</b>	<b>95.9</b>	<b>80.1</b>	<b>73.8</b>	<b>98.3</b>	<b>156.8</b>
Per FTE	0.44	0.39	0.39	0.54	0.82

The bank's direct environmental impact has increased 19 percent year-on-year, mainly driven by more business travel by car, rail and air compared with the preceding year that was impacted by the pandemic and restrictions regarding gatherings (see diagram, Business travel). Emission sources included in the calculations are: district heating, district cooling and electricity consumption at office premises (Scope 2). The Scope 2 calculations are based on real data from suppliers and pertain to the consumption at the office in Stockholm, which is the bank's largest office. Consumption per FTE in Stockholm forms the basis for calculations for the bank's other offices. The electricity calculations used the Nordic residual mix (2021) for all offices apart from the Stockholm office where actual emission factors were used. Green electricity agreements are in place for many offices. The residual mix for 2021 was used as the emission factor for 2022, since the factor for 2022 is being published after the preparation of this report.

Scope 3 includes emissions from business trips by rail, car and air. The bank has also recorded emissions as a result of hotel stays in conjunction with business trips for the first time within the framework of Scope 3 emissions. The Scope 3 calculations are based on real data from the bank's travel suppliers and pertain to employee mileage allowances for business travel by car. Scope 3 calculations also comprise emissions from the operation



## Business travel



Over the last four years, business travel per km per FTE and year has declined, with air travel accounting for the largest decrease. The levels for 2022 are higher than 2021. The increase is the result of increased opportunities for business trips and physical internal and external meeting following the pandemic.

of server halls used for Landshypotek Bank's services for the first time. Emissions from purchases of IT equipment are not included in the calculation of Scope 3 emissions since Landshypotek Bank rents all IT equipment used at the bank. Scope 1 emissions were zero, as the bank has no manufacturing operations and owns no vehicles.

The bank's largest climate impact derives from customer operations and housing that the bank finances. In 2022, the bank worked with a portfolio analysis to calculate the climate footprint of the bank's credit portfolio to farming, forestry and living in the countryside. Work commenced in 2022 and will continue in 2023 where the analysis will be developed with the help of actual data from selected operations in the farming and forestry sectors.

Landshypotek Bank focuses on growth through digital channels. From an environmental perspective, this is positive at the same time as it is an effective approach

Assets	Share of total assets, %
Exposure to taxonomy-eligible economic activities.	23%
Exposure to taxonomy-non-eligible economic activities.	—
Exposure to central governments, central banks and supranational issuers	—
Derivatives	2%
Exposure to undertakings not encompassed by the NFRD <sup>1)</sup>	66%
Trading portfolio	—
On-demand interbank loans	0

<sup>1)</sup> NFRD = the EU Non-Financial Reporting Directive that contains requirements for sustainability reporting for some major companies with more than 500 employees.

for meeting customers' changing requirements and expectations. At the same, it places requirements on security, accessibility and a sustainable IT infrastructure. The bank offers a digital savings offering to the general public, as well as a digital mortgage offering and a digital application for farming and forestry customers.

## Taxonomy reporting

The bank's exposure to taxonomy-eligible economic activities is presented above. Landshypotek Bank is not covered by reporting requirements, but elects to disclose these at this time, in accordance with the Swedish Bankers' Association jointly established reporting templates, to increase comparability for the bank's and the market's shareholders.

## Explanation of the reporting

In the table above, Landshypotek Bank has chosen to report the bank's exposures to taxonomy-eligible economic activities. Taxonomy-eligible operations are assessed on whether they are environmentally sustainable pursuant to certain criteria. To date, the European Commission has only established technical criteria for a small number of sectors, and banks will not be obligated to report the extent to which their exposures to taxonomy-eligible economic activities meet the sustainability criteria until 2024. On the first row of the table, the bank reports its retail exposure in the form of the bank's mortgage portfolio that is encompassed by the EU taxonomy regulation. On the second row, the bank reports its exposure to taxonomy-non-eligible economic activities. The bank has no exposure to central governments, central banks and supranational issuers or to companies encompassed by the NFRD.

## Global Reporting Initiatives (GRI)

Landshypotek Bank has elected to, as of the 2022 financial year, report in accordance with the Global Reporting Initiative's (GRI) Standards for sustainability reporting. The table below reports GRI information connected to the material topics that the bank identified in 2022. For every material sustainability topic, one or more of the relevant GRI disclosures is reported and presented in the table below with GRI descriptions.

## Next step

In 2023, the bank will work further with a portfolio analysis that will estimate the climate footprint of the bank's credit portfolio. In addition, the bank will implement the changes in non-financial reporting that will be implemented in the years ahead. The bank will continue to commit to the design and application of relevant regulations including the Taxonomy.

## Policies and governance documents

The bank's most important sustainability-related policies are:

### Overarching

- Sustainability Policy
- Climate strategy

### General corporate governance and ethics

- Code of Conduct
- Code of Conduct for suppliers
- Ethics Policy
- Insider Policy
- Conflict of Interest Policy
- Compliance Policy
- Policy for Counteracting Money Laundering and Financing of Terrorism
- Owner directive

### Healthy credit granting and transactions

- Formal work plan for the Green Bond Committee
- Climate and environmental analysis instruction
- Credit Policy
- Credit Granting Guidelines
- KYC Guidelines
- Valuation Policy (for Cooperative association)

### Work environment, employee commitment and societal responsibility

- Remuneration Policy
- HR Policy
- Board Diversity Policy
- Guidelines and Instructions for Outsourced Operations and Contract Management
- Guidelines for Landshypotek Bank's Work Environment Efforts

## Implementation

Landshypotek Bank's policies have been established by the Board. Each manager at the bank is responsible for the implementation and observance of all rules and guidelines in daily activities.

Sustainability-related issues, particularly business ethics and anti-corruption, are included in various in-house training courses and the applicable policy documents are available to all employees. Governance documents are regularly revised to ensure that they meet the requirements and expectations of our operating environment.

## Organisation

The CEO is responsible for Landshypotek Bank's sustainability initiatives and results. The bank's Chief Sustainability Officer, who is a member of the bank's management is responsible for sustainability issues. The HR Manager and Chief Risk Officer also have key roles in the work with sustainability issues.





# Reporting in accordance with GRI – Sustainability Report 2022

<b>Usage:</b>	Landshypotek Bank has disclosed the following information for the reporting period 1 Jan 2022–31 Dec 2022 with reference to the applicable GRI standards.	
<b>GRI standard</b>	GRI 1: Foundation 2021 GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021	

GRI standard	Disclosures	Comments
<b>GRI 2: GENERAL DISCLOSURES 2021</b>		
<b>2-1 Organisational details</b>		
<b>2-1-a</b>	Organisation's legal name	Landshypotek Bank AB
<b>2-1-b</b>	nature of ownership and legal form	The public limited company Landshypotek Bank is 100 percent owned by Landshypotek Ekonomisk Förening.
<b>2-1-c</b>	Location of headquarters	Stockholm, Sweden
<b>2-1-d</b>	Countries of operation	Landshypotek Bank only has operations in Sweden
<b>2-2 Entities included in the organisation's sustainability reporting</b>		
<b>2-2-a</b>	Entities included in sustainability reporting	Landshypotek Bank AB
<b>2-3 Reporting period, frequency and contact point</b>		
<b>2-3-a</b>	Reporting period and frequency	1 Jan 2022–31 Dec 2022
<b>2-3-b</b>	Reporting period for financial reporting	Annual reporting
<b>2-3-c</b>	Publication date of the report	17 March 2023
<b>2-3-d</b>	Contact point:	Martin Kihlberg, Chief Sustainability Officer and General Counsel
<b>2-4 Restatements of information</b>		
<b>2-4-a</b>	Restatements of information from previous reporting periods	No restatements
<b>2-5 External assurance</b>		
<b>2-5-a</b>	Description of policies and practice for seeking external assurance, including to what extent the Board or the management functions are involved.	Sustainability reporting is audited by the bank's Management Group and by the Board.
<b>2-5-b</b>	If the organisation's sustainability reporting has been externally assured: written certification from the auditor	No external assurance is performed of the Sustainability Report.
<b>2-6 Activities, value chain and other business relationships</b>		
<b>2-6-a</b>	The sector(s) in which the organisation is active	Landshypotek Bank is active within the banking sector.
<b>2-6-b</b>	Description of value chain including a description of the organisation's: • activities, products, services and markets served • supply chain	Landshypotek Bank finances entrepreneurship and housing in the farming and forestry sector. The bank's primary product is first lien mortgage loans to Swedish farmers and foresters. The bank offers mortgages to homeowners nationwide and savings accounts for private saving to the general public.
<b>2-6-c</b>	Description of other relevant business relationships	The bank has business relationships with suppliers of IT infrastructure, IT equipment, office material and lessors of the bank's 19 sales offices across the country. The bank engages in commercial partnerships for the distribution of the bank's products.
<b>2-6-d</b>	Description of significant changes compared with previous years	No significant changes compared with 2021.
<b>2-7 Employees</b>		
<b>2-7-a</b>	The total number of employees – breakdown by gender and by region	See the Sustainability Report, page 26 in the Annual Report, (page 5 of this extract).
<b>2-7-b</b>	Number of: • Permanent employees • Temporary employees • Full-time employees • Part-time employees  Breakdown by gender and by region for each item	Permanent employees: 211 (108 women, 103 men) Temporary employees: 5 (2 women, 3 men)  Full-time employees: 204 (101 women, 103 men) Part-time employees: 12 (9 women, 3 men)
<b>2-7-c</b>	Description of methodology and assumptions used to compile the data, for example, FTE or average figure.	The figures are calculated as a rolling average value of FTEs during the year.
<b>2-7-d</b>	Contextual information necessary to understand the data reported	–
<b>2-7-e</b>	Description of significant fluctuations in the number of employees during the reporting year	No significant changes.
<b>2-8 Workers who are not employees</b>		
<b>2-8-a</b>	Number of workers who are not employees. Description of their working relationship to the organisation and what type of work they carry out	19 consultants (7 women, 12 men) are engaged by Landshypotek Bank to carry out various work duties.
<b>2-8-b</b>	Description of methodology and assumptions used to compile the data, for example, FTE or average figure.	The figures are calculated as a rolling average value of FTEs during the year.
<b>2-8-c</b>	Description of significant fluctuations in the number of workers who are not employees during the reporting year.	No significant changes.

GRI standard	Disclosures	Comments
<b>GRI 2: GENERAL DISCLOSURES 2021</b>		
<b>2-9 Governance structure and composition</b>		
<b>2-9-a</b>	Description of the organisation's governance structure, including committees of the highest governance body	See the Corporate Governance Report, pages 44–48 in the Annual Report.
<b>2-9-b</b>	List of all the committees that the highest governance body that are responsible for decisions-making on the impacts on the economy, environment and people.	See the Corporate Governance Report, pages 44–48 in the Annual Report.
<b>2-9-c</b>	Composition of the highest governance body including information about: <ul style="list-style-type: none"> <li>• Executive/non-executive members</li> <li>• How the Board members can make decisions independent of conflicts of interest or external impacting factors</li> <li>• Tenure of members in the Board of Directors</li> <li>• The number of other significant positions that the Board members have</li> <li>• Gender</li> <li>• Under-represented social groups</li> <li>• Competencies relevant to the impacts of the organisation</li> <li>• Stakeholder representation</li> </ul>	See the Corporate Governance Report, pages 45–48 in the Annual Report.
<b>2-10 Nomination and selection of the Board</b>		
<b>2-10-a</b>	Description of the nomination and selection process for Board members	See the "Board of Directors" section in the Corporate Governance Report, pages 45–47 in the Annual Report.
<b>2-10-b</b>	Description of criteria used for nominating and selecting Board members with information about how the following is taken into consideration: <ul style="list-style-type: none"> <li>• Views of stakeholders including shareholders</li> <li>• Diversity</li> <li>• Independence</li> <li>• Competencies relevant to the impacts of the organisation</li> </ul>	See the "Board of Directors" section in the Corporate Governance Report, pages 45–47 in the Annual Report.
<b>2-11 Chair of the highest governance body</b>		
<b>2-11-a</b>	The organisation will report whether the Chair of the highest governance body is also a senior executive in the Management Group.	The Chairman of the Board is not part of the bank's Management Group.
<b>2-11-b</b>	How potential conflicts of interest are prevented and mitigated	The bank's policy for conflicts of interest describes/regulates how potential conflicts of interest are to be mitigated.
<b>2-12 The role of the highest governance body in overseeing the management of impacts</b>		
<b>2-12-a</b>	Description of the Board of Directors' and the Management Group's role in developing, approving and updating the bank's purpose, value or mission statements, policies and goals related to sustainable development	The Board of Directors adopts the bank's governance documents that determine the bank's purpose, values and strategies concerning sustainable development. The bank has a Sustainability Policy that sets the framework for the bank's sustainability efforts. In 2022, the Board of Directors adopted a climate strategy that sets a long-term goal of achieving net zero emissions by 2045.
<b>2-12-b</b>	Description of the Board of Directors' role concerning the bank's due diligence and other processes to identify and manage the bank's impacts on the economy, environment and people. This encompasses: <ul style="list-style-type: none"> <li>• If and how the Board engages with stakeholders throughout these processes</li> <li>• How the Board takes account of the views expressed</li> </ul>	The Sustainability Policy records the bank's most significant impacts on the economy, society and the environment. The bank's most significant impacts on the economy, society and the environment are identified in dialogue with the bank's Management Group. The Sustainability Policy is updated and adopted by the Board of Directors annually.
<b>2-12-c</b>	Description of the Board of Directors' role in reviewing the effectiveness of the bank's processes are that are described in the item above and report the frequency of this review.	The Board reviews the bank's Sustainability Policy and other relevant governance documents annually. The latest annual review evaluated the efficiency of the bank's processes.
<b>2-13 Delegation of responsibility for managing impacts</b>		
<b>2-13-a</b>	Description of how the Board delegates responsibility to managing the impacts on the economy, the environment and people. This includes: <ul style="list-style-type: none"> <li>• If any members of the bank's Management Group have been delegated responsibility for the management of impacts</li> <li>• If the Board of Directors has delegated responsibility for the management of impacts to other employees</li> </ul>	The Board of Directors has delegated responsibility to the CEO who, in turn, has appointed a Chief Sustainability Officer with responsibility for these issues. Responsibility for sound and sustainable lending has been delegated to the Chief Risk Officer and Chief Commercial Officer.
<b>2-13-b</b>	Description of the process and frequency of the bank's Management Group or other employees to report to the Board on how the bank's impacts on the economy, the environment and people are managed.	Reporting on how the bank's impacts on the economy, the environment and people is managed through processes for annual sustainability reporting and the annual update of the Sustainability Policy.
<b>2-14 Role of the highest governance body in sustainability reporting</b>		
<b>2-14-a</b>	Description of how the Board is responsible for reviewing and approving the reported sustainability information	The bank's sustainability reporting is integrated into the bank's Annual Report and presented to the Board for approval.
<b>2-15 Conflicts of interests</b>		
<b>2-15-a</b>	Description of processes for the Board to ensure that conflicts of interest are prevented and mitigated.	The bank's policy for conflicts of interest states that "every Board member has an individual responsibility to report potential or actual conflicts of interest to the Chairman of the Board. The Chairman of the Board is responsible for documenting and communicating potential or actual conflicts of interest in the Board and to report these to the Chief Compliance Officer for documentation. The Board is responsible as a whole for material, principal or general conflicts of interest in the bank".
<b>2-15-b</b>	Report whether conflicts of interest are disclosed to stakeholders.	Conflicts of interest are disclosed for stakeholders.



GRI standard	Disclosures	Comments
<b>GRI 2: GENERAL DISCLOSURES 2021</b>		
<b>2-16 Communication of critical concerns</b>		
<b>2-16-a</b>	Description whether and how critical concerns are communicated to the Board.	Critical concerns can be communicated to the Board through various channels of communication. Two employee representatives are on the Board. Potential matters can also be taken up with a General Counsel or the Chief Compliance Officer for further management from the Board if necessary.
<b>2-16-b</b>	The total number and nature of critical concerns that were communicated to the Board.	No critical concerns were communicated to the Board.
<b>2-17 Collective knowledge of the highest governance body</b>		
<b>2-17-a</b>	Measures taken to advance the collective knowledge, skills and experience of the Board on sustainable development.	The Board is trained on relevant sustainable development issues through presentations and training courses.
<b>2-18 Evaluation of the performance of the highest governance body</b>		
<b>2-18-a</b>	Description of the processes for evaluating the performance of the Board in overseeing the management of the bank's impacts on the economy, environment and people.	Each year, the work of the Board is evaluated using a systematic and structured process. The evaluation's findings are presented to the full Board and the Election Committee. In conjunction with the Board evaluation, the Board's competence and training needs are reviewed and, based on this review, an annual training plan is prepared for the Board.
<b>2-18-b</b>	Whether the evaluations are independent or not, and the frequency of the evaluations	Evaluations of the Board's work are conducted annually. The Board conducts the evaluations of the Board's efforts with administrative support from the bank.
<b>2-18-c</b>	Description of the actions taken in response to the evaluations of the Board.	In part due to the Board's evaluation, a climate strategy was developed in 2022.
<b>2-19 Remuneration policies</b>		
<b>2-19-a</b>	Description of the remuneration policies of the Board and the bank's senior executives: <ul style="list-style-type: none"> <li>• Fixed pay and variable pay</li> <li>• Sign-on bonuses or recruitment incentive payments</li> <li>• Termination payments</li> <li>• Clawbacks</li> <li>• Retirement benefits</li> </ul>	<p>The Board has set out the principles for the remuneration system that encompasses all employees at the bank including the bank's Management Group in the remuneration policy. The base employee remuneration model consists of a fixed basic salary. The bank has no variable remuneration program. However, the bank does have a profit-sharing foundation to which the bank allocates part of its profits to benefit its employees. Profit sharing is based on long-term company-wide targets in accordance with targets and the guidelines established by the Board. The bank is restrictive with benefits over and above those offered to all employees. Remuneration to the CEO, the bank's Management Group and the managers of the control functions is set by the Board.</p> <p>The Board's remuneration is resolved at the Annual General Meeting. The Election Committee presents proposals regarding the remuneration to Board members.</p>
<b>2-19-b</b>	Description of how the remuneration policies for members of the Board and the bank's Management Group relate to their objectives and performance in relation to the management of the bank's impacts on the economy, environment and people.	The remuneration policy is aimed at ensuring that the bank has a remuneration system that counters any incentive to accept unsound risks or act with a short-term perspective. The remuneration system should apply market terms, be non-discriminatory and reward good performance as well as ensure that the employees' efforts align with the bank's strategies and policies that comprise the bank's impacts on the economy, environment and people.
<b>2-20 Process to determine remuneration</b>		
<b>2-20-a</b>	Description of the process for designing the remuneration policies and for determining remuneration, including: <ul style="list-style-type: none"> <li>• whether independent highest governance body members or an independent remuneration committee oversees the process for determining remuneration</li> <li>• how the views of stakeholders (including shareholders) regarding remuneration are sought and taken into consideration</li> <li>• whether remuneration consultants are involved in determining remuneration and, if so, whether they are independent of the Board and the bank's Management Group.</li> </ul>	The remuneration policy is reviewed annually by the Board of Directors. The remuneration policy is referred to within the bank as part of the annual review. Stakeholders in the form of employees are prepared with the opportunity to provide opinions and views through union representatives that are part of the bank's Board.
<b>2-20-b</b>	If relevant: description of the process for designing the bank's remuneration policies and for determining remuneration	Remuneration for the bank's Board is resolved by the Annual General Meeting
<b>2-21 Annual total compensation ratio</b>		
<b>2-21-a</b>	The ratio of the annual total compensation for the bank's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	The objective of the remuneration policy is to ensure that the bank has a remuneration system that applies market terms, is non-discriminatory and is attractive. The remuneration system should reward good performance as well as ensure that the employees' efforts align with the bank's strategies and regulations. The bank elects not to report salary information in external publications.
<b>2-21-b</b>	The ratio of the percentage increase in annual total compensation for the bank's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	
<b>2-21-c</b>	Contextual information necessary to understand the data and how the data has been compiled.	Not relevant.

## Strategies, policies and practices

GRI standard	Disclosures	Comments
<b>GRI 2: GENERAL DISCLOSURES 2021</b>		
<b>2-22 Statement on sustainable development strategy</b>		
2-22-a	A statement from the Board or most senior executive of the bank's Management Group about the relevance of sustainable development and the bank's strategy for contributing to sustainable development.	The bank's Management Group and Board have adopted a climate strategy and Sustainability Policy that applies for the entire bank.
<b>2-23 Policy commitments</b>		
2-23-a	The bank's policy commitments regarding the OECD and UN guidelines and principles for companies, due diligence, human rights and the application of the precautionary principle.	The bank is active in Sweden and must therefore comply with legislation for enterprises, due diligence, human rights and the application of the precautionary principle. The bank's commitments are recognised in various governance documents including the ethics policy, HR Policy, Sustainability Policy and the Code of Conduct for suppliers.
2-23-b	Description of the bank's specific policy commitment to respect human rights, including the relevant UN agreements and ILO Conventions and categories of at-risk or vulnerable groups.	The bank's commitments are recognised in various governance documents including the ethics policy, HR Policy, Sustainability Policy and the Code of Conduct for suppliers.
2-23-c	Links to the policy commitments if publicly available	All relevant governance documents can be found at <a href="https://www.landshypotek.se/om-landshypotek/hallbarhet">https://www.landshypotek.se/om-landshypotek/hallbarhet</a> under the section "Våra styrdokument" (Swedish).
2-23-d	The level at which each of the policy commitments was approved within the bank, including whether this is the most senior level	All governance documents are adopted by the Board.
2-23-e	Description of the extent to which the policy commitments apply to the bank's activities and to its business relationships	The Code of Conduct for suppliers applies for all agreements with suppliers that the bank enters into.
2-23-f	Description of how the policy commitments are communicated to workers, business partners, and other relevant parties	All governance documents are available for employees on the bank's intranet. The bank's Code of Conduct is provided to suppliers when they enter into contracts and is available on the bank's website.
<b>2-24 Embedding policy commitments</b>		
2-24-a	Describe how the bank embeds its policy commitments for responsible business conduct throughout its activities and business relationships, including: <ul style="list-style-type: none"> <li>How the bank allocates responsibility to implement the commitments across different levels within the organisation</li> <li>How it integrates the commitments into organisational strategies, operational policies, and operational procedures</li> <li>How it implements its commitments with and through its business relationships</li> <li>Training that the bank provides on implementing the commitments.</li> </ul>	<p>The bank's sustainability commitments are mainly implemented through governance documents that regulate the bank's working approach in operational processes. Responsibility for implementation of sustainability related issues is allocated in the first instance to the Chief Sustainability Officer. The implementation of the policy commitments regarding sustainability are ensured through the application of governing documents and instructions that the entire bank is to apply in daily operations including for credit granting and risk assessments.</p> <p>The policy commitments are implemented in business relationships through the bank's Code of Conduct and counterparty assessments that ensure that the bank conducts business relationships with companies and other parties that comply with sustainability-related requirements.</p> <p>Bank employees are trained in the bank's policy commitments in the field of sustainability through regular training courses.</p>
<b>2-25 Processes to remediate negative impacts</b>		
2-25-a	Description of the bank's commitments to provide for or cooperate in the remediation of negative impacts that the bank identifies it has caused or contributed to	As a first step, the bank has mapped its most significant negative impacts on society, the environment and the economy. To reduce its negative impact on society, the bank works with sound credit granting that provides customers with the opportunity to make long-term investments in their operations.
2-25-b	Description of the bank's approach to identify and address grievances, including the grievance mechanisms that the bank has established or participates in	<p>The bank has an established process for grievance management. Customers can describe their grievances that are then managed by a special grievance officer. Customers also have the opportunity to submit any grievances to external partners such as Sweden's financial supervisory authority, the Consumer Ombudsman and the Swedish Consumers' Banking and Finance Bureau. Grievances from external parties are sent to the grievance officer for further handling.</p> <p>The bank's grievance officer evaluates grievances to identify any inadequacies in the bank's handling of the case. Potential measures are determined in discussion with the bank's grievance council.</p>
2-25-c	Description of other processes by which the bank provides for or cooperates in the remediation of negative impacts that it identifies it has caused or contributed to	The bank maintains continual dialogue with its customers concerning relevant and current issues in farming and forestry as well as housing.
2-25-d	Description of how the stakeholders who are the intended users of the grievance mechanisms are involved in the design, review, operation, and improvement of these mechanisms	The bank accepts customer opinions on the design of the bank's grievance management system.
2-25-e	Description of how the bank tracks the effectiveness of the grievance mechanisms and other remediation processes, and report examples of their effectiveness, including stakeholder feedback	The bank continually evaluates the effectiveness of the grievance management system.



GRI standard	Disclosures	Comments
<b>GRI 2: GENERAL DISCLOSURES 2021</b>		
<b>2-26 Mechanisms for seeking advice and raising concerns</b>		
<b>2-26-a</b>	Description of how the bank seeks advice on implementing its policies and practices for responsible business conduct	The bank maintains an active dialogue with our farming and forestry customers, which are the bank's owners, regarding how the bank is to work toward responsible business conduct.
<b>2-26-b</b>	Description of mechanisms for individuals to raise any concerns about the bank's business conduct	Customers have the opportunity of raising concerns or other views about the bank's business conduct. The bank provides a whistle-blower tool that all of the bank's stakeholders can use with full anonymity to report anything that may conflict with the bank's business conduct.
<b>2-27 Compliance with laws and regulations</b>		
<b>2-27-a</b>	The total number of significant instances of non-compliance with laws and regulations during the reporting period that have led to fines or non-monetary sanctions being incurred.	The bank has not has any significant instances of non-compliance with laws and regulations that have led to fines or non-monetary sanctions being incurred.
<b>2-27-b</b>	The total number and the monetary value of fines for instances of non-compliance with laws and regulations	The bank has not received any fines for non-compliance with laws and regulations.
<b>2-27-c</b>	Description of the significant instances of non-compliance	The bank has not has any significant instances of non-compliance during the year.
<b>2-27-d</b>	Description of how the bank determined significant instances of non-compliance	Not relevant.
<b>2-28 Membership associations</b>		
<b>2-28-a</b>	Report of the industry associations, other membership associations, and national or international advocacy organisations in which the bank participates in a significant role	Landshypotek Bank is a member of the Swedish Bankers' Association and Cooperatives Sweden. Landshypotek Ekonomisk Förening is a member of the Federation of Swedish Farmers (LRF). Landshypotek Bank is also a member of the global "Principles for Responsible Banking" initiative.
<b>2-29 Approach to stakeholder engagement</b>		
<b>2-29-a</b>	Description of how the bank engages with stakeholders, including: <ul style="list-style-type: none"> <li>the categories of stakeholders it engages with, and how they are identified</li> <li>the purpose of the stakeholder engagement</li> <li>how the bank seeks to ensure meaningful engagement with stakeholders</li> </ul>	<p>The bank's stakeholders comprise customers, owners, employees, investors, suppliers and partners. The bank's farming and forestry customers are also the bank's owners. The bank's stakeholders have been identified through a stakeholder analysis.</p> <p>The bank maintains an active dialogue with its customers, and thereby owners, through the cooperative association that owns Landshypotek Bank. The cooperative association is a democratic organisation in which members nominate elected representatives that represent their interests in different focus areas.</p> <p>The bank maintains a continual dialogue with its employees through employee surveys, performance reviews and other occasions.</p> <p>The bank maintains continual dialogue with investors and provides information openly as well as on special inquiries.</p>
<b>2-30 Collective bargaining agreements</b>		
<b>2-30-a</b>	Percentage of total employees covered by collective bargaining agreements	100%
<b>2-30-b</b>	For employees not covered by collective bargaining agreements, report whether the bank determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees or based on collective bargaining agreements from other organisations.	Not relevant.

## Material topics

GRI standard	Disclosures	Comments
<b>GRI 3: MATERIAL TOPICS</b>		
<b>3-1 Process to determine material topics</b>		
<b>3-1-a</b>	Description of the process the bank has followed to determine its material topics, including: <ul style="list-style-type: none"> <li>how the bank has identified actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights, across its activities and business relationships</li> <li>how the bank has prioritised the impacts for reporting based on their significance</li> </ul>	The bank has mapped its most significant (positive and negative) impacts on society, environment and the economy. As a first step, the bank held internal workshops with employees to identify the bank's positive and negative impacts. The results from the internal discussions were presented for the bank's Management Group for further discussion and prioritisation. Proposals for the bank's most significant impacts were then presented to the Board.
<b>3-1-b</b>	Specify the stakeholders and experts whose views have informed the process of determining its material topics	The bank's employees, customers and owners contributed to the process of identifying the bank's most significant impacts.
<b>3-2 list of material topics</b>		
<b>3-2-a</b>	The bank is to list all its material topics	<p><b>Landshypotek Bank has identified the following material topics:</b></p> <ul style="list-style-type: none"> <li>Climate and environmental impact</li> <li>Financing for competitive farming and forestry and housing</li> <li>Financing for the green transition</li> <li>Increased production and self-sufficiency</li> <li>Live and reside nationwide</li> </ul>
<b>3-2-b</b>	Reporting of any changes to the list of material topics compared to the previous reporting period	Not relevant for 2022 since the bank recorded its material topics for the first time.

GRI standard	Disclosures	Comments
<b>GRI 3: MATERIAL TOPICS</b>		
<b>3-3 Management of material topics</b>		
<b>3-3-a</b>	For each material topics, the bank is to describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights	<p><b>Climate and environmental impact</b> The bank's lending to agriculture, forestry and houses has a negative impact through emissions and resource use that burden the environment and climate. At the same time, grazing animals contribute to increased biological diversity. The bank's lending to agriculture, forestry and houses is assessed to have a limited impact on human rights. The bank works in accordance with a Code of Conduct and suppliers of products and services to the bank are also to adhere to this code. The Code of Conduct includes requirements for the protection of fundamental human rights.</p> <p><b>Financing for competitive farming and forestry and housing</b> The bank contributes through its lending and business model to the necessary prerequisites for competitive agriculture. The bank contributes through its lending to lower housing costs, which provides housing and opportunities for other consumption and saving (resource distribution). The impact on human rights is assessed to be limited for the same reasons as described in the "Climate and environmental impact" item.</p> <p><b>Financing for the green transition</b> The bank is active in a capital-intensive industry with low margins. As a result of this, the scope for necessary investments in, for example, new technology and new production processes could be limited. These investments are decisive for being able to accomplish the systemic change required on a societal level to increase forest and food production without endangering planetary borders. The impact on human rights is assessed to be limited.</p> <p><b>Increased production and self-sufficiency</b> Through its lending, the bank enables the use of natural resources (arable land, forest) and thereby provides for Swedish food production and forestry. The bank's lending contributes to increased self-sufficiency and reduced global economic independence. The impact on human rights is assessed to be limited.</p> <p><b>Live and reside nationwide</b> The bank's lending creates the opportunity of living and residing throughout the entire country. The impact on human rights is assessed to be limited with some positive impact due to providing people with the opportunity of residing, working and living throughout the country.</p>
<b>3-3-b</b>	Whether the bank is involved with the negative impacts through its activities or as a result of its business relationships	The bank's lending to agriculture, forestry and houses has a negative impact through emissions and resource use that burden the environment and climate.
<b>3-3-c</b>	Description of the bank's policies or commitments regarding the material topic	<p><b>Climate and environmental impact</b> In 2022, the Board of Directors of Landshypotek Bank adopted a climate strategy that will pave the direction and ambition for the bank faced with a changed climate. Landshypotek Bank backs the industry-wide climate roadmap that was adopted in spring 2021. The roadmap establishes the target of ensuring the bank's operations are in line with the Paris Agreement and the Swedish goal of achieving net-zero emissions by 2045. The climate strategy builds further on the bank's Sustainability Policy.</p> <p>The other material issues are managed within the framework of the bank's core operations. Landshypotek Bank is to comply with laws from diverse Swedish and EU regulation in the area of finance in order to secure sound credit granting.</p>
<b>3-3-d</b>	Description of actions taken to manage the topic and related impacts, including: <ul style="list-style-type: none"> <li>• actions to prevent or mitigate potential negative impacts</li> <li>• actions to address actual negative impacts, including actions to provide for or cooperate in their redemption</li> <li>• actions to manage actual and potential positive impacts</li> </ul>	In 2022, the bank has worked to identify its most significant positive and negative impacts on society, economy and the environment.
<b>3-3-e</b>	Description of the measures for tracking the effectiveness of the actions taken, including: <ul style="list-style-type: none"> <li>• processes used to track the effectiveness of the actions</li> <li>• goals, targets, and indicators used to evaluate progress</li> <li>• the effectiveness of the actions, including progress toward the goals and targets</li> <li>• lessons learned and how these have been incorporated into the bank's operational policies and procedures</li> </ul>	The bank continually reviews its analysis of the most significant impacts on society, economy and the environment and the measures taken as a result.
<b>3-3-f</b>	Description of how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e)	A summary of the climate strategy has been published on the bank's website and communicated to the bank's employees.



## Topic-specific disclosures

GRI standard	Description	Reference to relevant page or note in the Annual Report	Comments/Reservations
<b>ECONOMY</b>			
<b>201: Economic Performance 2016 – limited to within Landshypotek Bank</b>			
201-1	Direct economic value generated and distributed	The following items are recorded in the bank's Annual Report, see the reference to the relevant chapter in the Annual Report: <ul style="list-style-type: none"> <li>• Total revenue (see the income statement on page 58)</li> <li>• Loans to the public (deposits), (Note 4)</li> <li>• Other borrowing/financing (Note 4)</li> <li>• Deposit insurance fees and resolution fees that contribute to maintaining the financial stability of society (totalling SEK 46.7 million).</li> <li>• Current taxes for the year (Note 11)</li> <li>• Social fees and pensions (Note 7)</li> <li>• Salaries and remuneration to employees (Note 7)</li> <li>• Supplier payments, home markets (not relevant)</li> <li>• Proposed dividend to shareholders (see chapter on page 60)</li> <li>• The year's profit to be reinvested in the bank (see chapter on page 60)</li> </ul>	Landshypotek Bank does not record information about supplier payments in home markets since the bank is only active in Sweden.
201-2	Financial implications and other risks and opportunities due to climate change	See the Sustainability Report, section "Climate and the environment"	
<b>205: Anti-corruption 2016 – limited to within Landshypotek Bank</b>			
205-1	Operations assessed for risks related to corruption	The entire bank has been assessed for risks related to corruption.	
205-2	a. Total number and percentage of governance body members that the organisation's anti-corruption policies and procedures have been communicated to, broken down by region b. Total number and percentage of employees that the organisation's anti-corruption policies and procedures have been communicated to, broken down by employee category and region b. Total number and percentage of business partners that the organisation's anticorruption policies and procedures have been communicated to, broken down by type of business partner and region b. Total number and percentage of business partners that the organisation's anticorruption policies and procedures have been communicated to, broken down by type of business partner and region	Landshypotek Bank has zero tolerance toward any type of corruption. The bank's ethics policy is the foundation for anti-corruption efforts. Every employee at Landshypotek Bank completes annual training on anti-corruption. Board members are also trained in the bank's anti-corruption policy. All business partners are informed about the bank's Code of Conduct for suppliers.	
205-3	Confirmed incidents of corruption and actions taken		No incidents of corruption were reported during the year
<b>ENVIRONMENT</b>			
<b>305: Emissions 2016 – limited to within Landshypotek Bank</b>			
305-1	Direct (Scope 1) GHG emissions	See the Sustainability Report, page 31 in the Annual Report, (page 10 of this extract).	
305-2	Energy indirect (Scope 2) GHG emissions	See the Sustainability Report, page 31 in the Annual Report, (page 10 of this extract).	
305-3	Other indirect (Scope 3) GHG emissions	See the Sustainability Report, page 31 in the Annual Report, (page 10 of this extract)..	
<b>308: Supplier Environmental Assessment 2016 – limited to within Landshypotek Bank</b>			
308-1	New suppliers that were screened using environmental criteria	Counterparty assessment that includes topics such as sustainability topics applied on all new suppliers.	

GRI standard	Description	Reference to relevant page or note in the Annual Report	Comments/Reservations
<b>SOCIAL</b>			
<b>401: Employment 2016</b>			
401-1	New employee hires and employee turnover	41 new employees (27 women and 14 men) began working at the bank in 2022.  Employee turnover amounted to 11.3 percent in 2022.	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Temporary employees receive the same benefits as full-time employees.	
401-3	Parental leave The total number of employees that took parental leave, including their distribution by gender, and how many that returned to work in the reporting period after parental leave ended.	–	Landshypotek Bank has chosen not to report this information for 2022.
<b>403: Occupational Health and Safety 2018 – limited to within Landshypotek Bank</b>			
403-9	Work-related injuries.	See the Sustainability Report, page 25 in the Annual Report, (page 4 in this extract).	
<b>404: Training and education 2016 – limited to within Landshypotek Bank</b>			
404-3	Percentage of employees receiving regular performance and career development reviews	All employees receive regular reviews and follow-ups of their performance.	
<b>405: Diversity and Equal Opportunity 2016 – limited to within Landshypotek Bank</b>			
405-1	Diversity of governance bodies and employees	See the Corporate Governance Report, pages 45–48 in the Annual Report. See the Sustainability Report, page 26 in the Annual Report, (page 5 of this extract).	Deviation: statistics not broken down
<b>406: Non-discrimination 2016 – limited to within Landshypotek Bank</b>			
406-1	Incidents of discrimination and corrective actions taken	The bank has chosen not to report information about cases of discrimination and corrective actions taken in an external publication.	
<b>413: Local communities 2016 – limited to within Landshypotek Bank</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	The bank conducts regular meeting with members, the cooperative association and elected representatives. The bank holds digital and physical information meetings for members nationwide. These types of societal issues are all driven by the Swedish Bankers' Association	
<b>414: Supplier Social Assessment 2016</b>			
414-1	New suppliers that were screened using social criteria	Counterparty assessment including issues concerning sustainability and business ethics.	
<b>418: Customer privacy 2016 – limited to within Landshypotek Bank</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No complaints regarding customer privacy or a loss of data were received.	
<b>419: Socioeconomic compliance – limited to within Landshypotek Bank</b>			
419-1	Non-compliance with laws and regulations in the social and economic area		No significant fines or sanctions for crimes against prevailing laws and provisions have been brought against the bank.

## Sector supplement for finance (GRI G4)

<b>PRODUCT PORTFOLIO</b>			
<b>G4-FS8</b>	Products and services designed to deliver a specific environmental benefit.	The bank's lending to agriculture and farming has a positive contribute on climate and environmental impacts. Farming and forestry forms the foundation of the natural carbon cycle, providing us with high-quality food and a nature and environment rich with variation. Landshypotek Bank has issued green bonds, for example. Landshypotek Bank has issued two bonds with a total volume of SEK 10.75 billion. Both of the issues comprise covered bonds and are used exclusively to finance sustainable forestry.	
<b>G4-FS14</b>	Initiatives to improve access to financial services for disadvantaged people	The bank offers products and services to various customer groups from farming and forestry entrepreneurs to mortgagors and savings customers.	





