

Sustainability report

1. Sustainability at LHV

1.1 Sustainability mission statement

Sustainability is a constant learning process in which we engage stakeholders and external experts to better understand the consequences of our decisions and create long-term value. We aim to strategically enhance in-house competencies, develop sustainable financial products and services, improve business processes, and develop sector wide partnerships to work toward more responsible business operations.

- We realize the extent to which our business decisions affect society and the environment, and as a result, focus on managing these impacts.
- We aim to be a leader in sustainable development in the financial world by striving toward initiating systemic change and creating possibilities for innovative and sustainable solutions that guide society toward sustainable development.
- We will bring our activities into conformity with the UN Sustainable Development Goals and the Paris Agreement.
- We operate transparently and publicly account for our progress and obstacles in various sustainability reports and through our corporate communication channels. We are continually improving our know-how on sustainability reporting standards and which to move towards a more comprehensive GRI reporting in our annual reports.
- We are committed to creating the necessary conditions for adhering to our sustainability strategy. This can be achieved by internal capacity building and integrating ESG aspects into the business lines

1.2 CEO letter on sustainability

We are living in extraordinary circumstances and facing challenges many of us would not have thought we would face. The changes in our everyday life, the natural environment as well as the economy are not only noticeable but imminent. Desperate times might call for desperate measures, but extraordinary times require innovation, positive change, cooperation, and creativity more than anything else. Extraordinary times also make us see clearer and steer our focus to what matters most. Focus on our employees, our customers, and our shareholders. But also, on our health and well-being, and the well-being of the world around us.

LHV has always paid a lot of attention to the impacts of governance and social risks and has proven to be one of the best places to work in Estonia. In recent years, we have

expanded our focus to environmental risk management. Climate change and other ecological problems received considerable attention in 2021 and it is not surprising that the financial sector is also increasingly concerned with sustainable development and understanding the urgency of these issues.

But amid this urgency, for many, 2021 was also a year of obvious limits – personal limits, professional ones, business-related, mobility-related, and even related to creativity and innovation.

What limits us as people and individuals, limits us as organizations, nations, communities, and economies. Our constant attempts for “back to normal” have perhaps inhibited our creativity and constrained us from fully adapting to a present that can, under the right circumstances, push us further into a more sustainable, economically beneficial future. Under the right circumstances, unexpected change can be a catalyst for innovation, creativity, and even more urgency. But acting upon urgency in isolation, without collaboration, can limit the collective brain integral for achieving the global goals.

When we look back at extraordinary historic people, we learn, that collaboration can be the very foundation of success. Leonardo Da Vinci, for example, was a brilliant inventor and artist. Buried in one of his many notebooks dated back to the 1490s is a to-do list titled “It is useful to constantly observe, note, and consider.” What is interesting, is that over half of the to-do list was about engaging with other people to teach him new things and steer him to the right direction. The to-do list of one of the most genius men who ever lived was largely about collaboration with other people, which just might have been the key to his success.

Observe, note, and consider are underrated skills in the world where action defines success. LHV’s journey toward a more inclusive and greener economy and operations will be thoroughly explained in the report below. In 2022, we will continue to do our part and work towards our goals and setting even more ambitious ones. We will be further integrating sustainability into our core processes and strategy building. We will act in urgency. But we will also work even more with our customers on the issues of sustainability, collaborate with experts on the field and considerably increase our internal capacity and knowledge on the issues. So that we can observe, note, and consider in urgency as well, and in a way that makes all our stakeholders experience the extraordinary, even amid obvious limits and challenges.

2. Global sustainability frameworks

2.1 UNEP FI PRB

The principles of responsible banking The UN Principles for Responsible Banking give banks a framework for sustainable operation and sets out guidelines for promoting life in

society. We joined with the initiative to show our commitment to the UN Sustainable Development Goals and align our activities with the Paris Climate Agreement's goals. We take part in international cooperation in the financial sector and sharing best practices

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.

Principle 2 Impact & 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.

Principle 3 Clients & 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.

Principle 4 Stakeholders

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

Principle 5 Governance & culture

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

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.

2.2 PCAF

At the end of 2021 we joined with Partnership for Carbon Accounting Financials (PCAF) initiative. While we have measured our scope 1, 2 and 3 emissions in operational level, we have struggled to find the best practice to measure our scope 3 emissions in category 15 (investments). We see that joining with PCAF standard helps us to disclose our scope 3 emissions (category 15, investment activities) which are relevant but have not been calculated yet.

The standard, which is reviewed by GHG protocol, has developed a consistent methodology for measuring and disclosing such emissions, which include those associated with corporate/business loans, commercial real estate loans, residential mortgages, motor vehicle loans, project finance and even the equity and bond positions that banks hold on their balance sheet.

This metric provides us the starting point to assess and disclose climate-related issues; set science-based targets using emission-based methods developed by organizations like the Science Based Targets initiative (SBTi); and set the baseline emissions for target setting in alignment with the Paris Agreement. For us it is the step forward to understand our impact and measure our customers and work together with them while reducing our impact to the environment.

2.3 GRI

This ESG report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option. This includes a GRI Content Index located at the end of the report. This is the first year we are aligning our ESG reporting with GRI. Following the GRI reporting standards allows us to report on our impacts and activities in an even more structured way that is transparent to our stakeholders and the public.

We have tried to follow all reporting principles of GRI standards (GRI 101):

- stakeholder inclusiveness, sustainability context, materiality and completeness for defining the scope of the content of the report;
- accuracy, balance, clarity, comparability, reliability, and timeliness in ensuring the quality of the content.

However, we also know that our reporting approach could be more mature. We commit to improve each year, and are open to notices, feedback, and suggestions. We strive for greater transparency and a comprehensive reporting approach on ESG and sustainability matters, and therefore aim to disclose such information in a proper way.

3. ESG strategy and materiality

3.1 Material ESG and sustainability aspects

We want to achieve real change through our sustainability efforts. The basis for that is a sufficient knowledge of the most material ESG and sustainability aspect for LHV. Above all, we want to devote our resources to addressing the environmental, social, and economical sustainability matters that are most affected by our business decisions, and that tackle major societal needs.

For the first time, we went through a comprehensive materiality analysis process in 2020 in partnership with an independent external ESG advisory firm. We built the analysis mostly on UNEP FI Portfolio Impact Analysis Tool. Considerations of the materiality review included:

- potential positive and negative environmental and social impacts due to the portfolio allocation of LHV Pank, drawing on the UNEP FI Portfolio Impact Analysis Tool;
- expectations of external stakeholder groups (experts on social and environmental impact, customers and partners);
- opinions of internal stakeholder groups (LHV management, key persons, and employees);
- proper ESG management approach according to dedicated standards and frameworks, and market practice among peers.

The materiality process and portfolio impact analysis

In 2020 we went through a comprehensive portfolio impact analysis process which is the core of our materiality process. We built the analysis based on UNEP FI Portfolio Impact Analysis Tool. The process of the analysis included:

- All core business areas, i.e. Business Banking, Corporate Banking, and Consumer Banking (excluding asset management), and services of LHV in its major location (Estonia) were considered in the scope of the analysis (excluding United Kingdom where LHV was at the time at the very early stages of increasing its presence).
- Based on the portfolio allocation the most significant industries were identified based on where LHV has the major impact through its services (based on the cartography the share of different industries in the portfolio).
- The most relevant societal, economic, and environmental challenges related to sustainable development were defined in the countries of operations (Estonia). The sources for such “country needs” were major global data sources provided by the UNEP FI tool (e.g. UN, OECD, WHO, ILO, FAO, World Bank, etc), complemented with the best location-specific data mapped in cooperation with leading local scientists (where global

data was insufficient for local reality).

- In total, 22 environmental, social, and economic aspects got such country scores (on a 4-point scale)
- The outcome of the analysis was discussed, validated, and elaborated with external experts and stakeholders, including the expectations of customers and partners (there were two panels around environmental and social aspects).
- The impact analysis was conducted with independent external sustainability advisors

Moving forward, we will build on the current finding and widen the scope of the Analysis to LHV Varahaldus in 2022.

Materiality and impact analysis findings

The results of the process were completed and validated by the management team during ESG strategy development process. As an outcome, we identified two environmental and two socioeconomic impact areas as the most material where LHV could achieve the largest impact on sustainable development through its core work across the value chain and portfolio:

- Climate and biodiversity
- Circular economy
- Inclusive and cohesive economy
- Financial literacy and economic sense of security

On top of these four impact areas the fifth, internally relevant material aspect was identified - honest and transparent organizational culture (covering both employee related social, and governance aspects).

These 4+1 impact areas are the starting point for the sustainability strategy of LHV – the basis for strategic directions, KPI-s, targets, green products and services development, and roadmap 2021-2023 for identifying strategic business opportunities, and improving the impact.

All these focus areas are managed through three levels:

- Positive and negative impact areas of LHV’s operating activity (e.g., the impact of financial decisions on the environment and society);
- LHV as an organization (i.e., management and organizational impacts, e.g., “house in order” activities);
- LHV’s broader impact in society (activities supporting and guiding a more comprehensive, systemic change in Estonian society).

The current report gives an overview of our current state and initial dedicated steps in managing these impact areas more systematically than before.

3.2 Contribution to sustainable development

Our major ESG and sustainability impact areas clearly address relevant sustainability related challenges of the society. Our self-confidence lies in the fact that we considered comprehensive global and local statistics about the current state and needs in various environmental and social aspects in the process of defining material impact areas. We spotted the most burning needs in the society that are related to our business activities.

This gives us a proper starting point to tie our ESG and sustainability strategy with the societal development needs highlighted by UN Sustainable Development Goals (SDG). We are committed to bring our activities into conformity with the UN SDGs.

Working with our most material sustainability aspects contributes to these UN SDGs and its specific sub-targets

Sustainable Development Goal (SDG)	Specific SDG target to which LHV contributes	How LHV contributes?
SDG 1. End poverty in all its forms everywhere	1.2. By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions	<ul style="list-style-type: none"> Integrating social and environmental considerations into the core of our business. Investing in spreading financial literacy.
	1.4. By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance	
SDG 8. Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all	8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	<ul style="list-style-type: none"> Driving sustainable growth, creating jobs, encouraging entrepreneurship, and fuelling innovation.
	8.10. Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all	
SDG 7. Ensure access to affordable, reliable, sustainable, and modern energy for all	7.1. By 2030, ensure universal access to affordable, reliable, and modern energy services	<ul style="list-style-type: none"> Offering customers a choice of green financial products. Improving processes of ESG-related due-diligence for corporate customers and partners.
	7.2. By 2030, increase substantially the share of renewable energy in the global energy mix	
SDG 12. Ensure sustainable consumption and production patterns	12.2. By 2030, achieve the sustainable management and efficient use of natural resources	<ul style="list-style-type: none"> Considering environmental factors in business decisions. Advocating for responsible lending and consumption.
	12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	
SDG 13. Take urgent action to combat climate change and its impacts	13.2. Integrate climate change measures into national policies, strategies, and planning	<ul style="list-style-type: none"> Encouraging environmentally sustainable business practices within the sector and the State level through supporting sustainable financial sector development.
	13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	

3.3 Stakeholder engagement

In LHV we believe that sustainability is a constant learning process. We keep on asking ourselves and our stakeholders how we could make the most impactful efforts. We engage stakeholders and external experts to better understand the wider sustainability context, challenges and trends, expectations of the members of the society to us, and the wider consequences of our decisions.

For us, stakeholders are the groups and individuals that LHV affects through its activities, and that, in turn, may affect LHV's operations in short or long run.

We regularly hold dialogue with stakeholders with whom we have the most direct relations and with whom LHV could collaborate for better impact in the society. But we also keep in touch with the stakeholder groups that are part of shaping the trends and set requirements for the financial market.

Engagement of stakeholder groups

Our major stakeholder groups, ways of their engagement, and their major expectations to LHV:

	How we engage?	Main expectations and key topics raised?
Customers	Active communication and discussions, ESG questionnaire in credit application, green products, and services	Engagement, knowledge building, ESG integration into business and decision making
Employees	Annual survey, individual development and performance reviews, informative sustainability seminars	Feedback, engagement, internal capacity building
Shareholders	Annual shareholder meeting, active communication, ESG reporting	Profitability, engagement, feedback
Policy makers, regulators	Memberships in State level sustainability focused working groups, direct communication with government officials	Policy making input and information about EU legislation on the issues of sustainability and reporting
Business networks, financial sector	Active membership in Estonian Banking Association, Finance Estonia and Rohetiiger	Leadership in ESG promotion
Suppliers, cooperation partners	Direct communication	Sustainability integration into value chain
Sustainability organizations	Active membership in local sustainability focused initiatives and organizations, leading the ESG working group in Estonian Banking Association, member of UNEP FI PRB	Financing sustainable development, enabling green transition
Wider public and society	Active communication, public events and conferences, universities, press and media	Transparency, fair and ethical business conduct

Stakeholder engagement in ESG and sustainability materiality analysis and strategy process

Some of the most important societal and environmental impact experts of Estonia were involved in verifying the results of our ESG materiality analysis and creating the LHV ESG strategy and action plan. During several workshops, about 20 experts (researchers, representatives of the public

sector, cooperation networks and NGOs, entrepreneurs) worked on LHV's strategical action plan. The collected input was considered to assess the LHV Group's current activities in managing the company's social and environmental impacts and planning strategic activities.

Leadership for sustainable business development in Estonia

- LHV is the signatory and active member of several working groups of The Principles for Responsible Banking by UNEP FI. We are the only Estonian bank in the network which represents almost half of global banking assets.
- We are leading the Estonian Banking Association sustainable banking committee that represents Estonian banks and their involvement in ESG implementation.
- As an active member of FinanceEstonia (organization that supports the development of the financial sector, innovation, and the export of services in Estonia) and its ESG working group we contribute to the spread of sustainable banking principles throughout the financial sector.
- We are a founding member of Green Tiger, which is a local initiative that contributes to improving local organizations' knowledge regarding environmental issues, keeps tight contact with the state, and educates businesses to make the best environmental-related changes within the organization and their suppliers.
- We cooperate with other organizations on sustainability initiatives and regularly share about our ESG journey to other businesses. Our management and ESG team members share at conferences and seminars about our ESG experience and the importance of moving towards a greener economy and more inclusive society.
- We cooperate with universities in spreading the word about sustainability in the finance sector and the need for more capacity building on corporate ESG issues in Academia.
- We continuously collaborate with external experts to better implement our ESG project and research best practices.
- We regularly engage with non-profit organizations and with the public sector (especially in terms of ESG regulatory aspects).
- We regularly speak at national conferences and events about ESG and sustainable finance
- We hold seminars and workshops to or with other companies and organizations and talk about our progress, the importance of corporate sustainability and the future of green finance

4. Management of ESG

At the end of 2020, we adopted a group wide ESG policy which sets the goals, ambitions, and approaches for our sustainability activity in all the subsidiaries of the group. At the same time, we also approved an ESG KPI roadmap for 2021-23 which will help us move closer to a measurable sustainability management and will help us achieve our SMART targets moving forward. The roadmap will be annually updated considering that the needs for data and the availability for data is changing constantly.

The ESG policy also sets a high-level structure and responsibilities for ESG governance group-wide – Head of ESG being responsible for all everyday ESG matters, Group CEO as governing body member ultimately responsible for ESG supervision, all Heads of LHV Group's subsidiaries as responsible for supervision over everyday ESG matters. ESG activities in their respective subsidiaries and the Communications Manager as responsible for external communication related to environmental and social matters and serving as a contact person for all sustainability-related public enquiries. As of 2020, we have a dedicated ESG team who reports directly to the Bank CEO. In 2021, we started considerably growing and developing the ESG competencies in-house, resulting in the growth of our ESG team as well as ESG-focused professionals in the compliance, credit, risk, asset management departments.

The main aim of the management of ESG Group wide is a smooth integration of sustainability principles into all relevant business lines, processes, strategy building, and risk management.

4.1 ESG Steering Committee

In March 2021 we launched an ESG steering committee, which serves as a high-level governing body for ESG issues in LHV Group. The Committee follows the ESG policy adopted by the Supervisory Board of the LHV Group and was launched to ensure the development and implementation of various ESG projects and processes group-wide so that all our objectives can be met. The Committee also coordinate the flow of information on ESG projects, legislation and developments and advises members of the management of LHV's subsidiaries on ESG-related activities to be in line with LHV's business strategy, values, ESG strategic goals and best ESG management practices. We are currently in the process of setting up proper ESG governance system within LHV, with an aim to integrate ESG and sustainability matters to all relevant business functions and processes, and to involve all relevant managers in business units. We have conducted an analysis of the best practices among financial firms internationally and are working on improving

our own ESG Governance structure and practice to support us moving closer to our PRB and sustainability goals.

The committee meets up once a month and the members include the Group CEO, the Chairman of the Management Board of LHV Pank, the Chief Risk officer of LHV Pank, LHV Chief Financial Officer of LHV Pank, Chairman of the Management Board of LHV Kindlustus, Chairman of the Management Board of LHV Varahaldus and the Head of ESG.

4.2 Alignment with policies and procedures

Apart from the ESG Policy and the KPI roadmap, that LHV has adopted, we have also made considerable improvements and additions into our Credit Policy (including exclusion list of activities we do not finance) and HR & Remuneration policies as well as the Ethics Policy to support the implementation of sustainability principles and our ESG goals. LHV Varahaldus has adopted and follows a separate Responsible Investment Policy for the management of Pension Funds. We are currently also in the process of reviewing and renewing our Risk Policy and making ESG related updates, while the Group Code of Ethics was updated in 2021 to represent an even more inclusivity and diversity in our operations and culture

As of June 2021, we also have ESG questionnaire integrated into our credit application for our corporate customers onboarding process. Group wide, we have approximately 10 ESG project streams currently running to integrate ESG into our business and operations. The project streams include policy implementation, data & KPIs, ESG governance structure, communications, ESG reporting standards, internal capacity building, credit granting processes, ESG compliance and regulatory gap analysis, portfolio, and customer ESG assessment activities and the building of ESG risk management framework. In 2022, we are planning to update Portfolio Impact Analysis by integrating asset management into the scope as well. Our goal is to regularly re-assess our impact and keep our strategic sustainability activities aligned with the most recent results of portfolio analysis.

4.3 ESG risk management

We understand the need of assessing risk related to ESG and being more transparent and accountable in our decision-making processes. Based on sustainability and responsibility principles, we have supplemented and published a list of business areas that contradict our credit policy and our goals for sustainability. We also realize that an adequate ESG risk management framework is the core of responsible customer relations, and essential for supporting

our customers in their own sustainability journey and mitigating sustainability and risk related to ESG. Hence, we will continue working on integrating sustainability into our risk management practices and policies and we are planning to work out a separate ESG risk management framework going forward.

In addition to the above, we are looking thoroughly into current legislative processes which will affect our sustainability efforts moving forward. One of them being the EU Taxonomy. Taxonomy implementation is also one of the current focuses and will be the foundation for creating our Taxonomy alignment and ESG scoring criteria and methodology. Taxonomy implementation will not only challenge our ESG data analysis and scoring methodologies and processes but will be the bridge between helping our corporate customers become more transparent in their sustainability efforts and knowledgeable in managing their own ESG risks and disclosures.

4.4 Responsible investments

The principles of responsible investment and analysis of ESG factors are part of the investment analysis process at LHV. By integrating it into the process, the analysis is comprehensive and considers ESG factors as well as traditional investment analysis factors such as fundamentals and valuation. ESG assessment as one part of the analysis is divided into subgroups, based on the sectors, and needs of each existing or new potential investment (considering the most relevant ESG risks of the company). We aim to generate a list of material ESG issues for relevant sectors. The sources for ESG information are based on public information, including periodic financial reports, ESG, and sustainability reports, press releases, company management meetings, and other relevant material. To demonstrate leadership LHV Varahaldus created Estonia's first green pension fund in 2020 and we regularly educate our customers and the public about the potential benefits of and the future of green investing. We believe following sustainability principles in investing and promoting them to the customer-base is in the best long-term interests of our customers.

5. Management of impact areas

5.1 Environmental

We realize that business enterprises and economic progress can often draw on natural resources. However, we also recognize that there is an alternative, more sustainable way to achieve growth and create value. Through their business and offerings, financial institutions have a transformational capacity to create positive change and scale sustainable business practices through innovation, creativity, and the entrepreneurial spirit. LHV desires to operate sustainably, and as an Estonian company, we want to help the Estonian economy to adapt to meet the climate targets.

To do so, LHV is

- Contributing to achieving the goals of the Paris Climate Agreement
- Supporting Estonia's goal of attaining a climate-neutral economy by 2050
- Open to the opportunities afforded by the new economy
- Working together with external stakeholders to bring about more positive change (i.e., Estonian Banking Association, external consultants, and organizations to help build capacity)
- Following green office principles and monitoring its annual carbon footprint. LHV to become carbon-neutral in its office operations in 2022

A financial institution's sustainable business operation means consistently incorporating ESG-friendly practices into its offering and product development. To date, we have developed special loan offers that motivate our customers to make environmentally responsible consumer decisions. We have also created and disclosed an exclusion list of activities that are not in accordance with our credit policy and the principles of sustainable and responsible operations.

5.1.1 Green office operations

The idea of LHV's Green Office project came in 2019, after hackathon which was targeted at employees. Besides other environmentally oriented activities we considered important to take care of our office. Our priority was to make office activities clean and environmentally friendly. We wanted to involve workers in the process to raise their awareness.

Our Green Office project first important step was making the structure to lay the basis for further activities. We convened a Green Office working group, with whose help we compiled primary documentation: Green Office principles, reminder, and action plan.

LHV's Green Project starts already its third full year. During that time, we have been achieved quite a lot. The Green

Office certificate received in 2020, the title of the best Green Office of the year and the BREEM certificate issued in 2021 will give us further motivation to move forward.

Besides small daily activities there are some larger projects that have gained more attention. For example, we pay close attention to waste generation. LHV has developed a solid waste sorting procedure. We have got rid of our own garbage bins and created garbage sorting sections in the kitchens. In cooperation with Nutriloop, we recycle our own biowaste, which we use to produce plants on the balconies of our office. We organize calls for employees, allowing them to bring stalled clothes or hazardous waste to the office in collection boxes.

At the end of each year, we measure our CO₂ footprint. We collect data about business travels, consumption of office buildings, ordered paper, fruits etc. Based on this, we can make comparisons from previous years and introduce new points in the Green Office's action plan to further reduce our footprint.

For the second year in a row, we are organizing information mornings entitled "What is really important?" to raise the awareness of employees. This is an event where we invite two foreign guests to the office to talk on a topical issue with LHV's moderator. It takes place every month.

The journey of LHV's Green Office has been short but comprehensive. Already achieved things on this journey gives us the motivation to move forward to achieve the most environmentally friendly operations possible with all our offices. At the same time, we do not forget our own employees, to whom we offer good opportunities to get involved and educate themselves.

In our supply chain we only consider the usual criteria (e.g., quality, price) but also environmental criteria. The main purpose of such activities is to reduce the cost of products and services, environmental impacts resulting from production, use and disposal, i.e., the total environmental impact of the product/services during its life cycle. Through that it is possible to reduce the risks to human health and the environment. Other than mentioned above, there were no significant changes in the supply chain.

Even though our greatest environmental impact comes from financing and investing activities, it is no less important how we administer our business every day. That's why we wanted to make sure that our own consumption is sustainable, that we keep our house in order and serve as an example on all fronts of the effort to meet climate goals.

LHV has decided to take steps towards more environmentally friendly operations. This has been done by improving the office environment and involving employees in the Green Office process by awareness-raising. In 2020, LHV's Tallinn office was awarded the Green Office Certificate, which

confirms our office operations environmentally sustainable activities. In December 2020, LHV's Tallinn Office was awarded Best Green Office of the Year award by the Estonian Association for Environmental Management.

5.1.2 Our carbon footprint

Greenhouse gas emissions must be reduced significantly to avoid the worst consequences of climate change. Our office activity also generates emissions - both directly and indirectly. Mostly, due to the use of heating, power, employee commute, and business travel. What have we already accomplished? At the beginning of 2020, we started collecting emissions data for the first time and ran the calculations for our carbon emissions for 2019. We did the same for 2021 at the beginning of 2022. In 2020, LHV's office activity had a greenhouse gas emission footprint of 865 tonnes of CO₂-equivalent, which is 1.7 tonnes per employee at the time of calculation. For 2021 the results were 1,447 tonnes, or 2.2 tonnes per employee. We see the increase in our operational level CO₂ footprint and the main reason is that we have gone more specific in our data collection. In 2021 we added several categories to our operational level calculation. One of the main additions is the adding of home office calculation to our scope 3 calculation. As the pandemic of Covid-19 increased the need of working remotely we realized that we need to take the home office into account as well.

Another important addition to our scopes is IT servers and IT operations. These are the main reasons why our CO₂ footprint has significantly increased in 2021.

Our aim is to reduce our CO₂ footprint as much as possible but on the way, we have to understand that adding more categories to the scope our CO₂ footprint will increase as the measurement system is improving.

LHV's climate impact for the 1 January 2021 to 31 December 2021 period was calculated based on the "GHG Protocol Corporate Accounting and Reporting Standard", which is internationally recognized and the most widely used greenhouse gas accounting standard. The standard encompasses seven kinds of greenhouse gas emissions – carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).

The results are expressed in CO₂ equivalents, the universal greenhouse gas unit of measurement, indicating their different potential for causing global warming. The values expressing global warming potential are based on reports

from the UN's IPCC and take into account the impact of GHG in the atmosphere over a 100-year period.

Specialized and recognized databases were used to determine emission factors (e.g. Ecoinvent v3), reports of international studies and scientific literature, government greenhouse gas inventory reports, data on suppliers, and other relevant sources.

The results of the analysis covered the following Scope 3 categories: 1. Purchased goods and services (paper, water consumed, server hosting, customer keepsakes, foodstuffs and miscellaneous products); 2. Capital goods (office furnishing and equipment); 3. Fuel and energy related impacts (not included under Scope 1 and 2); 5. Waste generated in operations; 6. Business travel (flights, train, bus, ship, subway and taxi rides and personal car); 7. Employee commuting (between home and work).

To evaluate the impacts of employee commuting, a web survey was conducted among the employees, which inquired about the distance between home and work (direct route, without possible interim stops) and modes of transport ordinarily used. A total of 67% of employees responded and the results were extrapolated to the number of employees working for the company.

Differences between the 2021 analysis and the 2020 analysis:

- in 2021, there were a number of purchased goods and services and capital goods as additional emissions sources;
- the fuel and energy related impacts previously shown under Scope 2 emissions are now a part of Scope 3 and the impact of network losses has been added based on use of more accurate Estonian-based emissions factors;
- the thermal and electrical energy coefficients were refined using Estonia-based data.

The analysis covered the activities of LHV Group's Tallinn and Tartu offices. Similarly, to analyses of years past, the 2021 analysis did not take into account LHV's UK office (based on the complicated availability of data). Due to the small size of the office, the representation in London would not be expected to have a significant impact on the carbon footprint of LHV Group as a whole.

To perform the calculation of intensity of carbon footprint per employee, the aggregate result was divided by the number of LHV Group employees at the end of the reporting year.

Emissions

(GRI 305:2016)

	2021	2020
Direct (Scope 1) GHG emissions	0	0
Energy indirect (Scope 2) GHG emissions	445 t/CO ₂ e	572.7 t/CO ₂ e
Other indirect (Scope 3) GHG emissions	983 t/CO ₂ e	292.5 t/CO ₂ e
GHG emissions intensity	1,428 t/CO ₂ e	865.2 t/CO ₂ e
Waste generated	16 t/CO ₂ e	24.6 t/CO ₂ e
Water consumption	1.0 t/CO ₂ e	2.6 t/CO ₂ e

Scope 1	Type	2021		2020	
		tCO ₂ e	Share %	tCO ₂ e	Share %
1 - Direct emissions		-	-	-	-
Total Scope 1		-	-	-	-
2 - Indirect, emissions related to purchased electricity and heat	Electricity (renewable electricity): Tallinn office	0	0	7	0
	Electricity (non-renewable electricity): Tallinn office	-	-	82	9
	Total electricity Tallinn Office	0	-	89	-
	Electricity (non-renewable electricity): Tartu office	78	5	52	6
	Thermal energy: Tallinn office	357	25	407	47
	Thermal energy: Tartu office	9	1	24	3
Total Scope 2		445	31	572	66
3 - All other indirect emissions in the value chain	*Outsourced materials (trading assets)	25	2	-	-
	*Client related product marketing materials	3	0	-	-
	*Office furniture	29	2	-	-
	*Office equipment	238	17	-	-
	Generated waste	16	1	26	3
	Water consumption	1	0	3	0
	Business travel: plane	54	4	22	3
	Business travel: train	1	0	1	0
	Business travel: bus	1	0	2	0
	Business travel: taxi	1	0	0	0
	Business travel: personal car	10	1	6	1
	Drive home to work: 2021 (634 employees)	308	22	234	27
	Indirect energy and fuel effects				
	*Electricity grid loss	5	0	-	-
	*Grid loss of heat energy	56	4	-	-
	*Indirect effects related to heat production	237	17	-	-
	Home office	19	1	-	-
Total Scope 3		1,002		293	
Total		1,447		865	

We have put together a climate neutrality achievement plan to operate more sustainably and reduce our negative environmental impact. In 2020 we made the transition to electricity furnished with a green energy certificate, which has cut emissions by 30%. In addition to that, working towards the Green Office Principles, we have also organically reduced our emissions.

We are also working on developing a local and ethical project for carbon offset which we can contribute to offset CO₂ which we cannot offset through our everyday office operations. We calculated our footprint based on the internationally recognized Greenhouse Gas Protocol. We will repeat and refine the calculation each year. Based on which additional categories we can gather reliable data in, we will strive toward a fuller picture.

5.1.3 Offsetting our carbon footprint locally through innovation

In 2021, we started a local pilot program with our partner eAgronom. eAgronom is an agricultural start-up whose methods are still being verified by Verra. But eAgronom provides us a local solution to achieve our first emissions related target - to become net-zero in our operational level by 2022. Although we have another 12 months to achieve our target and we can lower our operational level emissions by at least another 15%, we see the rise of demand for trustworthy offset projects.

Working together with eAgronom helps us to understand the offset business a lot better, we can improve local soil quality, store more nutrients in the soil and increase water holding capacity while supporting local farmer to apply to

the new approach which eAgronom helps them to implement into their everyday farming habits.

We are using eAgronom's newly developed solution to buy carbon credits from Estonian farmers who sequester carbon dioxide from the air into the soil and thereby improve the soil quality of their fields. We will receive the first carbon credits from eAgronom in October 2022, after what we are able to declare that we have reached Net-Zero in our operational level.

5.1.4 Green products and services

LHV's influence in the Estonian financial sector is growing. As part of an industry that is vital for society, we, directly and indirectly, affect our surroundings and make our most

significant contribution through investing and financing. That is why we have decided to channel cash flows from our core activities more concertedly to activities that support the transition to a climate-neutral and sustainable economy. We have developed unique green products that motivate our customers to make everyday consumer and investment decisions that are as environmentally responsible as possible. In this way, we do our part to support economic growth, which at the same time reduces greenhouse gas emissions, pollution, and waste generation.



Green Home Loan

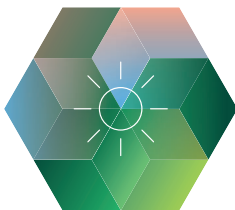
One of the most important consumer decisions a person will ever make – in terms of the financial cost and the environmental impact – is regarding purchasing their home. One-third of the average Estonian's annual CO₂ footprint is related to their home – mostly deriving from energy used for heating and emissions arising from use of household electricity.

We would like to promote the building and buying of the most energy efficient homes, so we're offering our customers the possibility to leverage Estonia's first green home loan.



Green Car Leasing

We aim to promote the purchase of energy-efficient vehicles. The most energy-efficient vehicle you can choose to drive is a fully electric car. But to be sure of its sustainability level, the energy needs to derive from renewable sources entirely. From 2026 onwards, only cars with zero CO₂ emissions per kilometer are considered clean vehicles. Only electric and hydrogen vehicles will meet this standard. We, therefore, offer car leasing for new fully electric vehicles purchased for general use. In line with a longer-term strategy and the desire to contribute to Estonia's climate objectives, LHV Pank has decided that LHV will no longer finance the purchasing of new diesel passenger cars from 2030 onwards.



Green hire-purchase

Renewable energy sources are undeniably an investment for the future. Using solar panels for generating energy and heating homes and household water with geothermal energy is a smart choice. Instead of driving vehicles that run on fossil fuels, we want our customers to try considering electric monowheels or two-wheeled vehicles. We want to make it easier to make energy-efficient choices.



Green Investment Loan for Companies

The Estonian economy is very carbon-intensive. Therefore, investing in lower energy consumption, production of renewable energy, or daily resource efficiency is very profitable and will increase any company's competitive advantage.



Green Loan for Housing Development

For people to have energy-efficient apartments, someone has to build them. Therefore, we offer investment loans for energy class A housing developers with a lower-than-usual interest rate.



Pension Fund Green (II pillar)

In March 2020, we launched Estonia's first green pension fund. We had been working on it for exactly a year. LHV Pension Fund Green is meant for anyone who cares even a little about green philosophies and believes that capital investment should be profitable in the long-term and environmentally sound and sustainable. The fund always invests 75% to 100% into equity. At least half of the portfolio is invested in investment funds that abide by sustainability principles or have environmental themes.



Pension Fund Green Plus (III pillar)

In December 2020, LHV established the Pension Fund Green Plus, which is the sister fund of the first Estonian second pillar fund that makes green investments. The first green third pillar fund's investment portfolio will consist of socially responsible, sustainable, and environmental assets. The equity risk to be taken with the fund will always remain between 75% and 100%. The green second and third pillar funds are aimed at everyone who cares about the green mindset and believes that investments must be productive in the long term and environmentally friendly and sustainable.

5.2 Social

While banks and financial institutions play an integral part in driving economic growth in a society, they also have the power to impact individual lives and communities' overall wellbeing. Our business is always conducted with integrity, transparency, and ethics in mind, with the utmost emphasis on fair dealing and respect towards our partners, customers, and employees.

By acknowledging our role and societal influence on the local level, we

- Preserve a budget to support the advancement of music or arts, education, sports, and community events;
- May provide support to external movements and partners to promote the cultural and economic development of local communities;
- Stand for the equal opportunities of people and companies active in the economy;
- Build the confidence of our customers toward LHV as a non-discriminatory financial services provider;
- Encourage financial literacy and economic knowledge-sharing;

- Continuously improve our competencies in the field of ESG to further advance the cohesion of society. The prosperity and welfare of our people is the core of our business operation.

We realize that good business results and growth do not happen in isolation of people who create value, are well taken care of, and are engaged in their personal and collective mission, and feel highly valued.

5.2.1 Social responsibility

Along with the growth of LHV, we are also becoming increasingly aware of our growing role in the Estonian economy and society in general. Based on our mission, we support activities that allow Estonian people and businesses to think more boldly about the future and realize their plans. We consider it important to increase the feeling of economic security and make the economic environment more coherent. In society at large, we primarily support ventures that make Estonia bigger and contribute to the capabilities of our communities. In addition to contributing to investor education and recognition of entrepreneurs, we have several longer-term and more recent cooperation projects, helping to achieve said goals.

5.2.2 Financial literacy

Since its establishment, LHV has been part of the Estonian investor community. As a market leader in investment services and as a listed enterprise that values investor relations simultaneously, we actively contribute to educating the investor community. In our relations with more than 10,000 shareholders, we are open, transparent, and inclusive.

- We organize free seminars as part of the Investment School, where over 8,200 people participated in 2021 (the number of participants in 2020 was 7,400). This year, most seminars were held in the form of webinars.
- We also carry out the annual stock market game Börsihai. This year, the number of participants reached 9,387 (the number in 2020 was 6,576).
- For the third year in a row, we organized an advertising campaign on financial literacy, but this time targeted it at mostly Russian-speaking youth in Estonia, with insightful videos on money management on our social media platforms.
- In cooperation with the University of Tartu, we prepared an elective subject 'Functioning of a modern banking company on the example of LHV Pank for which 39 students registered.
- We participated in projects for improving financial literacy organised by the Estonian Banking Association.
- We supported the Investor Toomas - a conference organised by Äripäev and the Investment Festival carried out by the Investment Club, the Women's Investment Club, and the stock training.

5.2.3 Sponsorships

Within its means, LHV supports activities that contribute to the development of Estonian society. In our sponsorship projects, we prefer long-term and substantial cooperation.

Estonian culture and society

- Estonian Music Days - for six years now we have supported the publication of the Au Award for new Estonian music, which was awarded to Rasmus Puur in 2021.
- Enn Soosaare Foundation - the prize for supported ethical essays was awarded to Jüri Saar in 2021.
- Festivals Sõru Saund ja Mägede Hääl - music festivals that bring music to small places
- 53 community initiatives applied for support from the Who's Who? The Järva-Jaani Firefighting Society received the main grant for the renovation of the local rescue team.
- We launched a charity function for LHV bank cards, with the help of which customers can conveniently donate to a charity they like with each use of the card.

By the end of the year, customers raised a total of 64,000 euros for 12 organizations.

Sport & healthy lifestyle

- Estonian Football Association - LHV Pank has been the main sponsor of the Estonian Football Association and the Estonian national team since 2010. In addition, in 2021, we supported football clubs with 90,502 euros through the LHV football card support system.
- Estonian Optimist Class Union - we support the growth of Estonian sailing.
- Rally Estonia - we supported the organization of the stage of the World Rally Championship in Estonia for the second year.
- Simple Session - we were one of the main sponsors of the top extreme sports event for the third year.
- Estonian Biathlon Federation - we signed an agreement to support Estonian biathlon during the Olympic season, when the Estonian MK stage will be held.
- We are organizing the inter-company football tournament LHV Cup, which took place for the fifth time.

Estonian economy and business

- EY Estonian Entrepreneur of the Year competition - we are one of the main sponsors since 2012, in 2021 Priit Kallas was named Entrepreneur of the Year.
- Young Entrepreneur Award - in cooperation with the Estonian Chamber of Commerce and Industry, we awarded the prize to an outstanding and innovative young entrepreneur, who was Martin Vares this year.
- Conferences Business plan, Investment festival, Investor Toomas conference - in cooperation with Äripäev, we supported the organization of Estonia's leading business and investment conferences.

We also support smaller local initiatives with our knowledge, gifts about LHV, advice and the presence of our people. We work with universities. We are a member of the Estonian Information Technology and Telecommunications Association, the Estonian Chamber of Commerce and Industry and the Estonian Employers' Confederation. We consider it important to help Estonian producers and entrepreneurs by consciously consuming their products and services.

5.2.4 Social impact through sales and channels

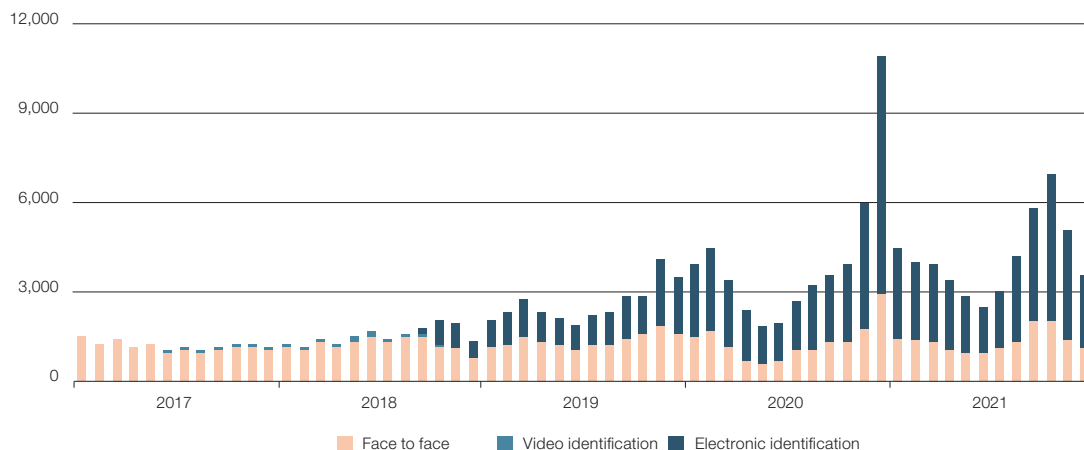
We aim to offer the best and most straightforward use of all our products and services to our customers. The years 2020 and 2021 were remarkable due to COVID-19 and because social distancing made electronic channels play an even more critical role in business and society. This clearly demonstrates that our focus on digital channels is the right way forward in making our services available to everyone.

The best e-channels in Estonia

For LHV, it is continually essential to develop our e-channels so that our internet bank and mobile app will support the availability of all our services. For the past few years, our main target has been the services targeted at private customers, but clearly, we want to offer the same experience to our business customers.

In 2021, we have onboarded about 3,000-5,000 new customers every month. More than half of our new customers open their bank accounts through our e-channel. We have seen this growing trend in previous years, but 2021 has shown that most of our customers can use our services remotely and online.

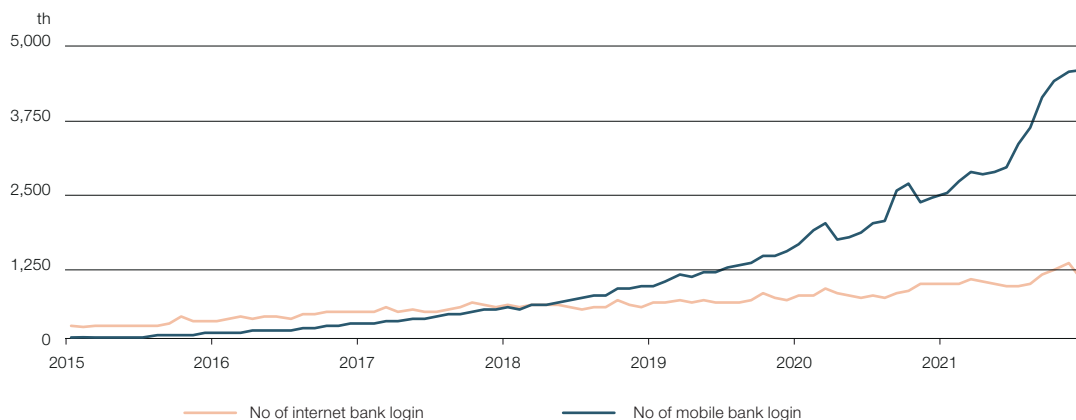
Identification upon onboarding of customers (private customers)



Our mobile bank app is gaining popularity rapidly, but during the upcoming year we are also advancing the look and feel of our internet bank by making it more user friendly. The customers use electronic channels more with every year and we continue putting a lot of effort into making user experience in our electronic channels as seamless as possible.

The increase of new customers login into the internet bank and mobile app was 40% and 82% in the past year. This means that customers use electronic channels even more than before.

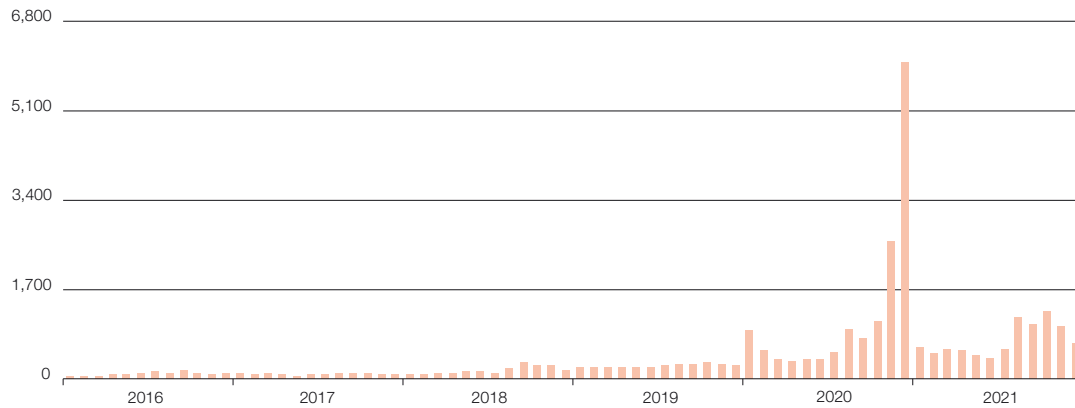
LHV online banking and mobile bank usage activity



Through LHV it is possible to smoothly open a bank account for underage children through our internet bank or mobile app. Only the child's ID card, passport, or residence permit

card issued in Estonia is required for opening the account. We have seen positive trends, meaning that opening bank accounts to children is only gaining popularity.

New Child Accounts



LHV is the first bank in the world to offer virtual ISIC Student card orders via its own mobile app. Virtual card means the students no longer need to have an extra plastic card to prove their student status or get international discounts. All our customers who have bank cards can see their card PIN code in our mobile app. That means we have reduced the number of notifications significantly that we usually send my mail. Our customers can also use ApplePay and Google Pay in their mobile app – so there is no need to carry plastic bank cards with them.

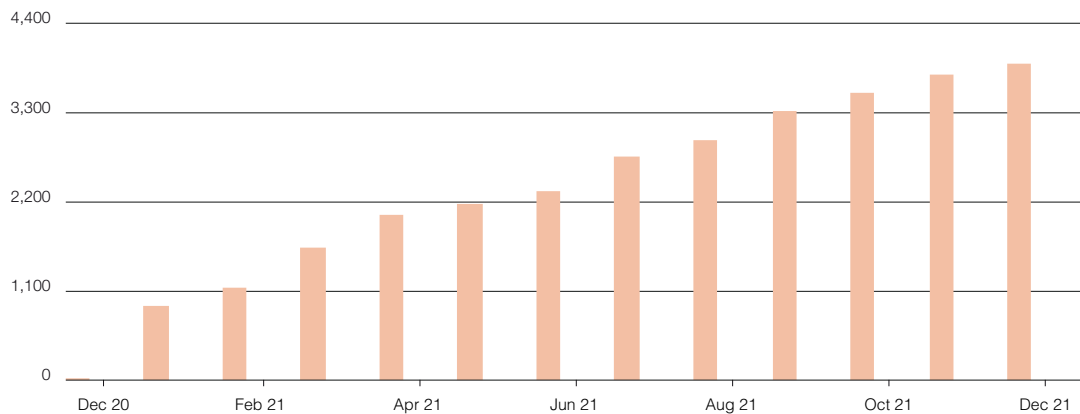
Based on customer segments and the unique needs of those segments. Our goal is to offer all our products and

services online and plan our sales activities by segments even more to support a positive customer experience.

Pension Investment Account

From 2021, it is now possible for our customers to invest their pension money via Pension Investment Account. This means that customers can be in charge of their pension money and invest it directly into the stock market, rather than holding it in pension funds. This leads to our customers accumulating financial wisdom even about pension – a topic that falsely seems too far away for a lot of people.

No of clients using PIA



In 2021 LHV started offering insurance services, meaning that the customers can now insure their homes, cars, trips, and a lot more via LHV. All the applications for the insurance, and insurance claims are submitted through our website, keeping the ecological footprint minimal.

We have made the life easier for our business customers by developing a convenient bank account opening flow in our mobile bank. This leaves our customers more time on their hands to deal with activities that help their business succeed.

Focus on customer experience

A positive customer experience is critical to the sustainable growth of any business. And customer experience is essential for us. A positive customer experience promotes loyalty, helps us retain customers, and encourages brand advocacy. Therefore, we have also considered the needs of visually impaired people when developing our channels.

As in previous years, we also focus on promoting financial literacy. For that, we will develop an Assistant Budget Planner tool in our e-channel for our customers to act even smarter in their financial decisions. For the next year, we are

aiming to build a flow that encourages customers to save money, while learning about the importance of investing.

We are always responsible in planning our sales and marketing campaigns and trying to offer the best possible solution for the customer. We try to listen to our customer opinion and preferences as much as possible. All our activities are based on customer segments and the unique needs of those segments. Our goal is to offer all of our products and services online and plan our sales activities by segments even more to support a positive customer experience.

5.2.5 Our societal impact as an employer

LHV, as a large employer and an important part of the society, has a responsibility for its actions, words, and ways of working. LHV is using leverage to promote high ethical standards and inclusive approach in all customers, investor, and employee relations. We aim to be a responsible organization, but also hope to contribute to systematically change towards more sustainable approach and inclusive society in general.

In our employees we look for the same values and follow the mindset in all our practices processes and daily actions internally. We carry out different surveys, during the employee lifecycle to evaluate how we are doing in the eyes of our employees, and where we could do better, for example during exit interviews, end of probation talks, etc. We have set up a quarterly best practices seminar for team leads, where many team leads share their own experiences and ideas, of how to make the workplace better.

In 2020 we introduced a new employee engagement survey – Gallup's Q12. This is an international format developed to measure employee engagement. The format consists of 12 questions, which all measure factors that are influencing employee happiness. The format has proven results internationally to bring out greater performance and help communication between managers and employees. We have concluded 2 surveys this year, in May and in October. The results were very high, 4.6 out of 5 in May and 4.5 out of 5 in October. In addition to the results, we have seen a better communication within teams about important matters and many teams have had changes towards better working climate thanks to the conversations raised within the Q12 format.

Equality and non-discrimination

LHV is an equality-driven, fair, and inclusive employer, we foster and maintain non-discriminatory business and HR practices. In the leadership and recruitment process, we are guided by the highest of ethical standard, human rights, and equal opportunities. Guided by the "Personnel policy" in all recruitment and promotion decisions, we take a gender-neutral, non-discriminatory approach and base the decisions on equal, measurable qualities, such as experience, education, skills and, if necessary, requirements from applicable regulations.

It is important for LHV to not to discriminate against people with disabilities. In recruitment processes we choose the

best person for the given role, not considering their disabilities. If the person is fit for the job, no other aspects will play a role. Currently, unfortunately the physical office space is not ready for anyone with a physical disability but working remotely is given as an alternative.

LHV has not found it necessary to implement diversity of equality policies but covers guidelines in different internal documents. In 2021, working relations paragraph "Working relationships" was added in the "Rules of organization of Work", which sets Whistleblowing procedure. This year, there has been no notifications of any violations in LHV. There were no labour disputes, discrimination cases, or violations of human rights. In addition, in 2021 the "Code of Ethics" was updated to reflect equal rights and non-discrimination guidelines.

The remuneration policy sets, the guidelines to follow in determining the remuneration, the decision must be objective and unaffected by the person. If required, a compliance to legislations is checked. In 2021, LHV has set a process for calculation of equal pay. We are using analytical job evaluation method, which has been created and developed by Fontes and bases on ILO recommended method. It is used in all three Baltic States for market benchmarking. LHV has used Fontes' benchmarking method 2011, for yearly evaluation. In this method jobs are evaluated based on education and professional experience, work characteristics and accountability. Analytical job evaluation method is universal and is applicable in every organization and with all jobs. Fontes analytical job evaluation points scale and job family classification scale are compatible. This way we are comparing similar value jobs with each other. The analysis showed that in specialist categories, where the job requirements and the work more comparable, the salary ratio from women to men ranged from 0.97 to 0.80, in the very top specialist category. In the manager categories the range was slightly higher, from 0.98 to 0.74, but these roles are often more specific, incomparable with each other. However, as a part of the analysis the problems were taken into consideration and further activities have been set.

Breakdown of the company employees (head counts) by gender as of 31.12.2021 – 60% Female (388), 40% Male (263)

Age group	Women (%)	Men (%)	Total
19-25	63 (64.3%)	35 (35.7%)	98
26-40	233 (57.5%)	172 (42.5%)	405
41-55	87 (61.7%)	54 (38.3%)	141
56-...	5 (71.4%)	2 (28.6%)	7
Total	388 (60%)	263 (40%)	651

	Total employees (vs 2020)	Tallinn office (EST)	Tartu office (EST)	London office (UK)
Total employees	651 (+134)	571	64	16
Working part time women (%)	6.2%			
Working part time men (%)	3.8%			
Working contractual basis (of which % in IT department)	23 (88)			
New hires (of which nr of interns)	229 (27)			
Voluntary turnover rate (%)	8.6%			
Overall turnover rate (%)	13.7%			

Gender pay gap as of June 2021:

	Salary ratio (women to men)	Breakdown of female employees
Employees		
Administrative and office services – job value points 91-159	0.97	82.4%
Specialists 1 – job value points 160-210	0.91	85.0%
Specialists 2 – job value 211-260	0.83	67.7%
Top specialists 1 – job value points 311-370	0.92	61.1%
Top specialists 2 – job value points 371-492	0.8	20.9%
Managers		
First level managers 1 – job value points 184-250	N/A	100.0%
First level managers – job value points 251-310	0.76	71.4%
First level managers – job value points 311-380	0.74	75.0%
Middle level managers 1 – job value points 381-440	0.79	33.3%
Middle level managers 2 – job value points 441-500	0.98	45.5%
Function/area managers 1 – job value points 501-700	0.97	45.8%
Function/area managers 2 – job value points over 701	0.91	20.0%

LHV uses analytical job evaluation method which has been created and developed by Fontes and bases on ILO recommended method. It is used in all three Baltic States. Jobs are evaluated based on education and professional experience, work characteristics and accountability. Analytical job evaluation method is universal and is applicable in every organization and with all jobs. Fontes analytical job evaluation points scale and job family classification scale are compatible.

Inclusive workplace

It is important to us that our employee's ideas, thoughts, and statements are heard and taken into considerations. We believe that great success comes from working together and with a "collective brain". Therefore, it is important that employees feel free to have a say and for their words to reach up to the top management. LHV has included all employees in the process of setting goals for each team. These are done as a team effort.

Even though the conversation and opportunity to give your thoughts is daily, the subject is very much in focus at least

twice a year, during our engagement survey Q12. The 7th question in the survey is – At work, my opinions seem to count. The average of this question was 4.6 out of 5, both in May and In October. As the format also includes one on one conversations for every team member with their manager the subject is discussed, and actions taken to improve, if anything needs to be improved. Furthermore, LHV has set up several informative and inclusive "coffee morning" series – best practices series for all team leads, information series "what is really important?" for all employees.

LHV employees are not covered by collective agreement, as this is not a very common practice in financial sector in Estonia. However, we are a member of the Estonian Employers' Confederation.

Employee development

Professional and personal development is a part of LHV culture, we strive to innovate and be better at providing smarter solutions to our customers. The ideas for the solutions come from our employees, therefore developing one's skills is part of the daily job. The training approach is guided

by individual's needs, motivation, and goals as well as regulative guidelines for professional development. In addition to professional trainings,

we have contributed to team training with a goal to help teams work better together. We have also focused more intensely on leadership development with a set leadership training program. The next step in the program is working with strengths and setting out internal career development plans.

In addition to personal and professional development, we have started with informational mornings in various subjects about sustainability – for example circular economy, transport and mobility, natural resources and the environment, electricity and energy consumption, and conscious consumption.

Our employee engagement survey measures the satisfaction with one's development. There are three questions focused on development. First is asking if there is someone at work who encourages your development, the second asks if anyone has talked to you about your progress and last one asks if you have had opportunities to learn and grow in the past year. All the questions have seen an increase in the average result, with the last question answered with 4 or a 5 by 95% of the respondents in the October 2021 survey.

Work-life balance

As an employer it is very important to us that our employees have a well-balanced life. When a life is unbalanced, it will affect both private life and work life. Therefore, LHV does not promote working overtime and offers flexible working hours. The general culture within company does not promote an unbalanced work life. During the pandemic we have bettered a hybrid-workplace solution, but in doing this have not closed our office, so if anybody feels they can do their work better at the office this has always been a possibility. This year we have conducted a re-assessment with the Ministry of Social Affairs for family-friendly employer program. We were awarded golden level in 2019, which we were able to retain in 2021. This certificate evaluates all areas of work-life balance and shows that LHV cares for their employees in every stage of their life. We have not added any new perks to promote this subject as many of them have been implemented already – for example we offer part-time and flexible working schedule for students, new parents and to anyone, who feels the need for part-time working, we offer an allowance for a new child and when the child starts school. We offer free time for parents to attend their child's start of school or graduation, reduced hours on their child's birthday. We have 3 free personal days to use, 3 free days for weddings or if you need to organize a funeral. We also offer an allowance to use with mental health professionals, if needed. The usage of this has grown each year,

as the employees feel more comfortable using professional help with also private worries.

Promotion of employees' health

LHV has an extensive occupational health package, which is important to keep our employees healthy. We contribute to physical and mental health of its employees. As well as keeping the balance between work and private life, it is important make sure the mental, and physical working environment endorses and supports our employees. LHV provides employees some healthy snacks at the office, promotes physical activity during the working day and offers an allowance for sporting and rehabilitation. This compensation has been used actively: 74% in LHV Pank; 83% in LHV Varahaldus; 71% in LHV Finance, and 57% in LHV Kindlustus. In addition to the mandatory occupational health survey, LHV offers an extensive health survey for employees over the age of 40. The additional survey has been very popular and the usage percentage for the included is over 90%.

A recognized employer

It has never been a goal to be awarded for being a desirable employer, but it is a very nice acknowledgement. LHV has for the past few years gained an increasingly better reputation for being a desirable employer. Our goal has been to offer our employees self-development and culture that inspires. This year we have had many opportunities to share our experiences and our leadership culture in podcasts, at conferences and in schools and universities. All of which has helped in being noticed. We have received acknowledgements in CV-Online's TOP employer, being named the 1st choice in financial sector. CV Keskus named LHV as 2nd most desirable employer. We were also recognized as an attractive employer by students and experienced employees in Instar's survey.

All recognition is an important value for attracting talented people to join the company, especially in these very competitive conditions in the labour market. This year we have had the chance to communicate with almost 5,000 candidates, of whom we have hired 4.4%. In addition to job offerings, we have continued with our internship program and promoted job-shadowing and rotation.

5.3 Governance

LHV is committed to always acting with integrity and in good faith and ensuring that our management policies, business mechanisms, and structures are transparent and reflect accountability, equality, and the highest ethical standard. We are carefully managing all potential conflicts of interest, avoid bribery, money-laundering, unlawful behaviour, and corruption. To encourage the sustainability mindset across all management levels and the organization, we:

- Maintain a flat, non-hierarchical organizational structure to promote the importance of employees taking individual responsibility.
- Continuously enhance the integration of ESG factors into our everyday work, management style, recruitment processes, and strategy building.
- Focus on engagement and cooperation.
- Recognize the integration of ESG factors into our business processes as a change management effort and understand the importance of collaboration to achieve our set goals.
- Work toward better analysing and reporting our ESG activities and progress and appropriately disclosing our metrics and achievements to regulators, partners, and the public.
- In order to ensure a transparent management culture, we follow the Good Corporate Governance Practices recommended by the Financial Supervision Authority and the Nasdaq Tallinn Stock Exchange.
- Report regularly on the UNEP FI Principles of Responsible Banking.
- Have integrated ESG targets into executive compensation program.

5.3.1 Responsible management culture

Responsibility and openness in management are the core pillars of our operating principles and are firmly rooted in our mission and values. We strongly believe that our high ethical standards and consideration of all stakeholders, high-level risk management, and lawful behaviour are critical to our success in the long-term. All managers and employees of LHV must behave ethically and responsibly and following the Code of Ethics is mandatory. LHV's Code of Ethics is the foundation of LHV's various policies, including the Company Governance Policy, internal regulations, and procedures governing the specifics of adherence to the Code of Ethics, which was updated in 2021. In 2020, we also created and published our very first ESG Policy, where our responsibility and commitment to social and environmental issues are clearly stated and explained. Primarily we rely on the lawfulness, best practices, and common-sense principle, doing our job responsibly, transparently, and with a fundamental

goal to "do no harm." The work of the Supervisory Board of the Group is supported by different committees: the Remuneration Committee, the Nominating Committee, the Audit Committee, the Risk and Capital Committees. LHV's underlying governance principles are described in more detail in the "Best Practice of Corporate Governance." The LHV management structure is easy-to-understand and includes clear lines of responsibility. An essential part of responsible governance is meticulous risk management and critically analysing our own activities. The mapping and mitigation of credit risks, liquidity risks, market risks, crime risks, and operational risks are taken very seriously at LHV. We have three lines of defence for risk monitoring and risk control. The internal control framework covers both well-functioning independent risk management, compliance checks, and staff performing audit functions. We have established the necessary committees to advise on risk management. The company gives a comprehensive overview of the risks in the annual "Risk and Capital Report of AS LHV Group."

5.3.2 Investor relations

LHV actively contributes to developing good relations with the investor community, and we have set high standards for ourselves in being open, transparent, and raising the awareness of our investors. We have set up an investor relations website, making all documents and information available to the shareholders following the Corporate Governance Recommendations and statutory requirements. LHV treats all shareholders equally and notifies all relevant essential circumstances, ensuring equal and quick access to the respective information and being open to questions. Information is disclosed in accordance with the rules set forth for publicly traded companies.

5.3.3 Transparency through sustainability reporting

We have taken it a goal to improve our sustainability reporting and non-financial disclosure practices and know-how in the coming years. In 2020, we started improving our know-how on reporting ESG metrics and also contributed to several voluntary non-financial disclosure initiatives like the Nasdaq Environmental and Social Disclosure Form and an Estonian banking-sector specific ESG disclosure project led by a local Estonian NGO Estwatch. We continued this practice in 2021 as well and the year 2021 was our first year of reporting to UNEP FI about our progress with the UNEP FI Principles of Responsible Banking. Starting from 2021, our ESG reporting practices will be aligned with GRI requirements and the Nasdaq ESG Reporting Guide for Nordic & Baltic Market. We will also keep up regular reporting on the UN Principles of Responsible Banking as required by the Initiative. We understand that aligning our reporting practices with international standards also means disclosing more non-financial information than we do right now.

To do that, we will put much more effort into gathering and analysing ESG data, improving ESG communication and internal processes, developing and publishing more sustainability-related materials and reports, and building in-house capacity on globally recognized ESG reporting standards.

5.3.4 ESG governance and metrics

To meet our goals for more sustainable business development, we comprehend the challenges of ESG governance and measuring or impact and setting KPIs to sustainability goals. In order to manage our impacts, we need to be able to measure them. For that, we must invest more time and effort in the future on the governance structures of ESG as well as and build internal capacity to measure our success better. We have today set key indicators to all our impact areas and developed a plan on what data we need to start gathering and measuring in the coming years to understand and meet our targets. We have also developed an ESG roadmap for 2021-2023 that will help us move closer to our goals in a more structured manner. Incorporating ESG in all our business decisions and business lines will need to go hand in hand with comprehensive mechanisms for measuring our impact across the board and reporting on it correctly. This will be one of the key goals for LHV regarding ESG moving forwards. The goal of 2022 and onward would be to set a more specific target setting plan for these metrics and start setting business specific ESG targets which and tangible and aligns with both our ambition as well as the global goals.

Below in the GRI context index, we have also reported on both GRI as well as voluntary ESG indicators.

5.3.5 Taxonomy reporting

Article 8 of the Taxonomy Regulation (the TR or Taxonomy) obligates any undertaking which is subject to an obligation to publish non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU to include in its non-financial statement or consolidated non-financial statement information on how and to what extent the undertaking's activities are associated with economic activities that qualify

as environmentally sustainable under Articles 3 and 9 of the TR.

Publication pursuant to Article 8 explained in Commission Delegated Regulation 2021/2178 (Delegated Regulation). It is important to note here that the Delegated Regulation will enter into force in several stages in 2022-2026.

LHV Bank taxonomy eligibility

As the Bank is treated as a financial undertaking based on the Delegated Regulation, the Bank must disclose the following information in 2022-2023 (Article 10 (3)):

- the proportion in their total assets of exposures to taxonomy non-eligible and taxonomy-eligible economic activities;
- the proportion in their total assets of the exposures referred to in Article 7, paragraphs 1 and 2 of the Delegated Regulation (exposures to central governments, central banks and supranational issuers, and derivative instruments);
- the proportion in their total assets of the exposures referred to in Article 7(3) of the Delegated Regulation (exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU);
- the qualitative information referred to in Annex XI of the Delegated Regulation.

Regarding portfolio management, portfolios are not included in total assets in the meaning of Delegated Regulation Article 10 (3). Therefore, these assets are not subject of disclosure at this stage.

Although, responsible investing activities and the assessment of the ESG factors is a part of the process of analysing the investments made in the process of portfolio management, Bank does not currently rely on the EU criteria for environmentally sustainable economic activities.

In the table below you can find our portfolio compliance to the EU taxonomy environmental goals on climate change mitigation and climate change adaptation:

			Eligible	Non-eligible	% coverage
Art 10	3a	Total assets	889,035	5,955,898	13.0%
		Of which trading portfolio and on demand interbank loans			
		in total assets	-	113,026	1.7%
	3b	Government & Central Bank	-	3,874,284	56.6%
		Total exposure to derivatives	-	-	0.0%
		Total exposure to non-NFRD companies	-	12,380	0.2%

Group level

LHV Group has qualified itself as a non-financial undertaking, which means that pursuant to Article 10 (2) of the Delegated Regulation it must this year only disclose the proportion of taxonomy-eligible and taxonomy non-eligible economic activities in its total turnover, capital and operational expenditure as well as the qualitative information referred to in Section 1.2 of Annex I relevant for this disclosure.

LHV Group subsidiaries LHV Varahaldus and LHV Kindlustus are not separately in scope of Article 19a or Article 29a of Directive 2013/34/EU. Therefore, they will report relevant information required by Article 10 (2) of the Delegated Regulation on group level.

LHV Varahaldus taxonomy eligibility

The share of economic activities of LHV Varahaldus that can be considered as taxonomy eligible is 0%. In order to achieve the above result, the definition of "taxonomy eligible economic activities" in the Delegated Regulation was taken into account. The definition refers to screening criteria that are currently published for only two environmental objectives: climate change mitigation or adaptation. Asset management services are not described in these screening criteria. As the screening criteria for the remaining four environmental objectives have not yet entered into force, it is not yet possible to assess its performance against them.

Whereas, funds and other financial investments have not been taken into account, LHV asset management fee income should be only considered on this disclosure. Nevertheless, the principles of ESG shall be taken into account when investing the assets of LHV Varahaldus funds to the extent and in the manner provided in the Rules "Principles of Responsible Investment".

LHV Kindlustus taxonomy eligibility

	Revenue	Share	Capital Requirements	Share	Expenses	Share
Land vehicle insurance	1,552,051	23.0%	921,840	22.8%	462,130	23.0%
Fire and other property damage insurance	1,283,003	19.0%	1,308,213	32.4%	382,020	19.0%
Total other types of insurance	3,911,677	58.0%	1,810,710	44.8%	1,164,720	58.0%
Total	6,746,731	100.0%	4,040,763	100.0%	2,008,871	100.0%

The turnover is defined as the volume of insurance premiums written on insurance contracts that have entered into force.

Capital requirements are calculated using the Solvency 2 standard formula. The company's expenses (incl. fixed costs and commissions) are divided by turnover.

5.3.6 GRI content index and ESG metrics

The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option. As GRI does not provide enough proper financial-sector specific disclosures for reporting on portfolio impact, various non-GRI disclosures have been used. Such non-GRI disclosures have been categorized by material topics, and listed in the GRI content index below, in order to provide a holistic overview of all main ESG and sustainability indicators covered in the report.

GRI standard	Disclosure number	Disclosure	Location in report and/or explanation See section / sections:
Foundation (GRI 101: 2016)			
General disclosures (GRI 102:2016)			
Organizational profile			
	102-1	Name of the organization	<ul style="list-style-type: none"> • Legal name • Note 1 General information
	102-2	Activities, brands, products, and services	<ul style="list-style-type: none"> • Management report • Note 1 General information • Activities of business areas
	102-3	Location of headquarters	<ul style="list-style-type: none"> • Legal address • Note 1 General information
	102-4	Location of operations	<ul style="list-style-type: none"> • Legal address • Note 1 General information
	102-5	Ownership and legal form	<ul style="list-style-type: none"> • General Meeting (for legal form) • Shares and bonds issued by LHV (for ownership) • Note 1 General information (for legal form) • Note 6 Subsidiaries and goodwill
	102-6	Markets served	<ul style="list-style-type: none"> • Strategy • Note 1 General information
	102-7	Scale of the organization	<ul style="list-style-type: none"> • Strategy • Note 1 General information
	102-8	Information on employees and other workers	<ul style="list-style-type: none"> • Strategy • Note 1 General information
	102-9	Supply chain	<ul style="list-style-type: none"> • Green office operations
	102-10	Significant changes to the organization and its supply chain	<ul style="list-style-type: none"> • Green office operations
	102-11	Precautionary principle or approach	<ul style="list-style-type: none"> • ESG Risks in credit risks
	102-12	External initiatives	<ul style="list-style-type: none"> • Global sustainability frameworks • Leadership for sustainable business development in Estonia
	102-13	Membership of associations	<ul style="list-style-type: none"> • Global sustainability frameworks • Leadership for sustainable business development in Estonia
Strategy			
	102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> • Statement of the managing director • CEO letter on sustainability
Ethics and integrity			
	102-16	Values, principles, standards, and norms of behaviour	<ul style="list-style-type: none"> • Governance of the group
	102-17	Mechanisms for advice and concerns about ethics	<ul style="list-style-type: none"> • Equality and non-discrimination
Governance			
	102-18	Governance structure	<ul style="list-style-type: none"> • Note 1 General information

Stakeholders' engagement

102-40	List of stakeholder groups	<ul style="list-style-type: none"> • Stakeholder engagement • Engagement of stakeholder groups
102-41	Collective bargaining agreements	<ul style="list-style-type: none"> • Inclusive workplace
102-42	Identifying and selecting stakeholders	<ul style="list-style-type: none"> • Stakeholder engagement
102-43	Approach to stakeholder engagement	
102-44	Key topics and concerns raised	

Reporting practice

102-45	Entities included in the consolidated	<ul style="list-style-type: none"> • Note 1 General information financial statements
102-46	Defining report content and topic boundaries	<ul style="list-style-type: none"> • Material ESG and sustainability aspects • GRI
102-47	List of material topics	<ul style="list-style-type: none"> • ESG strategy and materiality
102-49	Changes in reporting	<ul style="list-style-type: none"> • Summary of significant accounting policies/ basis of preparation
102-50	Reporting period	01.2021-12.2021
102-51	Date of most recent report	17.02.2021
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	info@lhv.ee
102-54	Claim of reporting in accordance with the GRI Standards	<ul style="list-style-type: none"> • Global sustainability frameworks – GRI • GRI content index
102-55	GRI content index	<ul style="list-style-type: none"> • GRI content index and ESG metrics
102-56	External assurance	<ul style="list-style-type: none"> • Independent auditors report

Material impact areas

1. Climate and biodiversity

Portfolio impact on climate and biodiversity (non-GRI disclosures)

Management approach 103-1 until 103-3
(GRI 103: 2016)

See sections:

- ESG strategy and materiality
- Contribution to sustainable development
- Stakeholder engagement - Leadership for sustainable business development in Estonia
- Management of ESG
- Management of impact areas - Environmental

Emissions (GRI 305: 2016)

Management approach 103-1 until 103-3
(GRI 103: 2016)

- Our carbon footprint

305-1	Direct (Scope 1) GHG emissions	
305-2	Energy indirect (Scope 2) GHG emissions	
305-3	Other indirect (Scope 3) GHG emissions	Limited to office-based activities only
305-4	GHG emissions intensity	Limited to office-based activities only

Waste (GRI 306:2020)

Management approach 103-1 until 103-3
(GRI 103:2016)

- Our carbon footprint

306-3	Waste generated	
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Waste and effluents (GRI 303: 2018)

Management approach 103-1 until 103-3
(GRI 103: 2016)

- Our carbon footprint

303-5	Water consumption	
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2. Circular economy

Portfolio impact on circular economy (non-GRI disclosures)

Management approach 103-1 until 103-3
(GRI 103: 2016)

- Contribution to sustainable development
- Management of ESG
Management of impact areas - Environmental

3. Inclusive and cohesive economy

Indirect economic impacts (GRI 203: 2016)

Management approach 103-1 until 103-3
(GRI 103: 2016)

- ESG strategy and materiality
- Contribution to sustainable development
- Stakeholder engagement - Leadership for sustainable business development in Estonia
- Management of ESG
Management of impact areas - Social

203-2	Significant indirect economic impacts	<ul style="list-style-type: none"> • Social responsibility • Financial literacy • Sponsorship • Social impact through sales and channels
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4. Financial literacy and economic sense of security

Indirect economic impacts (GRI 203: 2016)

Management approach (GRI 103: 2016)	103-1 until 103-3		<ul style="list-style-type: none"> • ESG strategy and materiality • Contribution to sustainable development • Stakeholder engagement - Leadership for sustainable business development in Estonia • Management of ESG impact areas - Social
	203-2	Significant indirect economic impacts	<ul style="list-style-type: none"> • Social responsibility • Financial literacy • Sponsorship • Social impact through sales and channels

5. Honest and transparent organisational culture

Anti-corruption (GRI 205:206)

Management approach (GRI 103: 2016)	103-1 until 103-3		GRI content index
	205-3	Confirmed incidents of corruption and actions taken	0

Socioeconomic compliance (GRI 419: 2016)

Management approach	103-1 until 103-3		<ul style="list-style-type: none"> • Management of ESG • Management of impact areas – Governance • Management of impact areas – Social • Governance - Responsible management culture • Corporate Governance Report (GRI 103: 2016)
	419-1	Non-compliance with laws and regulations in the social and economic area	None

Diversity and equal opportunities (GRI 405: 2016)

Management approach (GRI 103: 2016)	103-1 until 103-3		<ul style="list-style-type: none"> • Management of ESG • Management of impact areas – Social • Our societal impact as an employer - Equality and non-discrimination
	405-1	Diversity of governance bodies	<ul style="list-style-type: none"> • Equality and non-discrimination and employees • GRI content index and ESG metrics
	405-2	Ratio of basic salary and remuneration	<ul style="list-style-type: none"> • Equality and non-discrimination of women to men • GRI content index and ESG metrics

Stakeholder engagement (non-GRI disclosure)

Management approach (GRI 103:2016)	103-1 until 103-3		<ul style="list-style-type: none"> • ESG strategy and materiality - Stakeholder engagement, • Engagement of stakeholder groups • Stakeholder engagement in ESG and sustainability materiality analysis and strategy process. • Management of ESG
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ESG Key performance indicators

	2021	2020
1. Climate and biodiversity		
Proportion of diesel car leasing in the vehicle leasing portfolio (€)	38.39%	46.18%
Proportion of green car leasing in the vehicle leasing portfolio (€)	2.77%	1.73%
Average CO2 emissions in Group's car leasing portfolio (gCO2/km)	134.86	140.83
Proportion of customers with FSC certification	0.8%	0.8%
Proportion of buildings with energy class A and higher and passive houses in the insurance portfolio	3%	-
Home loan portfolio divided into energy groups (new sales since 07.2021)	C	-
Energy class share in home loan portfolio (since 07.2021)	5.9%	-
"A" energy class share in home loan portfolio (new sales since 07.2021)	12.9%	-
Proportion of home loans for renovation of buildings	4.85%	3.29%
Proportion of private loans for renovation of buildings	8.18%	8.67%
Proportion of microloan for renovation of buildings	3.12%	2.66%
Proportion of SME-loan for renovation of buildings	10.26%	7.68%
Home loan outside of Harju County	32.5%	32.9%
Proportion of green home loans in the total home loan portfolio	2.1%	-
Share of corporate banking loan portfolio to the biomethane industry	0.35%	1.25%
Share of loan portfolio to solar energy industry in corporate banking credit portfolio	2.34%	2%
Share of loan portfolio to wind turbine industry in corporate banking credit portfolio	0.27%	-
Total share of renewable energy production in corporate banking portfolio	2.96%	-
Renewable energy loan share in SME portfolio	4.8%	5.6%
Solar park loan share in SME portfolio	4.8%	5.5%
EMAS certificate share	2.7%	3.4%
Proportion of customers with an environmental impact management certificate (EMAS, ISO)	2.7% (EMAS)	-
Share of corporate banking loan portfolio to Agriculture-related projects	3.9%	5.6%
Share of green home insurance in the total insurance portfolio	2.24%	-
Share of green casco insurance in the total insurance portfolio	2.14%	-
2. Inclusive and cohesive economy		
Use of digital channels among different customer groups	64.48%	60.28%
Share of loans issued to companies established outside Harju County	38.6%	43.8%
Share of retail customer base outside big cities (Tallinn, Tartu, Pärnu)	32.1%	31.3%
Success rate of applications	52.94%	55.13%
Share of retail loans issued outside big cities (Tallinn, Tartu, Pärnu)	21.8%	21.5%
Share of corporate banking loan portfolio to Education and public administration projects	6.2%	10.3%
Share of corporate banking loan portfolio to local governments	5.9%	9.0%
3. Financial literacy and economic sense of security		
Coverage of young people (up to 26 years old) with investment products agreement	45.7%	29.8%
Share of customer base with native language other than Estonian	15.3%	13.9%
Share of use of investment products agreement among clients with native language other than Estonian	22.8%	17.8%
Private clients with an investment services contract	41.1%	30.8%
Private customers with a growth account agreement	14.9%	10.1%
Total number of Investment School attendees	12,000	7,420
Number of customers with 2nd pillar pension	138,443	-
Number of customers with 3rd pillar pension	30,297	-
Number of microloans	1,001	948
4. Honest and transparent organizational culture		
Confirmed incidents of corruption and actions taken	0	0
Customer satisfaction index	95.8%	94.9%
Number of legal proceedings pending against the company as of end of year	1	0
Proportion of female employees in LHV Group	60%	60%
Percentage of female employees in leadership positions	46.1%	44.8%
The ratio of the CEO's salary to median FTE salary at LHV	5.26	5.26
Employee satisfaction indicator	4.5	4.6