

# Reporting and Self-Assessment for Länsförsäkringar Bank AB (publ)

## Full-year 2023

### July 2024



In accordance with Principles for Responsible Banking





# Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

## Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

### Response

Länsförsäkringar Bank is a retail bank and part of the Länsförsäkringar Alliance, which consists of 23 mutual regional insurance companies which are the owners of the bank's parent company Länsförsäkringar AB (LFAB). The strategy of the bank is to offer attractive banking services to the customers of Länsförsäkringar. Close customer relationships are created through personal meetings at the 115 branches of the regional insurance companies throughout Sweden and via digital services and telephone. The aim is to have the most satisfied customers, maintain healthy growth in volumes and profitability at low risk, and to increase the share of customers who have both banking and insurance with Länsförsäkringar. According to the 2023 Swedish Quality Index (independent customer satisfaction survey), Länsförsäkringar Bank continues to have high retail customer satisfaction in comparison to the other major retail banks in the Swedish market. Länsförsäkringar Bank is the fifth-largest retail bank in Sweden. The main product offerings include:

- Savings
- Deposits
- Retail funds and securities
- Loans

The three main customer groups are:

- Households
- Small enterprises
- Agriculture

Länsförsäkringar Bank's offering helps customers create financial security and balance in their personal finances, based on their individual needs. The personal meeting combined with a strong digital offering jointly present a full-service customer offering in both banking and insurance.

### Links and references

[LF Bank Annual Report 2023](#)

pages 1, 6-9, 12-13

[LFAB Annual Report 2023](#)

pages 3, 10-18

## Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

☒ Yes

☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

☐ UN Guiding Principles on Business and Human Rights

☐ International Labour Organization fundamental conventions

☒ UN Global Compact

☐ UN Declaration on the Rights of Indigenous Peoples

☐ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: -----

☐ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----

☐ None of the above

### Response

The Länsförsäkringar AB Group, including Länsförsäkringar Bank, has established an overall strategy for Sustainability, and it is integrated in the business strategy. In 2021 a new climate target was set to be climate-positive by 2045. The target is a concrete form of the Climate-smart vision which was resolved in 2019 and requires all the units in the Länsförsäkringar AB Group to contribute positively towards impacting climate change at the same time as we reduce our climate risks in our operations.

Länsförsäkringar Bank is committed to contribute to the Länsförsäkringar AB Group objectives and targets and positively contribute to the sustainability agenda. Länsförsäkringar is committed to contribute to several of the Sustainability Development Goals (SDGs). The selected prioritised SDG:s are nr 3, 5, 7, 8, 10, 11, 12, 13, 15, 16 and 17. More information can be found in the LFAB Annual Report 2023.

In the Swedish Bankers association, Länsförsäkringar has committed to follow the climate road map which considers the SDGs, Paris Climate Agreement, Principles for Responsible Banking (PRB), EU regulations and guidelines, the Swedish Government objectives as well as the commitments the banking industry is aiming towards. A follow-up report from the Swedish Bankers' association has been published in June 2024 and Länsförsäkringar Bank is one of the contributing banks.

### Links and references

[LF Bank Annual Report 2023](#)  
pages 18-24

[LFAB Annual Report 2023](#)  
pages 19-29, 34-42, 87-107 (mainly 95-98), 184-185

[Swedish Bankers' Association](#)

## Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

### 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly<sup>1</sup> and fulfil the following requirements/elements (a-d)<sup>2</sup>:

**a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

#### Response

Impact analysis of the SDGs was performed in 2018 and resulted in selected prioritised areas which are presented in LFAB's Annual Report. Länsförsäkringar Bank has, in parallel with the rest of the Länsförsäkringar AB Group, during 2023 performed a new materiality analysis in accordance with the new EU sustainability reporting requirements standard, which will form the basis for the sustainability reporting, which has been approved by the Board in March 2024. Ongoing business intelligence and dialogues have been conducted with various stakeholders to capture their expectations of sustainability activities. Climate change remains the sustainability matter deemed to have the largest impact.

The materiality analysis will be specified for each Business operation whereby the Banking Group will have its own specific analysis.

Länsförsäkringar Bank established 2022 a green bond framework in accordance with the International Capital Markets Associations Green Bond Principles. The green loan categories that are included are within the areas of:

- Green and energy-efficient buildings
- Environmentally sustainable management of living natural resources and land use
- Renewable energy
- Clean transportation

#### Links and references

[LF Bank Annual Report 2023](#)

Pages 12-13, 18-24

[LFAB Annual Report 2023](#)  
pages 12, 27-29, 177-185

[LF Bank Green Bond Framework](#)

[LF Bank Pillar 3 Report Q4 2023](#)

templates ESG table 1-3  
and ESG templates 1, 2, 4,  
5 and 10

<sup>1</sup> That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

<sup>2</sup> Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

<p>The aim of the establishment of the green bond framework is to mobilise debt capital to support a low-carbon, climate change resilient and environmentally sustainable society.</p> <p>Along with the impact analysis it is equally important to look at what has already been excluded from the portfolio and is not being financed by the Banking Group. Länsförsäkringar Bank has in its credit policy already stated that no lending should be given to the following sectors:</p> <ul style="list-style-type: none"> <li>• Extraction and prospecting of fossil fuels (oil, coal and gas)</li> <li>• Energy production from thermal coal</li> <li>• Production of tobacco products</li> <li>• Gambling for money (commercial online gambling and gambling companies with land-based casinos)</li> <li>• Manufacturing of controversial weapons</li> <li>• Production of pornographic material</li> </ul> <p>In the Risk reporting for Pillar 3, reporting has been performed for the lending portfolio providing disclosure on risks related to exposures.</p>	
<p><b>b) <u>Portfolio composition:</u></b> Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope</p> <p>i) by sectors &amp; industries<sup>3</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</p> <p>ii) by products &amp; services and by types of customers for consumer and retail banking portfolios.</p> <p>If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.</p>	
<p><i>Response</i></p> <p>Yes, the portfolio composition has been considered. The total loan exposure is distributed as follows to different sectors in Sweden (Q1 2024):</p> <ul style="list-style-type: none"> <li>• Retail / households (86.5%)</li> <li>• Agriculture and forestry (8.8%)</li> <li>• Real estate management (3.4%)</li> <li>• Construction and other (1.3%)</li> </ul>	<p><i>Links and references</i></p> <p>Please refer to a) above</p>

<sup>3</sup> 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

**c) Context:** What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?<sup>4</sup> Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

*This step aims to put your bank's portfolio impacts into the context of society's needs.*

*Response*

The main impact of Länsförsäkringar Bank's business is financed emissions in its lending portfolio. The loan book consists to approximately 80% of retail mortgages, however, the largest part of financed emissions most likely comes from the relatively smaller corporate lending part of the portfolio.

The key priority in the context for society's needs is the capacity to measure financed emissions and set targets. The bank is currently in the process of implementing PCAF's methodology for measurement and disclosure of financed emissions. Based on the measurements according to the PCAF methodology, a baseline and targets for reduction will be set.

*Links and references*

Please refer to a) above

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)<sup>5</sup>? Please disclose.

*Response*

The outcome of the updated materiality analysis will be the basis for the sustainability reporting in accordance with CSRD. Climate change, i.e. reduction of financed emissions, will be the main priority for target setting.

*Links and references*

**d) For these (min. two prioritized impact areas): Performance measurement.** Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the [Annex](#).

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

*The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.*

<sup>4</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

<sup>5</sup> To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

<p><i>Response</i></p> <p>The outcome of the updated materiality analysis will be the basis for the sustainability reporting in accordance with CSRD. The bank's lending portfolio is dominated by retail mortgages, which stands for approximately 80% of total lending. However, the largest part of financed emissions is most likely attributable to the relatively smaller corporate lending part of the portfolio.</p>	<p><i>Links and references</i></p>
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**Self-assessment summary:**

**Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?<sup>6</sup>**

Scope:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No

**Which most significant impact areas have you identified for your bank, as a result of the impact analysis?**

***Climate change mitigation***

**How recent is the data used for and disclosed in the impact analysis?**

☐ Up to 6 months prior to publication

☒ Up to 12 months prior to publication

☐ Up to 18 months prior to publication

☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:  
(optional)

<sup>6</sup> You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

## 2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets<sup>7</sup> have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**a) Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with<sup>8</sup> have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

*You can build upon the context items under 2.1.*

### Response

The overall objective is set to be climate positive in 2045. In the annual report for Länsförsäkringar AB, targets and outcome are presented for:

- Responsible investments
- Responsible lending
- Responsibility as an employer
- High business ethics
- Sustainable supply chain
- Environmental impact of own operations
- Long-term environmental and social commitment

The targets set and measurement of the status could be found in the annual report. In March 2023, Länsförsäkringar Bank joined Partnership for Carbon Accounting Financials (PCAF). The focus will be on creating a carbon accounting starting with the mortgage lending portfolio, which constitutes approximately 80% of total lending. Based on the outcome, intermediary targets will be further developed.

The goal is to measure scope 1-3 emissions at LF Bank Group level as well as at LFAB Group level.

Social sustainability is analysed through the sustainability database that the Länsförsäkringar AB Group has developed. The sustainability database takes the pulse on the Swedish society in each region of Sweden and analyses 56 different parameters based on public data in the areas of:

- Finance and possibility to make a livelihood
- Health
- Environment and climate
- Safety
- Equality

### Links and references

[LFAB Annual Report 2023](#)  
pages 20, 23-29, 34, 37, 39, 42, 181, 184-185, 190-194

[LF Bank Annual Report 2023](#)  
pages 18-22

[Hållbarhetsdatabasen](#)



The database is regularly being updated and is basis for the 23 local regional insurance companies for prioritising Corporate Social Responsibility (CSR) and sustainability activities. A link to the database is included. Unfortunately, it is only available in Swedish as it targets the domestic market.

**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

*You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.*

*A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.*

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	
	...	
	...	

Impact area	Indicator code	Response
Financial health & inclusion	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

*Response*

This is work in progress currently.

*Links and references*

**c) SMART targets** (incl. key performance indicators (KPIs)<sup>9</sup>): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

<sup>7</sup> Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

<sup>8</sup> Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

<sup>9</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

<p><i>Response</i></p> <p>The current targets are reported in the annual report as described in the point above.</p> <p>Key Performance Indicators (KPI) have been set, which will be the basis for regular reporting to the Sustainability Counsel, the Executive Management as well as to the Board. Further development of the KPI and targets will regularly be assessed as part of continuous development. The KPI's aim to analyse volume growth in green mortgage lending and energy-efficiency renovation lending in the bank's offering as well as in sustainable finance.</p>	<p><i>Links and references</i></p> <p><a href="#">LFAB Annual Report 2023</a> pages 20, 23-29, 34, 37, 39, 42, 190-194</p>
<p><b>d) <u>Action plan:</u></b> which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	
<p><i>Response</i></p> <p>Please see c) above</p>	<p><i>Links and references</i></p>

## Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... (Climate change mitigation)	... second area of most significant impact: ... (Own staff)	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

## 2.3 Target implementation and monitoring (Key Step 2)

### For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

**Or, in case of changes to implementation plans (relevant for 2<sup>nd</sup> and subsequent reports only):** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

#### Response

Targets and follow-up on targets are presented in the annual report.

#### Links and references

[LFAB Annual Report 2023](#)  
pages 20, 23-29, 34, 37, 39,  
42, 181, 184-185, 190-194

[LF Bank Annual Report  
2023](#)  
pages 18-22



## Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

### 3.1 Client engagement

*Does your bank have a policy or engagement process with clients and customers<sup>10</sup> in place to encourage sustainable practices?*

☒ Yes      ☐ In progress      ☐ No

*Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?*

☐ Yes      ☒ In progress      ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities<sup>11</sup>). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

*This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).*

#### Response

As part of integrating sustainability in the operations key policies and internal guidelines have been updated.

The European Banking Association guidelines require that information is given in the Pillar 3 report about the three main areas below, where amongst other policies and procedures will be presented. The Pillar 3 report is being updated accordingly.

- Business strategy
- Risk Management
- Governance

Out of the total customer base, approximately 98% of the total exposure is towards retail customers, agriculture and forestry as well as the sectors real estate and buildings. The product and offering towards the customer groups take the outset in the three main process streams of Länsförsäkringar Bank:

- Payments
- Savings
- Lending

#### Links and references

[Sustainability policy](#)

[LFAB Annual Report 2023](#)  
pages 19-29

[LF Bank Annual Report 2023](#)  
pages 18-22

[LF Bank Pillar 3 Report Q4 2023](#)  
templates ESG table 1-3 and ESG templates 1, 2, 4, 5 and 10

[Link to mutual funds](#) -  
choose the tabs  
hållbarhet (sustainability)  
and klimatavtryck  
(climate footprint)

For each of these main processes products and offerings are being analysed and developed with the purpose of supporting our customers to have a long-term sustainable economy.

The sustainability roadmap established in 2021 includes a milestone plan for the years 2022-2024 for products and offerings that the Banking Group aim to have in place. These offerings will target the main business areas and support the customers on an individual as well as a collective level. As part of enabling this transformation the internal governance, policies and guidelines are updated.

In the area of savings, 100% of the fund offering of retail funds is considered as green funds, of which one fund is article 9 compliant and all the other funds are article 8 compliant. The customer advisory meetings include sustainability questions in accordance with the SFRD regulation. The mutual funds in Länsförsäkringar Fondförvaltning include a measurement of sustainability and climate footprint.

In the area of lending, focus has during 2023 been on offering sustainability-focused mortgage loans and sustainability-focused energy efficiency loans, sustainability focused financing of leasing and renting products.

### 3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

#### *Response*

The product offering enables constructive dialogues with customers with regards to considering sustainability in their economy.

Key is however to reach out to customers with these offers and include their wishes with regards to sustainability in the advisory meetings. In Länsförsäkringar AB Group, all customer facing personnel have or will take training aiming to include sustainability in the customer meetings.

Development is also being made in other channels to reach customers that do not come in for advisory meetings. This is through the Länsförsäkringar internet webpage as well as in the online and mobile solutions.

Finally, it is also key to have financial planning on the agenda for the dialogue of the customer meetings. Please also refer to the links.

#### *Links and references*

[Economic guidance for customers](#)

[Gender equality planning](#)

<sup>10</sup> A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>11</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

## Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

### 4.1 Stakeholder identification and consultation

*Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups<sup>12</sup>) you have identified as relevant in relation to the impact analysis and target setting process?*

☒ Yes      ☐ In progress      ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

#### Response

The Swedish Government's climate ambitions (climate neutral by 2045) have been considered when establishing the Länsförsäkringar AB Group long-term target.

The regulatory agenda from the EU and Swedish FSA is high on the agenda and is regularly monitored with the purpose to ensure compliance in the operations and to capture business opportunities.

The UNEPFI agenda with regards to implementing PRB has been collaborated aiming to use the models established and obtain understanding of best practice relating to implementing the principles in the operations.

In the Swedish Bankers' Association, Länsförsäkringar has committed to follow the climate road map which considers the PRB, EU regulation, the Swedish Government as well as the commitments that the banking industry is aiming towards.

Länsförsäkringar Bank is closely cooperating with other banks in Sweden to establish standards and interpret regulations with the purpose of reaching commonality and comparability in the transparency towards the market.

#### Links and references

[LFAB Annual Report 2023](#)  
page 183, 186-189

[Swedish Bankers' Association](#)

<sup>12</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations



The customers demand and needs with regards to transition to a more sustainable economy is primarily analysed via dialogue with the customer facing staff as well as the product development organisation.

On annual basis the Swedish Quality Index (SKI) gives its independent assessment on amongst other the most sustainable banks in Sweden based on customers assessments. The SKI is analysed, and the organisation consulted on what has triggered the outcome and what else Länsförsäkringar Bank can do to improve the results.

In the development of products key stakeholders have been consulted and collaborated with to obtain the input on sector specific knowledge with regards to sustainability. These includes among other Boverket, Energimyndigheten Chalmers CIT and the Foundation of Swedish Farmers (LRF).

**Priority**

**stakeholders**

**Activities 2023**

Owners and Board	Ongoing dialogue on sustainability topics, status and business plans. Training for the Board.
Customers	Further improved sustainability information to customers. Launch of an article 9 sustainability-focused funds. Included the carbon footprints of funds and enhanced the filtering function in terms of sustainability on the fund platform. Advisory meetings include sustainability topics. Information about fraud risks and measure against fraud.
Employees	Skills development in the form of individual learning, training, seminars, lectures and internal mobility. Employee surveys. Monthly manager-employee reviews. Pulse surveys. Activity-based workplace projects. Digital training. Seminars on diversity.
Suppliers	Internal training on supplier audits, specifying requirements in procurement processes and dialogue with suppliers on sustainability risks.
Partners, trade organisations and civil society organisations	Provided sustainability research results. Conducted dialogues with industry organisations about insurance risk, claims-prevention activities and animal health. Training and lectures.
Authorities	Dialogue and feedback on the EU's sustainability regulations. Dialogue on natural catastrophes and climate risks. Dialogue and feedback on the EU's existing and future sustainability regulations.
Investors	Development of the sustainability reporting. Responded to questionnaires. Meetings to discuss sustainability topics. Issued green bonds in the EUR market.

## Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

### 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

#### Response

The sustainability strategy is integrated in the overall business strategy, which is approved by senior management and the Board. Reporting on sustainability progress is performed on a quarterly basis.

The ordinary governance structure of Länsförsäkringar Bank is applied also in the area of sustainability, including for instance to manage significant positive and negative impacts and support implementation of the principles. The top-level management is the Board of directors, which is responsible for setting the overall principles, strategies and policies. The CEO is responsible for the executive management and operations of the bank. The CEO is supported by a management team/senior management, consisting of heads of departments of the bank. The responsibility for leading the sustainability work is placed in the Finance department, headed by the CFO, and is performed by the Head of Sustainability.

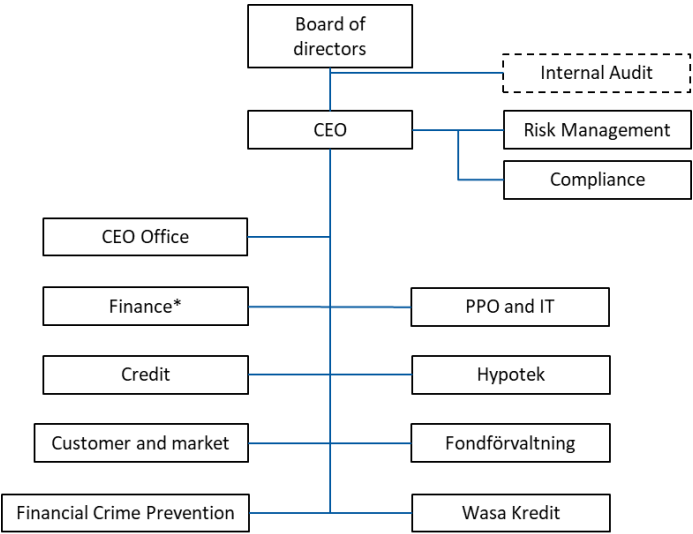
#### Links and references

[Sustainability policy](#)

[LFAB Annual Report 2023](#)  
Page 178-181, 183

[LF Bank Annual Report 2023](#)  
pages 18-24, 32-36

[LF Bank Pillar 3 Report Q4 2023](#)  
templates ESG table 1-3  
and ESG templates 1, 2, 4,  
5 and 10

 <p>* = placement of the responsibility for coordination of sustainability issues</p> <p>In the area of sustainability this means, in short, that the management body sets the relevant strategies and targets and the CEO, supported by the management team, decides on the further details for implementation, such as a roadmap. The Head of Sustainability is responsible for leading and coordinating the operational implementation work and a sustainability council is established to support the Head of sustainability in this regard.</p> <p>Key internal policies, including the risk management framework, have been reviewed and will continue to be updated to ensure that the ordinary governance structure fully supports the area of sustainability. The goal of the review is to have a clear and transparent structure for decision making/steering as well as follow-up, reporting and escalation.</p> <p>The illustration on page 34 in Länsförsäkringar Bank's Annual Report 2023 shows the governance structure of Länsförsäkringar Bank, including among other things the management of significant positive and negative (potential) impacts and support implementation of the principles.</p>	
<p><b>5.2 Promoting a culture of responsible banking:</b></p> <p>Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).</p>	
<p><i>Response</i></p> <p>As part of establishing the Sustainability Roadmap, the Head of Sustainability in the Banking Group included employees and managers in the divisions of the organisation as well as the subsidiaries, with the purpose of establishing a plan that takes the full knowledge of the organisation into account.</p>	<p><i>Links and references</i></p> <p><a href="#">LF Bank Annual Report 2023</a> pages 18-24</p>



The purpose was to establish a plan that had buy-in not only by senior management in the organisation but was also supported by the line organisation. The roadmap was discussed in the Sustainability Counsel in 2021 before it was presented to the executive management as the common plan for the Banking Group.

In 2023, the Board had training and workshops on sustainability.

The sustainability team in the Banking Group is working in cooperation with employees in the line organisations with the purpose to integrate sustainability in the day-to-day operations and to promote sustainability culture. The teams involved in delivering towards the common plan are ambassadors for sustainability.

#### Internal training

All employees with a Swedsec Licence (Senior Managers, key personnel as well as customer facing employees) are requested to do the sustainability training. If training is not performed, the employees with Swedsec Licence will get the license on hold.

A Management and Board training has been performed and included a discussion on the ambition level for different focus areas for the Banking Group.

All employees are required to perform annual mandatory training which contains, amongst other, sustainability, code of conduct and security. Follow up of participation for training is performed and reported internally.

There is regularly internal information on the intranet, and internal management and employee meetings, where sustainability is on the agenda.

Sustainability is also a factor taken into account in the remuneration policy.

#### Measurement of progress

Measurement of progress is an area under development. There are many different solutions on how to calculate progress and set targets and Länsförsäkringar Banking Group is currently analysing this area and intend to set targets when the analysis is finalised.

### 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>13</sup> Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

#### Response

Environmental and social risks are integrated in the risk taxonomy and the risk policy. The materiality analysis has the purpose to identify and assess ESG risks. Furthermore in depth analysis of specific risk areas are analysed and integrated in the Pillar 3 reporting.

#### Links and references

[Sustainability policy](#)

[LF Bank Pillar 3 Report Q4 2023](#)

Templates ESG Table 1-3 and ESG templates 1, 2, 4, 5 and 10

### Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes

☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes

☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☐ Yes

☒ In progress

☐ No

<sup>13</sup> Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

## Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

### 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☒ Yes      ☐ Partially      ☐ No

If applicable, please include the link or description of the assurance statement.

#### Response

Limited assurance in accordance with ISAE 3000 has been performed by Deloitte.

#### Links and references

### 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- ☒ GRI  
☐ SASB  
☒ CDP  
☐ IFRS Sustainability Disclosure Standards (to be published)  
☒ TCFD  
☒ Other

#### Response

Specified in LFAB Annual Report 2023 and LF Bank Pillar 3 Report Q4 2023.  
 Other reporting in the Pillar 3 Report.

#### Links and references

[LFAB Annual Report 2023](#)

pages 177, 186-187, 214-218, 220

[LF Bank Pillar 3 Report Q4 2023](#)

Templates ESG Table 1-3 and ESG templates 1, 2, 4, 5 and 10

## 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>14</sup>, target setting<sup>15</sup> and governance structure for implementing the PRB)? Please describe briefly.

### *Response*

Double materiality assessment will be finalised and will form the basis for the preparations for sustainability reporting in according with CSRD. The bank is part of an LFAB group-wide project working with the implementation of CSRD.

The bank is also in the process of implementing PCAF's methodology for measuring financed emissions. PCAF will be used for reporting and setting a baseline and the ambition is to set targets decided by the Board before publication of the next PRB report.

### *Links and references*

<sup>14</sup> For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

<sup>15</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.



## 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- |  |  |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance                               | <input type="checkbox"/> Customer engagement             |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank                           | <input type="checkbox"/> Stakeholder engagement          |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability    |
| <input type="checkbox"/> Conducting an impact analysis   | <input checked="" type="checkbox"/> Data quality         |
| <input checked="" type="checkbox"/> Assessing negative environmental and social impacts        | <input checked="" type="checkbox"/> Access to resources  |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies            | <input checked="" type="checkbox"/> Reporting            |
| <input type="checkbox"/> Setting targets   | <input type="checkbox"/> Assurance                       |
| <input type="checkbox"/> Other: ...  | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

# **Auditor's Limited Assurance Report on Länsförsäkringar Bank reporting and self-assessment of the Principles for Responsible Banking for 2023**

To Länsförsäkringar Bank AB (publ), corporate identity number 516401-9878

## **Introduction**

We have been engaged by the Executive Management Länsförsäkringar Bank AB (publ) to undertake a limited assurance engagement of Länsförsäkringar Bank's reporting and self-assessments of its fulfilment of its commitments as a signatory of the Principles for Responsible Banking for 2023.

## **Responsibilities of the Executive Management**

The Executive Management is responsible for the preparation of the reporting and self-assessment of the Principles for Responsible Banking in accordance with the applicable criteria, as described in the Länsförsäkringar Bank's reporting and self-assessments of the Principles for Responsible Banking for 2023, as well as the accounting and calculation principles that the company has developed. This responsibility also includes the internal control relevant to the preparation of a reporting and self-assessment of the Principles for Responsible Banking that is free from material misstatements, whether due to fraud or error.

## **Responsibilities of the auditor**

Our responsibility is to express a conclusion on the reporting and self-assessment of the Principles for Responsible Banking based on the limited assurance procedures we have performed. Our engagement is limited to the above specified disclosures, and is limited to historical information presented and does not cover future oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the reporting and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Länsförsäkringar Bank AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, the conclusion of the procedures performed do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Executive Management as described above. We consider these criteria suitable for the preparation of the above specified disclosures presented in the reporting and self-assessment of the Principles for Responsible Banking 2023. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

### **Conclusion**

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the reporting and self-assessment of the Principles for Responsible Banking, are not prepared, in all material respects, in accordance with the criteria defined by the Executive Management.

Our statement has been submitted on the date indicated by our electronic signature.

Deloitte AB

**Patrick Honeth**  
Authorized Public Accountant

**Adrian Fintling**  
Expert Member of FAR