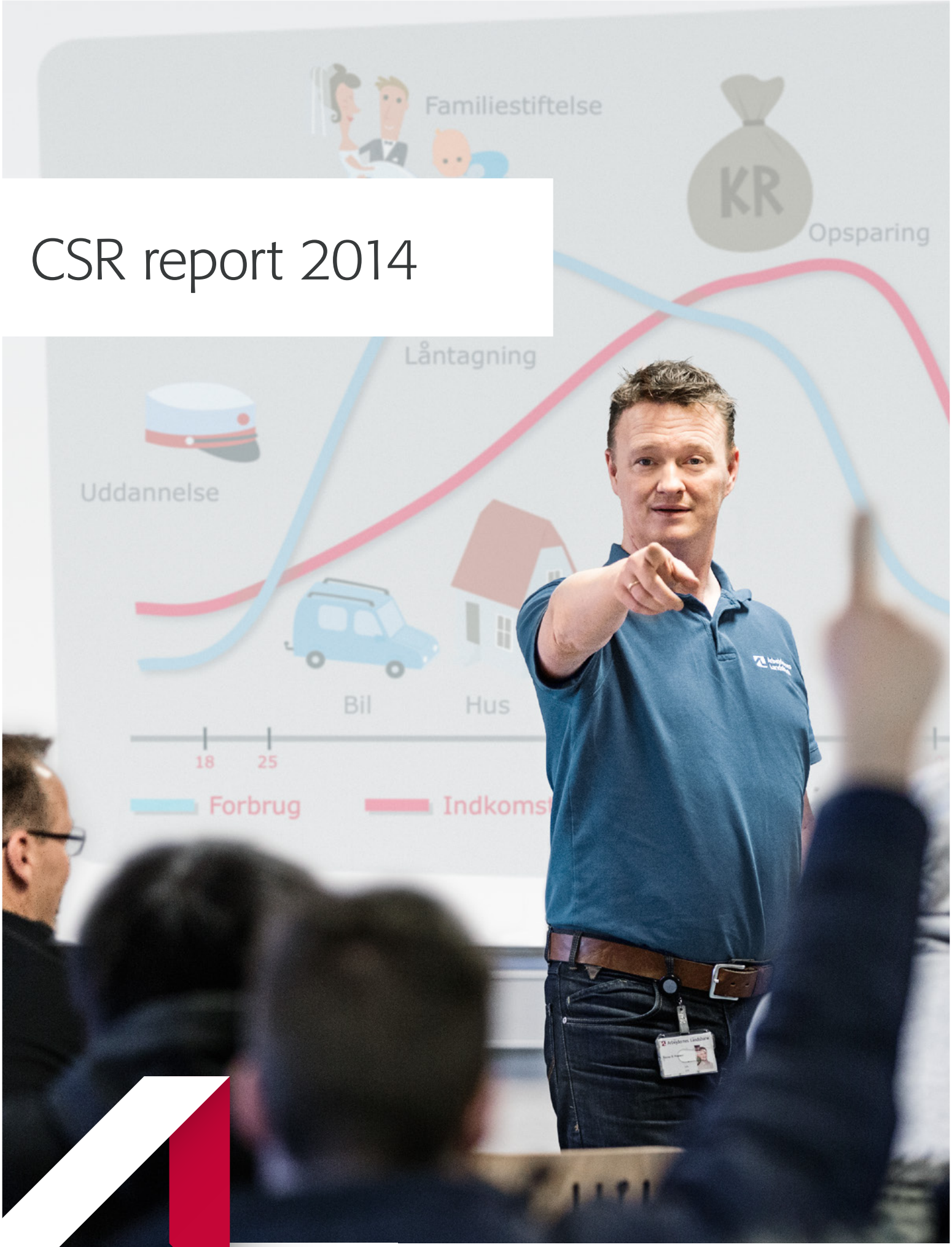
CSR report 2014



Arbejdernes Landsbank

Aktieselskabet Arbejdernes Landsbank | CVR-no. 31 46 70 12 | Copenhagen

CSR report 2014 for Arbejdernes Landsbank

Cover photo: Niclas Bekker Poulsen, Customer Consultant at Arbejdernes Landsbank is teaching personal finances at the vocational training centre in Næstved.

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- built on the concept of social responsibility

Arbejdernes Landsbank has a long history of social responsibility, dating back to the founding of the Bank in 1919. At its establishment, the object of the Bank was to secure independence for the trade-union movement from capitalist banks in a conflict situation; to endeavour to safeguard members of the trade-union movement in a conflict situation; and to offer better and cheaper loans as alternatives to mortgage borrowers.

Today social responsibility continues to be the foundation of our banking philosophy. Our fundamental values and the Bank's approach to customers, employees, cooperation partners and investments are built on respect for people and an objective to leave the most positive impression possible on the world.

In 'Vision 2015', which describes the Bank's vision, mission and strategic objectives, social responsibility is identified as the basis for this mission:

"To create value for Danish families, small and medium-sized enterprises, and the trade-union movement by delivering highly professional and ethical financial services".

To realise our vision, mission and strategic objectives, the Bank has a number of policies and objectives seeking to ensure and promote the well-being and financial security of its employees and customers, as well as our involvement in society.

Four focus areas

We are striving to live up to our social and economic responsibilities in the following four focus areas:

- Customers and products
- Employees
- Society
- Climate and the environment

Customers and products

Arbejdernes Landsbank is a bank for

- private customers
- small and medium-sized enterprises
- trade unions and associations

Over the years, the Bank's business has concentrated on ensuring that activities derive from customer needs.

In our capacity as financial and private-economy consultants, we undertake to provide our customers with the best terms and conditions possible, thereby enabling businesses to expand their activities and ensuring that private customers are able to live life to the full within their financial possibilities.

Our policy is to:

- ensure that our customers understand their financial situation and the products we offer.
- treat all customers professionally, with respect and concern for their individual needs.
- offer all customers personal financial advice.
- provide advice which meets our customers' needs.
- train our consultants so that their competencies live up to the legitimate expectations of a full-service bank.
- offer our customers ethically screened investments.

We also offer our customers the same prices for the same type of business.

Initiatives

Responsible advisory and loans policy

At Arbejdernes Landsbank we concentrate on business activities aimed at ensuring safe frameworks for customers when things are good and when the climate is less favourable. This means that the Bank has held back on business transactions which might risk seriously affecting the finances of private customers, for instance, on account of unfavourable trends on the capital markets.

Transparent prices

Customers must be able to see how much they pay for the services they receive from the Bank. Therefore, the Bank has no hidden fees or charges and we are working to ensure that the price structure is easy to understand, with fair prices. Prices and terms are available at www.al-bank.dk/priser (Only available in Danish).

Dialogue

Entering into close dialogue with our customers is an important prerequisite for ensuring that they are treated professionally and with respect for their individual needs. The Bank attaches great importance to long-term customer relations. The Values Interview, introduced for private customers is to ensure that dialogue and advisory services are based on the customer's values, wishes and needs.

Bonus schemes and emoluments of the Executive Management

No managers or other employees receive a bonus solely on account of individual performance such as personal sales activities. Our bonus schemes are paid out on the basis of performance by the Bank, branch/department and the individual employee, as well as the employee's adherence to our values. Emoluments of the Executive Management, which solely comprise a fixed salary, pension and company car are published in the Bank's annual report.

Customer satisfaction surveys

The Bank regularly participates in various customer satisfaction surveys, analyses and price-comparison surveys carried out by independent suppliers. Results of these surveys are published in the media and on our website in order to create transparency about the Bank.

Ethical investments

Since 2003, the Bank has offered its portfolio customers a screened global share portfolio through the Bank's own investment association "AL Invest Udenlandske Aktier Etisk". The opinions of our customers on ethics

and socially responsible investments are the primary mover for the investments.

If the customer has granted us authority, we attach great importance to socially responsible investment alternatives. This applies if we make investments on our customers' behalf, e.g. through pooled schemes and products requiring power of attorney, but it also applies if we invest the Bank's own portfolio.

We do not wish to invest in shares and bonds issued by enterprises, which deliberately and repeatedly break the rules built on the UN principles and intentions. We also take account of standards set by national authorities in markets where enterprises are active, and ultimately, this also applies to standards set by international organisations supported by Denmark.

We do not currently work with a formalised screening process for single issuers, but if we are informed about possible conflicts, we take initiative to dispose of a given position. We also work to ensure that the Bank's cooperation partners invest responsibly. Therefore, when assessing specific investment assets, a responsible investment process will have a positive weighting in our choice of cooperation partners.

Green loans

As part of our full product package, we offer AL-Energilån (energy loans) at favourable interest rates as well as a number of after-work information meetings providing our customers with inspiration on how to save money on their heating bills. The green loans provide customers, and particularly homeowners, with the opportunity to borrow up to DKK 200,000 for eco-friendly home improvements. The loans may be spent on installing energy-efficient windows, solar panels, geothermal heating pumps and similar.

Results

Monitoring investment associations

Our objective for 2014 was to ensure that the Bank's investment-association providers continue to screen their investment portfolios on the basis of ethical criteria. We have fulfilled this objective; at the end of 2014, we could ascertain that all the investment associations with which we collaborate are screening their investment portfolios on the basis of a number of ethical criteria.

Objectives for customers and products 2015

Monitoring investment associations

Objective: We will ensure that the Bank's providers of investment associations continue to screen their investment portfolios on the basis of ethical criteria.

Responsibility practice[1]: We will meet this objective by continuing to confer with the Bank's providers of investment associations about their policy on ethical screening of their investment portfolios.

Organisational adaptation[2]: This task is to be integrated into the daily work of employees responsible for projects.

Measurement[3]: Measurements are carried out of the Bank's providers of investment associations to determine the extent of ethical screening of their investment portfolio.

[1] Responsibility practice describes the practice which leads to compliance with the objectives.
[2] Organisational adaptation describes how we adapt the organisation to solve the task.
[3] Measurement describes how we measure whether the activity has successfully met the objective.

Employees

As an employer, we consider it our responsibility to create the framework for a healthy, safe and motivational working environment.

Our policy is to:

- provide working conditions which motivate and inspire our employees.
- offer flexible working hours which allow individual employees to create a better balance between their private life and life at work.
- create career and development opportunities for employees at all levels in the Bank.
- ensure a healthy physical and psychological working climate.
- care for employees who suffer from stress or sickness.

Human rights and anti-corruption

In Arbejdernes Landsbank we respect human rights by complying with Danish legislation, collective agreements and labour-market practice which incorporate and specify protection of most of the basic rights. Furthermore, we strongly condemn any type of corruption, and we regularly assess the Bank's policies and procedures in relation to corporate governance recommendations and the Code of Conduct regulations.

Policy on the under-represented gender in management positions

In 2013, the Bank's board of directors adopted a policy on the under-represented gender in order to promote equal opportunities between genders in management positions.

The policy sets the following general objectives:

- to create appropriate distribution between men and women in the Bank's management.
- to follow up on developments in the gender composition of management.
- to provide opportunity to assess and adjust goals and means.
- to ensure progress and results.

Specifically the objective is:

- to increase the percentage of the under-represented gender with a view to meeting the 40/60 ratio of genders laid down in legislation by 2017.
- to ensure that the Bank's employees know that they have equal opportunities to make a career and fill management positions.

The gender distribution in management positions in the Bank has not changed significantly since the policy was adopted on 27 March 2013. At the end of 2014, the distribution was 28/72. Recruitment and promotion take place as laid down by the policy, according to which the best candidate must be hired for the job. If there are two end-candidates with similar professional and personal qualifications, the candidate from the under-represented gender will be chosen.

To increase the share of the under-represented gender, through career interviews and management development courses, the Bank has focused extensively on development of future and current managers.

Policy on absenteeism due to sickness

We have clear guidelines for managers and employees to follow in the event of sickness. For instance, we hold care and sickness interviews and, if possible, we offer a lighter job at the Bank to employees who are no longer able to take on a full-time job.

Policy on stress

Stress may be part of everyday life, but we believe that engaging in an open and honest dialogue on the subject ultimately helps prevent stress. Accordingly, we have drawn up a policy on stress, which describes how we prevent and manage stress.

Initiatives

Health and well-being

We consider our employees to be our most important resource and therefore we have launched a number of initiatives focusing particularly on promoting their general health and well-being:

- All the Group's employees are covered by joint health insurance with LifelinePlus Skandia.
- All employees can have eight annual preventive treatments at Falck Healthcare.
- We offer employees the possibility of improving their physical fitness and social relations through various sports activities in the Bank's own fitness association ALI.
- Funds have been allocated for all branches and departments to hold social events to encourage a sense of community and a good working environment.
- Guidelines have been drawn up on preparing healthy and low-fat food in our canteens.
- To maintain a good social and psychological working environment we measure employee satisfaction and measurements of the extent of absenteeism due to sickness are carried out quarterly.
- The Bank ensures follow-up on the physical working environment by conducting workplace assessments (ArbejdsPladsVurdering) every three years, with subsequent action plans.

Flexitime scheme

We want to give employees as much flexibility as possible, in order to make it easier for employees to harmonise family and working life. Therefore, we have established a flexitime scheme for all employees.

Career and development plans

In order to realise the Bank's objective of being an attractive workplace, we work systematically with competence development. Each year, mandatory personal and professional development plans are prepared for all employees. Annual staff-development interviews are carried out, focusing on future career wishes and development opportunities. Every six months, the staff-development interview is followed up with the development plan and the job target for the individual employee.

Management surveys

Management surveys are made to ensure cohesion between the expectations of the Bank, the managers and the employees. The goal is to ensure visionary managers who know how to create sustainable results and inspire employees in everyday life.

Senior-policy scheme

We offer all employees over the age of 60 years a reduction in working hours if they so wish (80, 70 or 60% depending on age). As part of the senior-policy scheme we have developed a senior-policy portal aimed at providing employees of the Bank over 55 years of age with an overview of the different possibilities offered, for instance, interviews for seniors and days especially arranged for this age group.

Results

Implementation of senior policy

One of our objectives for 2014 was to ensure implementation of the Bank's senior policy adopted in 2013.We have achieved this objective by e.g. incorporating the senior-policy interview in our staff-development process which means that all employees over the age of 55 are invited for an interview about wishes for the future and the best possible conditions for their continued work.

In order to ensure that all employees over the age of 60 consider their future career at the Bank, we have made it compulsory for these employees to have a senior-policy interview with their immediate manager.

When all staff-development interviews have been held, we will take stock of the number of employees in the group of 55-60-year-olds. Our objective is that 50% of employees in this target group accept the offer of an interview.

Furthermore, we have introduced days especially arranged for this age group, to which they are encouraged to invite their spouse/cohabitee. The programme for this day offered presentations about pensions, inheritance and wills, etc. and also provided inspiration for a healthy lifestyle. In the event arranged for this age group, 105 employees out of 286 in the target group participated.

Implementation of the health portal

Another objective for 2014 was to implement our health portal and focus more on health at the Bank. This was realised, among other things, by presenting new efforts for the health portal.

The new efforts include an improvement in the Falck Healthcare scheme such that everyone is now offered rapid help during illness, as well as a guide to navigating the health services. Moreover, expectant mothers have been given a special contingency arrangement such that they can receive quick answers to their questions if they have problems in connection with their pregnancy.

Via annual health and safety visits, the Bank's health and safety consultant has presented the health portal to the employees to tell employees about the offers on the portal.

Objectives for employees 2015

Health check for all employees

Objective: To create increased focus on health and well-being at the Bank.

Responsibility practice: In 2015 we will offer all employees a major health check.

Organisational adaptation: HR and the Bank's health and safety consultant will be responsible for ensuring that all employees are offered a health check.

Measurement: All employees will be offered a health check in 2015 and 80% accepts the offer. Furthermore, at the follow-up to the health check, 5 % are expected to be healthier measured by their decrease in cholesterol, blood pressure and body fat percentage.

Competency development of employees

Objective: To create increased focus on competency development in connection with implementation of the new private customer concept.

Responsibility practice: We will ensure that employees develop their competences so that they can use the new private customer concept.

Organisational adaptation: HR is responsible for training in the private customer concept.

Measurement: All the Bank's customer advisors will participate in a training programme to upgrade their skills and enable them to advise on the new private customer concept.

Society

We at Arbejdernes Landsbank want to support and get involved in good causes locally, nationally and internationally.

Our policy is to:

- support information campaigns through recognised organisations.
- establish sponsorship collaboration with sports clubs and non-profit organisations.
- get involved in the local community and contribute to developing culture and recreational activities.
- support humanitarian work through Danish and international relief organisations.

Initiatives

Humanitarian aid for children

Each year, we contribute to relief work for children. We have chosen to support ASF Dansk Folkehjælp (Danish People's Aid), for whom the Bank's Chief Executive, Gert Jonassen is an ambassador. Since 2012 Arbejdernes Landsbank has supported the association Børn, Unge & Sorg which helps children and young persons who witness their parents or siblings falling seriously ill or dying. In 2014 we also supported danske hospitalsklovne (Danish hospital clowns).

Other humanitarian aid

In addition to humanitarian aid for children, in 2014 we also supported the Danish Cancer Society. Further to this, under the auspices of the Bank, we supported the Movember and Breast Cancer campaigns through activities on our Facebook page as well as by selling support bracelets at local branches.

Arbejdernes Landsbanks Fond

Arbejdernes Landsbanks Fond aims at strengthening Danish society through education and knowledge. The fund was established in 1957 and is operated as an independent institution. Information about dates for applications etc. are provided on the Bank's website www.al-bank.dk/fond (Only available in Danish).

Learning and motivation

In 2009 the Bank set up a collaboration with learning expert Svend Erik Schmidt on children, learning and motivation. In 2010 the collaboration was expanded to include psychologist and coach Nicolai Moltke-Leth, who works to help parents make learning more fun for their children. The project consists of guides for parents, free materials, workshops and lecture evenings, and it aims at promoting more attractive learning for children.

+Camp

Since 2009 we have sponsored the project +Camp which, based on learning styles, various motivation techniques and with scheduled fitness exercises, aims at eliminating social isolation, preventing overweight children and encouraging learning.

Bullying and social responsibility

In 2014, in collaboration with actor and lecturer, Peter Mygind, we held free lectures on bullying and social responsibility. Seven years ago, Peter Mygind's son was brutally assaulted, and this incident inspired Peter's active participation in the fight against bullying and motivated him to share his own experiences by giving lectures.

More work-life-balance for families

In 2014 we entered into collaboration with family coach, Trine Kolding, who provides advice to busy families with children and helps them to spend their time most optimally. The collaboration includes free presentations on work-life balance, and on our Facebook page, Trine Kolding has also held live-chats with a number of families with children, advising them on anything from food planning to good family life.

Voluntary debt counselling

The Danish Ministry of Social Affairs, Children and Integration has allocated pooled funds to help a number of relief organisations set up debt counselling in major Danish towns. The aim is to help people with debt problems recover control of their financial situation.

The counselling service is manned by volunteers working in the Danish banking sector. Arbejdernes Landsbank is supporting the initiative by reimbursing part of the hours spent by our employees on working as voluntary debt advisors.

Give Hope

In 2012 Arbejdernes Landsbank started working with the association Børn, Unge & Sorg, which helps children and young people who witness their parents or siblings falling seriously ill or dying. During 2014 the Bank supported the campaign "Give Hope with Humour". Moreover, once again the Bank was the main sponsor for the "Give Hope" cycling team, which in the summer holiday cycled around Denmark collecting funds for the association.

9. A at Rugvængets Skole (elementary school)

In 2012 the Bank adopted what was then called 7.A at Rugvængets Skole (elementary school) in Ballerup and we have followed the class until the ninth grade. The purpose of the adoption was to prepare children for the financial aspects of life after school and help them enter into a better future. In the next and final half-year, we will continue teaching the children about economics and budgeting, tutor them about personal competences, discuss topics such as motivation and bullying and give them a perspective of everyday life in the business community by e.g. inviting them into the Bank.

Trainee scheme

The Bank wants to take social responsibility for providing young people with a financial education at the Bank. Therefore we employ an average of ten new financial students and financial economists every year.

Results

Bullying and social responsibility

Our objective for 2014 was to hold eleven lectures with Peter Mygind for more than 2,000 persons. We held ten lectures with an overall attendance of 1,600 persons.

Desirable learning

To disseminate the message on how parents can make learning fun for their children, while also strengthening the child's social and personal skills, in 2014 we held two lectures with Nicolai Moltke-Leth. Around 300 people participated in the lectures.

Digital Etiquette

Our 2014 objective to offer teaching at schools in at least two towns in Denmark for 100 children and 200 adults was partly realised, as in 2014, teaching reached a school in Elsinore with teaching of three school classes and 50 adults. The objective was not 100 % realised, among other things due to last-minute cancellation by one of the schools.

More work-life-balance for families

To help families with children establish a better work-life balance, our objective for 2014 was to hold three lecture evenings with Trine Kolding attended by 500 persons. We held three lectures with a total attendance of 200 persons.

Understanding private finances

Our objective to help our customers and others; old as well as young persons, to gain a better understanding of their private finances was realised in the course of the year through a number of lectures for young and old persons at educational institutions and at events in the branches.

Trainee scheme

For 2014 we set an objective on employing ten new financial students and two financial economists. As at 15 August 2014 we have employed nine students and two financial trainees.

Objectives for society 2015

Bullying and social responsibility

Objective: To disseminate the message that if we strengthen community and personal self-esteem, the risk of bullying occurring will become very small.

Responsibility practice: This objective is realised by the Bank holding a number of lecture evenings with the Danish lecturer, actor and entertainer Peter Mygind. We expect eight lecture evenings with a total attendance of about 1,600 persons.

Organisational adaptation: A person responsible for marketing as well as a local person responsible for sales have been appointed in connection with each lecture.

Measurement: Reports will be made to the Marketing Department on how many people have attended the individual lectures.

Do you know who you are?

*Objective:*To disseminate the message on how parents, spouses and colleagues can make the most of their own potential and that of others.

Responsibility practice: The objective will be realised by the Bank holding a number of lectures with coach and lecturer Arne Nielsson. We expect to hold three lecture evenings with a total attendance of about 200 persons.

Organisational adaptation: A person responsible for marketing as well as a local person responsible for sales have been appointed in connection with each lecture.

Measurement: Reports will be made to the Marketing Department on how many people have attended the individual lectures.

Understanding private finances

Objective: To help our customers and others – young persons as well as the elderly – gain a better understanding of their private financial situation.

Responsibility practice: As in 2014 we will again this year host a number of courses and lectures on private finances for our customers of all age groups.

Organisational adaptation: A person from Marketing Department has been appointed to manage this task.

Measurement: Our success will be measured on the basis of demand for our materials and our lectures and courses, as well as any subsequent feedback from participants.

Trainee scheme

Objective: To employ six new financial students and five financial trainees by 15 August 2015.

Responsibility practice: Recruitment of trainees through a targeted campaign on Facebook and other online media.

Organisational adaptation: A person from the Bank's HR Department and the Bank's Marketing Department will be appointed as responsible for the project.

Measurement: Objective to be met by 15 August 2015.

Climate and the environment

The Bank believes it has a responsibility to avoid unnecessary negative impacts on the environment.

Our policy is to:

- only use suppliers, IT products, processes and infrastructure which can contribute to reducing energy consumption and impacts on the environment.
- reassess regularly our procedures in order to find possibilities to minimise our resource consumption.
- avoid taking part in financing activities which we deem to have an unnecessarily negative effect on the environment.

Initiatives

Reduction of paper consumption

At Arbejdernes Landsbank we strive to develop electronic solutions that can help reduce paper consumption. The Bank has, for instance, developed a digital "signature room", in which it is possible for customers to sign certain card and credit agreements. In day-to-day operations, all paper waste is collected and sent for recycle.

Energy-efficient building projects

We develop building projects using energy-labelled products which impact the environment as little as possible. In connection with new construction and total renovation of branches we take extensive environmental consideration and will continue this approach in future by e.g. using low-consumption technologies and high-insulation materials. For instance, a requirement will be imposed on the use of energy-saving light bulbs, LED lighting, low-energy windows and heat management.

Environmental requirements for fixtures and equipment as well as products

We demand that our suppliers account for their CSR policy and the origin of their materials. One requirement is to ensure that the materials, products as well as fixtures and equipment purchased by the Bank are produced and transported so as to impact the environment as little as possible.

Electronic mail to customers

We no longer send physical mail to our customers as a standard. Instead all communication is sent via e-mail to customers through e-Boks and AL-NetBank. We expect this initiative to reduce annual environmental impacts to an extent corresponding to production and consumption of about 4-5 million pieces of paper. This will also reduce consumption of printer toner and printer components.

Results

Digital signature room

In 2014 the Bank expected to save about 500,000 sheets of paper by enabling customers to sign documents digitally. This expectation was not satisfied as the savings achieved came to about half of this amount, around 210,000 sheets. Among other things, this is due to slower developments in digital solutions in the sector than initially anticipated.

Environmentally friendly building projects

Our objective to exclusively use low-consumption technologies and high-insulating materials in new construction was realised during 2014 in various renovations of the Bank's properties. In all cases energy-saving and environmentally friendly solutions were applied such as low-energy windows, insulated facades and installation of LED lighting instead of halogen lighting. Furthermore, solar panels have been installed at the Bank's new branch on Gammel Kongevej; expected to produce about 10,000 kWh. At a building project in one of the Bank's properties in Tåstrup, electric heating was replaced by district heating, achieving a major reduction in energy consumption of 400,000 kWh annually, corresponding to carbon savings of about 150 tonnes.

Objectives for climate and the environment 2015

Digital signature room

Objective: To continue the development of digital signature rooms so that more documents can be signed digitally. Better use of the system means saving 500,000 pieces of paper in 2015.

Responsibility practice: The Bank's employees will to a greater extent be required to use the digital signature room in day-to-day customer interaction.

Organisational adaptation: The IT department will make extra efforts to increase use of digital agreements.

Measurement: Measurement will be on the number of our customers who use the possibility, and, as a result of this, how much paper is saved.

New printers in the branches

Objective: To replace the oldest laser-based printers in the branches with new ink printers to obtain annual savings of about 15,000 kWh, reduction in waste (toner cartridges) as well as fewer service calls and spare parts.

Responsibility practice: The objective will be realised by replacing printers in 2015.

Organisational adaptation: An employee in the IT department will have overall responsibility for making the replacements.

Measurement: At the end of the year, savings will be measured in kWh as well as in the reduction of waste.

Facade renovation of Panoptikon building

Objective: Insulation of facades and insertion of new energy-efficient windows in the Panoptikon building where the Bank has its headquarters. In addition to improving the indoor climate, we expect the facade renovation to entail annual carbon savings of 19-21 tonnes, depending on the final solution.

Responsibility practice: Budget planning for the renovation has taken into account utilisation of eco-labelled products and high-insulation materials.

Organisational adaptation: In close collaboration with external building consultants, the Bank's property department will be responsible for the renovation.

Measurement: After completion of the project, the savings will be measured on consumption of district heating (translated into kWh) as well as improvements in the indoor climate in connection with the workplace assessment survey.

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