

Responsibility & Sustainability

Report 2022

 Arbejdernes Landsbank



This report contains

A/S Arbejdernes Landsbank Group's

- Report on corporate social responsibility in accordance with section 135b of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms.
- Reporting in accordance with Article 8 of the EU Taxonomy Regulation.
- Reporting in accordance with section 99a of the Danish Financial Statements Act with regard to AL Finans A/S.
- Reporting on the UN Principles for Responsible Banking.
- Reporting on the UN Global Compact.

All statutory information in accordance with section 135b of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms and Article 8 of the EU Taxonomy Regulation is available in this report. In addition to the statutory information, the Group publishes a fact book with ESG data on <https://www.al-bank.dk/en/in-english/about-the-bank/financial-statements-etc>.



Signatory of
PRINCIPLES FOR
RESPONSIBLE
BANKING



COMMUNICATION
ON PROGRESS
This is our **Communication on Progress**
in implementing the Ten Principles of the
United Nations Global Compact and
supporting broader UN goals.
We welcome feedback on its contents.

Contents

Facts and overview 4

A sustainable ambition 5

Working together towards a safe and sustainable future	5
Turbulence for the Danish economy	7
Strategy for sustainability	8

Sustainable development 9

Business models building on sound values	9
More regulation within sustainable finance	11
Progress on implementing the UN Principles	12
Sustainability closer to business	14
Contributions to achieving the UN Sustainable Development Goals	15

Sustainable finance 18

Climate-neutral economy calls for concerted action	18
Loans and credits	19
Investments on behalf of customers and own portfolio	28

Climate and environment 36

Approach to climate	37
Financed CO ₂ e emissions	39
Action plan for reducing CO ₂ e footprint	42
Internal operations	44

Social conditions 50

Customers	51
Employees	57
Society	66

Governance and management 73

ESG metrics 80

Selected key figures	81
Key figures for Taxonomy eligible activities	84
Reporting principles	88

The UN Principles for Responsible Banking 94

Facts & overview

Arbejdernes Landsbank, AL Finans and Vestjysk Bank

FINANCING AND INVESTMENTS

DKK 2.5 bn.

Loans for electric cars and plug-in hybrid cars (AL Finans)



DKK 44.5 mill.

Loans for energy renovation of homes (climate loans and energy loans from Arbejdernes Landsbank)

DKK 4.3 bn.

Ecolabelled investments (Arbejdernes Landsbank and Vestjysk Bank)



DKK 694 mill.

Investments in green bonds (Arbejdernes Landsbank)

CLIMATE & ENVIRONMENT

583,762 tonnes of CO₂e



Total Group CO₂e emissions (Scopes 1, 2 and 3)

5.12 tonnes of CO₂e/DKK mill.



CO₂e footprint per financed DKK mill.



48.3% of CO₂e

Share of total CO₂e emissions of lending

47.6% of CO₂e

Share of total CO₂e emissions of investments



4.1% of CO₂e

Share of total CO₂e emissions of internal operations

SOCIAL CONDITIONS

Employee satisfaction

Measured by job satisfaction/loyalty (0-100 index points)

77/83 Arbejdernes Landsbank

77/- Vestjysk Bank

80/85 AL Finans

77/84 The financial sector



Customer satisfaction

Rank in annual Voxmeter survey of Danish bank customers



1ST PLACE

Arbejdernes Landsbank

11TH PLACE

Vestjysk Bank

GOVERNANCE

Gender diversity on the Board of Directors of Arbejdernes Landsbank



46% women



54% men



92.5%

Attendance at meetings in the Sustainability Committee of Arbejdernes Landsbank

SUSTAINABILITY

A sustainable ambition

Working together towards a safe and sustainable future

In 2022, in the wake of the coronavirus crisis came war in Europe, resulting in major human consequences, an energy crisis and price increases. As a responsible group and SIFI, we have focused on supporting our customers in adjusting to the shifts in the economy, while maintaining our ambition to contribute to sustainable development for society and for our customers.

COVID-19 had barely released its hold on the economy, before Denmark faced new major challenges with the Russian invasion of Ukraine, rapidly increasing prices for most products, soaring interest rates and declining housing prices. In many ways, 2022 was an extraordinarily turbulent year for the Danish economy and our customers.

Ordinary families have had to spend significantly more just to maintain the same standard of living as a consequence of the enormous price increases. Even though we are in no position to totally eliminate the uncertainty surrounding the increasing prices and interest rates, in 2022 we prepared our financial advisors for a new era and approach to our customers, so that we could support our customers through the financial crisis by offering them advice and simple solutions.

The green transition can lead the way through the energy crisis

The escalation in energy prices has been – and continues to be – an acute economic challenge for Danish society and our customers, and it must be dealt with promptly. But we must not forget the long-term perspective. The EU has high ambitions and is making considerable demands on the financial sector and our role in the green transition. Because even though there is a need for a larger and more independent economy, a less CO₂e intensive economy is imperative.

Sustainable development of society will continue to be important for the Group, and we are working specifically on contributing to this agenda across business areas, units and subsidiaries. Our considerable financing and investment activities come with great responsibility, and implementation of the EU Taxonomy Regulation, for example, will allow us to allocate more financing to specific activities that contribute to positive change.

Reporting on the Group's total CO₂e emissions

The financial sector has become a key player in the green transition over just a few years. This is a unique position. And a position that brings with it great responsibility. Over the past couple of years, we have taken a number of strategic steps towards becoming a more sustainable Bank and Group. Arbejdernes Landsbank has signed the UN Principles for Responsible Banking, the UN Principles for Responsible Investment and the UN Global Compact, and we have committed ourselves to implementing these principles in the Group's business strategies as well as initiatives and efforts with a view to supporting the Paris Agreement and the Danish Climate Act and the ambition of a 70% reduction of CO₂e emissions by 2030.

Last year, we prepared joint climate accounts of directly and indirectly financed CO₂e emissions from Arbejdernes Landsbank

and AL Finans A/S, and in 2022, we included activities and operations in Vestjysk Bank as well. Once again the climate accounts confirm that by far the majority of the Group's total CO₂e emissions are linked to our lending and investment activities. This means that we can make the absolute greatest difference for the green transition and the reduction of greenhouse gas emissions together with our customers and business partners.

Increasing need to finance the green transition

The transition to a green economy and the government's ambitious climate targets require substantial financing. As a consequence of the current energy crisis and the situation of European and the Danish economy, focus on energy consumption in particular has increased, and we believe there will be an increasing need for simple financing solutions to improve energy efficiency in homes and properties, more renewable energy production, quicker transition to less climate-impacting transport etc. both during and after the energy crisis and a possible recession. With our portfolio of attractive financing solutions and dialogue at eye level with our customers, we want to continue supporting the green transition, and we have an ambition to make an even greater difference with the implementation of our sustainability strategy and more green initiatives across business areas and units.

Loans for electric and plug-in hybrid cars at a record high

The Group wants to help our customers to realise their wish to adopt more sustainable behaviour. One of the areas where we have experienced a huge demand for this is with our subsidiary AL Finans, which offers attractive loans to finance electric cars and plug-in hybrid cars. Lending here broke yet another record this year, now totalling DKK 2.5 bn. in the subsidiary. This corresponds to a 55% increase and has exceeded our objectives for the year. The share of rechargeable cars now constitutes 40% of total car loans and leasing with AL Finans.

This is a strong development in a product area that enables us to make a difference for our customers and for society.

Dialogue on sustainability with customers and businesses

Meetings between the customer and financial advisor have real potential to accelerate the green transition, and therefore we include sustainability as an important and integral part of our contact and dialogue with customers. In our Valified service, we turn an otherwise complex conversation on sustainability into a specific and value-based dialogue with relevant business customers, with help to start their green transition and ESG reporting. Similarly, we have updated our investment advice and processes, so that our financial advisors now ask about customers' sustainability preferences and match their wishes with our portfolio of investment products in the best possible way.

Focus on sustainability training

Every year, our financial advisors are in contact with thousands of individuals and businesses, and skills development is crucial to ensure that our employees and advisors can contribute to meeting the Group's targets and support sustainable development. As a group and financial institution, we therefore wish to enhance knowledge and awareness of sustainability and ESG among our employees.

In 2022, we took skills development of employees in sustainability and ESG up a notch by rolling out a number of training programmes in Arbejdernes Landsbank. This has contributed to establishing basic knowledge about sustainability among many of our employees as well as more specialised knowledge of sustainability in the business and investment area among selected employees, so that we are better equipped internally to talk with businesses about their work on the green transition and ESG reporting, as well as customers' wishes to invest with focus on sustainability.

Turbulence for the Danish economy

In 2022, the Danish economy experienced massive turbulence, with the war in Ukraine, the energy crisis and great economic uncertainty.

The uncertainty regarding Russian gas supplies meant that, in the middle of the year, the EU encouraged the Member States to reduce their energy consumption. In Denmark, this meant that public institutions and many private businesses and households turned down the heat. This also applied for the Group, and in the winter period between 2022 and 2023, we decided to turn down the heating to show community spirit in the current energy crisis. The uncertainty has also accelerated the green transition even more, for example there is greater focus on energy savings and diversification in our energy supply e.g. through more renewable energy sources. Moreover, sales of electric cars in Denmark were at a record high in 2022, accounting for more than 20% of total car sales compared with 13% last year.

The year has seen dramatic price increases that have eaten into the Danes' household budgets at the fastest rate in 40 years. The high inflation means that an average Danish family with young children will need to spend DKK 3,500 more every month. In an attempt to curb the high price increases, the world's central banks, including Danmarks Nationalbank, have raised interest rates. The interest rate increases have made it more expensive for Danes to borrow money, and the housing market has declined throughout the year with falling sales numbers and housing prices. As a responsible banking group, we consider it our role to be ready to support customers in these dire economic times.

Therefore, a particular focus has been to prepare our financial advisors to engage in the difficult conversation with customers facing financial challenges and who need advice to adapt their budgets and plans for the future. In the current gloomy outlook for the economy, it is also important to highlight the positive

aspects. The challenges occur at a time when the Danish economy is at an all-time high, a record high number of people are employed and we have the lowest unemployment rate since 2008. Moreover, Danes' personal finances are generally well-cushioned, with large savings and a solid buffer for difficult times.



Strategy for sustainability

Sustainability is moving higher up the agenda for the Group every year in line with implementation of new and extensive regulation of the financial sector as well as strategic and business initiatives across business areas and units. Our overall approach to sustainability is to continue to increase financing and investment in activities and businesses that contribute to sustainable development and the transition to a green economy and also reduce negative secondary impacts, including the financed CO₂e emissions.

Throughout 2022, we focused on integrating the most recent member of the Group, Vestjysk Bank, into the sustainability strategy. Moreover, the policy on corporate social responsibility and sustainability has now been approved as Group policy. A joint strategy and policy will ensure that our initiatives relating to sustainability build on common principles throughout the Group, while allowing for specific business initiatives, local solutions and common sense in practice.

We believe that we can make a difference by focusing our efforts wherever we can be of most benefit as a group, i.e. primarily through our lending and investments. Reports for 2022 include ESG metrics for the Group as a whole and in the individual companies to clarify our business activities and their impacts on the climate and the environment (E), social conditions (S) and governance (G) – positive as well as negative. Besides this, we have launched specific initiatives within credit, investment on behalf of customers, own portfolio and internal operations, all of which aim to push the Group, our customers, society and the outside world in an even more sustainable direction.

Strategy for sustainability

UN Sustainable Development Goals

Sustainable finance	Sustainable asset management	Sustainable own portfolio	Sustainable internal operations
Objective	Objective	Objective	Objective
Supporting and inspiring our customers to adjust to a green economy and to make more sustainable choices.	Integrating sustainability as a key element in investment policies underlying the Bank's discretionary mandates.	Integrating sustainability in our investment strategy for the part of the deposits surplus in which conversion of investments is possible.	Integrating sustainability in the physical environment, the everyday green choices, the surrounding environment and the mental space.

UN principles

Reporting

Governance

SUSTAINABILITY

Sustainable development

Business models **building on sound values**

The Arbejdernes Landsbank Group comprises two banks: Aktieselskabet Arbejdernes Landsbank (Arbejdernes Landsbank) and Vestjysk Bank A/S (Vestjysk Bank). In addition, AL Finans A/S (AL Finans) and Ejendomsselskabet Sluseholmen A/S (Sluseholmen) are part of the Group.

The two banks in the Group are operated as two independent banks, each with its own focus and brand and each with its own business model. Common for the two banks is that they build on sound values. This is also reflected in this report, in which some sections are about the overall Group, while others are specifically about Arbejdernes Landsbank, Vestjysk Bank and AL Finans.

A/S Arbejdernes Landsbank

Arbejdernes Landsbank aims to run a value-based and profitable bank, in which everyone is welcome. Our business builds on sound values such as Integrity, Community, Openness and Corporate Responsibility – for our customers, our employees and in all the various initiatives we launch.

Advisory services take outset in the needs, values and dreams of the customer. Our approach is to look at the full financial situation of the customer, and responsible advice always comes before a sale. Our financial advisors make an extra effort to ensure in particular that no customer leaves a meeting without having understood what we have advised and what the point of our advice was.

When developing new products and services, we actively address risks in a number of important areas – including operational, credit, liquidity, reputational and sustainability risks. We are aware that the ability to offer customers responsible and sustainable products and services will be the most important competitive elements in the future, and sustainability therefore has a positive weighting in the product approval process.

Vestjysk Bank A/S

The strategic focus of Vestjysk Bank is to be Denmark's strongest local bank, offering advisory services to private and business customers, locally as well as regionally. Based on the bank's values – Presence, Simplicity and Action – the bank aims to be an attractive partner for both private and business customers.

Vestjysk Bank recognises the importance of a more sustainable transition of society and that the bank has a shared responsibility for this transition. This responsibility includes the bank's own actions and the consequences of the financing made available

by the bank to the bank's customers and the advisory services provided by the bank for customers' investment decisions.

AL Finans A/S

AL Finans A/S is a finance company offering financing solutions to private individuals and businesses. AL Finans A/S aims to establish strong customer relations through close dialogue and collaboration. Activities are based on a strong set of values

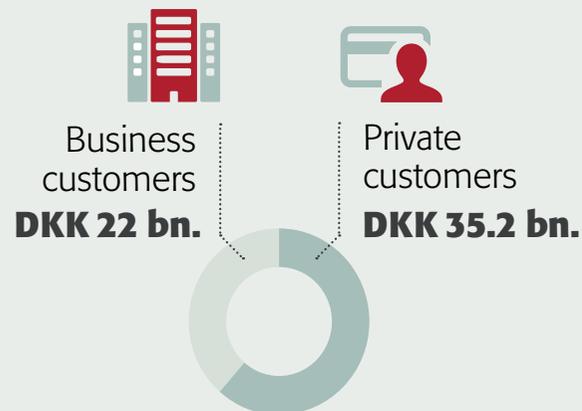
consisting of the core values: Responsible, Value-creating and Innovative.

Ejendomsselskabet Sluseholmen A/S

Ejendomsselskabet Sluseholmen A/S is the property company that owns the site on which the Group will build a new headquarters for Arbejdernes Landsbank and AL Finans. The buildings will be constructed using the DGNB sustainability framework to ensure that they are built responsibly.

FACTS ABOUT THE GROUP

Total loans



Number of customers



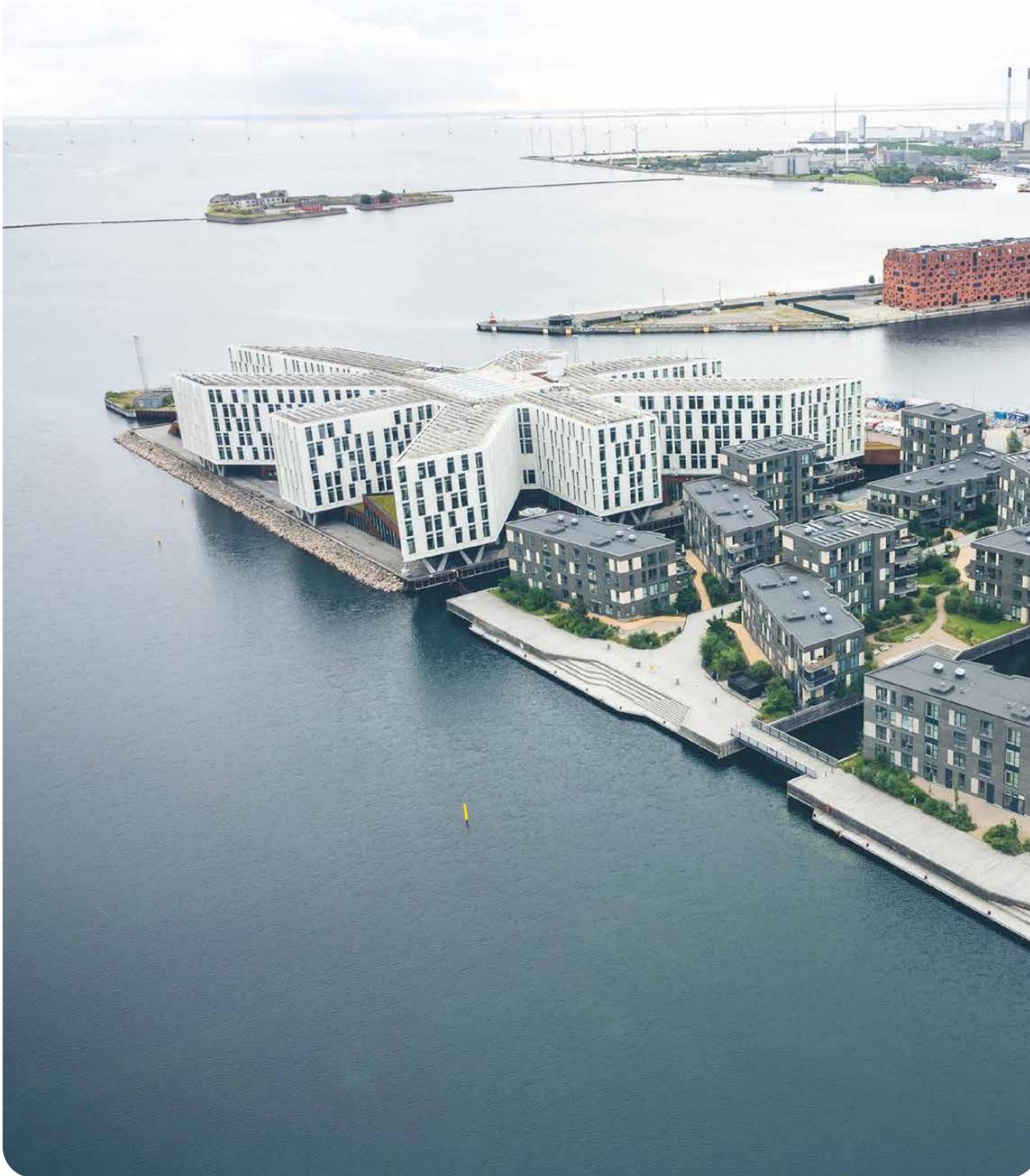


More regulation within sustainable finance

The EU's high ambitions for a climate-neutral economy by 2050 will require vast CO₂e reductions already from 2030 and will deeply impact the financial sector, which plays a vital role in meeting these goals. This is one of the reasons that the EU has launched a number of new regulation initiatives – including the EU Taxonomy Regulation and the EU Corporate Sustainability Reporting Directive – which will impose requirements on both financial and non-financial undertakings to report their business activities, the risks they entail and the secondary effects of these on the climate, the environment and social conditions. The aim of all this is to create incentives for both financial and non-financial undertakings to increase investment in activities that can contribute to the transition to a green economy.

In the years to come, initiatives relating to sustainability will thus be a basic condition. In simple terms, companies in Europe and Denmark are responsible for identifying and implementing the measures needed to ensure the transition to a green economy and that they, including us as a financial undertaking, support companies in their green transition.

As a group, we believe that sustainability goes hand in hand with continued commercial growth. We will therefore continue to focus on managing and integrating sustainability risks in our business, while making a positive contribution to the sustainable development of society through our business activities and other initiatives.



Progress on implementing the UN Principles

Our voluntary accession to the UN Principles for Responsible Banking, the UN Principles for Responsible Investment and the UN Global Compact means that we have obligated the Group to report our footprint on society and the UN Sustainable Development Goals as well as to set goals that contribute to increasing the positive impacts and reducing the negative impacts.

In June 2022, we received the first UN evaluation report based on our efforts to implement the UN Principles for Responsible Banking, which we joined in 2021. Among other things, the report emphasised that the sustainability strategy is firmly integrated in Arbejdernes Landsbank's Executive Management and in strategic work on the climate agenda across business areas and units.

The evaluation also recommended that the Group increase the scope of the impact analysis to include business activities at Arbejdernes Landsbank, AL Finans as well as Vestjysk Bank. Based on the overall economic activities of the Group, the report for 2022 includes our second impact analysis, identifying and quantifying the Group's most significant impacts in relation to fulfilling the UN Sustainable Development Goals.

As last year, we used the *UN Portfolio Impact Identification Tool* to analyse lending activities and the *Investment Portfolio Impact Analysis Tool* to analyse investment activities. The analysis is a preliminary initiative to better understand the impacts of our business activities on the UN Sustainable Development Goals. The impact analysis provides a holistic and measurable basis for the huge business challenge lying ahead: namely to integrate and prioritise consideration for the climate, the environment and social conditions as part of our commercial priorities, products, business procedures and processes.

Climate still one of the most significant impact areas

By using the analysis tools, we have identified several different positive and negative impact areas. Housing loans, agriculture, car loans and leasing constitute a considerable share of the Group's lending, and in terms of investments, there is a significant exposure towards Danish mortgage-credit bonds to finance homes in Denmark. Buildings, agriculture and transport account for a large part of Danish CO₂e emissions. The overall assessment is thus that the impacts of our lending and investment on the climate (E) remains a significant area for priority.

In 2022, we calculated our total CO₂e emissions based on lending and investment activities across the Group, i.e. including Vestjysk Bank. Furthermore, we have launched initiatives which can contribute to reducing the CO₂e emissions that the Group helps finance.

Financial health and inclusion is another significant impact area

In 2022, we identified "Financial health and inclusion" within the social area (S) as the Group's other impact area. The "S" in ESG is not a new focus area for the Group. For more than 100 years, one of our fundamental values has been that business should not only be about making money, but also about respecting people and operating on a responsible foundation. In 2022,

we concentrated on examining the area in the context of the Group's strategies and business models. Moreover, we started to map relevant existing activities and the data available.

Specifically, the Group has launched a range of activities to address the challenges faced by our private and business customers in a time of inflation, energy crisis and increasing interest rates. Initially, we have prepared our financial advisors for a new era and approach to our customers. Building on this, Arbejdernes Landsbank has launched a page dedicated to the subject at al-bank.dk, and Vestjysk Bank has held webinars for customers, all with the aim to support our customers in the best possible way and to provide advice on personal finances in a time of crisis. The financial security of our customers will continue to be a business focus in 2023.

Read more about the impact analysis in the Sustainability Fact Book.



FACTS

Financial health and inclusion

Financial health (or security) means a state in which an individual or enterprise can smoothly manage their current financial obligations and have confidence in their financial future. Financial health forms the basis for quality of life and a society in which individuals and enterprises can afford their day-to-day costs without concern and can absorb unexpected financial shocks and be prepared for the future.

Financial inclusion means democratising financial services and "leaving no one behind". This means that all individuals, associations and businesses should be able to have access to bank products and services via different and financially reasonable channels.

Source: UN Principles for Responsible Banking Financial Inclusion and Financial Health Target Setting

Sustainability closer to business

One of the key parts of the sustainability strategy is to integrate sustainability and ESG into policies and decisions in order to get even more sustainability into the core of our business, our processes and economic activities.

Our sustainability strategy covers four business areas in which we have identified the greatest potential to support even more sustainable development in society. In 2022, we implemented the following specific initiatives in each of the areas:

Strategic initiatives in 2022



Financing

Small and medium-sized business customers in Vestjysk Bank have now also been offered access to the Valified tool that can help support businesses in their initiatives relating to sustainability and make it easier for them to report ESG, prepare CO₂e accounts and draw up a responsibility and sustainability report.



Investments on behalf of customers

In 2022, we updated our investment advice across the Group, so that we now take account of our customers' sustainability preferences and match their needs and wishes for ESG in the best possible way with our investment solution portfolio.



Own portfolio

DKK 694 mill. of the own portfolio in Arbejdernes Landsbank was invested in green bonds in 2022. This corresponds to approx. DKK 300 mill. more than last year. Vestjysk Bank became part of the market risk policy and will also have greater focus on green bonds in the future.



Internal operations

In 2022, business advisors and investment advisors at Arbejdernes Landsbank "went back to school" and upgraded their knowledge and competences within ESG and sustainability, so that they are now better equipped to support our customers in their green transition.

Contributions to achieving The UN Sustainable Development Goals

As a financial undertaking, an important part of our responsibility is to contribute to achieving the 17 UN Sustainable Development Goals (SDGs), and our work on corporate social responsibility and sustainability supports nine of the SDGs in particular.

Selection of the individual goals is based on an assessment of where, as a financial undertaking, we have the greatest impact on the world around us, and where we can make the most significant contributions through our business activities.



Quality education

We want to improve Danes' financial understanding and make knowledge and tools available to help people get a better overview of their personal finances and make important decisions. We do this e.g. by helping children and young people to build sound financial habits through partnership with Young Money, and we offer homeowner customers legal advice and help to get safely through their home purchase through partnership with TestaViva.



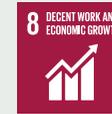
Gender equality

We want to be a diverse workplace, reflecting the general demographic composition at all management levels. We do this by internally increasing focus on diversity and inclusion, developing our policies on the area and setting specific objectives for gender distribution.



Affordable and clean energy

We want to reduce our own energy consumption, including electricity and heating consumption – and cover our consumption from renewable energy sources as much as possible. We do this by monitoring consumption in our branches to identify where we can make consumption more efficient, and we will build Arbejdernes Landsbank's new headquarters in accordance with the DGNB sustainability framework.



Decent work and economic growth

We arrange financial services that make it possible for private individuals, companies and associations to access financing solutions. Furthermore, we work actively to create a workplace with high job satisfaction and good working conditions for our employees. We do this by developing and training our employees, complying with a number of specific policies and measuring commitment and well-being.



Sustainable cities and communities

We want to contribute to the common good and show community spirit. We do this by providing advisory services and financial products to private customers, business customers and associations. Moreover, we are involved in local communities via a number of sponsorship agreements with football clubs, and we donate money to projects within culture and education via our non-profit foundations, for example.



Responsible consumption and production

We want to minimise resource consumption in internal operations, make environmentally responsible purchases, recycle and think green when we renovate and build new facilities. We do this by including these parameters in our procurement policies, and we also monitor and report on the degree of green procurement regarding our canteens and stationary.



Climate action

We measure and publish the Group's climate accounts every year, and we contribute to supporting our business customers' green transition and make it easier for private customers to make green choices. Specifically we do this through attractive financing solutions, value services and advisory services. We also have minimum sustainability requirements for partners and suppliers.



Peace, justice and strong institutions

To prevent the Group from being abused for money laundering or terrorism, we stay close to our customers, and we systematically monitor transactions and report any suspicious behaviour to the authorities. The Group's tax policy, and policies and processes for a sound corporate culture help to ensure this, and our employees are regularly trained in the prevention of money laundering.



Partnerships for the goals

We believe that joining forces is key to making sustainable change at the Group and in society. We are therefore part of several strategic networks and partnerships with sector organisations, banks and external partners to coordinate efforts together. For example, we signed the UN Principles for Responsible Banking, the UN Principles for Responsible Investment and the UN Global Compact.



Link between the UN Sustainable Development Goals and our activities

Sustainable finance



The Group's initiatives

- **Loans and credits**
(read more on page 19)
- **Investments**
(read more on page 28)

Climate and environment



The Group's initiatives

- **Approach to climate**
(read more on page 37)
- **Financed CO₂e emissions**
(read more on page 39)
- **Action plan for reducing CO₂e footprint**
(read more on page 42)
- **Internal operations**
(read more on page 44)

Social conditions



The Group's initiatives

- **Customers**
(read more on page 51)
- **Employees**
(read more on page 57)
- **Society**
(read more on page 66)

Governance and management



The Group's initiatives

- **Strategy for diversity and inclusion**
(read more on page 59)
- **Group tax policy**
(read more on page 75)
- **Anti-money laundering**
(read more on page 75)
- **Focus on a sound corporate culture**
(read more on page 75)

SUSTAINABILITY

Sustainable finance



A climate-neutral economy calls for **concerted action**

“The climate crisis is the biggest challenge of our generation.” This is what Denmark’s new coalition government (consisting of the Social Democrats, the Liberals and the Moderates) writes in their government platform published in December 2022. The government platform states that the government will advance the national target of climate neutrality to 2045 instead of 2050, and they will assess whether the target for 2030 should be adjusted upwards. Achievement of Denmark’s ambitious climate targets calls for action in terms of significant investments in energy renovation of properties, more energy-efficient production methods and more electric cars on the roads. All this requires financing and advisory services for customers, and as a responsible Group we want to help with this. Furthermore, we have products that can help make it easier for customers to make greener choices.

Restricting CO₂e emissions and climate neutrality is an important element, but sustainable finance is also about reducing inequality in society, including marginalised groups, ensuring good working conditions and respecting human rights. These subjects are particularly important in the green transition, as they support financial stability in society. Although Danes are generally well-cushioned financially, price and interest rate increases mean that certain customers will end up facing financial challenges. As a responsible group, we therefore have special focus on helping these customers through qualified advisory services and supporting processes and products.

Loans and credits

The Group lends money to private individuals, small and medium-sized enterprises, agriculture as well as trade unions and social housing organisations. We want to support these and offer financing that can contribute to the green transition.

Loans and credits granted on the basis of thorough and professional credit assessment. Our policy is to support financially reasonable activities that are assessed to have a positive effect on the environment. Furthermore, we consider it our responsibility to support economic stability and health in society by advising our customers both in good times and bad times.

The year 2022 has been a challenging year for some of our customers whose financial situation has changed as a result of inflation, interest rate increases, high energy prices etc. We expect that this economic uncertainty will continue into 2023, and we are therefore preparing our employees to support our customers in the best possible way.



Overview of initiatives and objectives for the credit area

	Company	Initiatives in 2022	Objectives for 2023
 Housing	Arbejdernes Landsbank	<ul style="list-style-type: none"> Housing loan products aimed at climate and energy improvements. Energy calculator, subsidies and other benefits via Totalkredit. 	<ul style="list-style-type: none"> Particular focus on supporting financially challenged customers.
	Vestjysk Bank	<ul style="list-style-type: none"> Energy calculator, subsidies and other benefits via Totalkredit. 	<ul style="list-style-type: none"> Particular focus on supporting financially challenged customers.
 Car	AL Finans	<ul style="list-style-type: none"> Car loans for electric cars and plug-in hybrid cars. 	<ul style="list-style-type: none"> Even greater volume on car loans for electric cars and plug-in hybrid cars. New solutions will make it easier to choose an electric car.
 Business customers	Arbejdernes Landsbank	<ul style="list-style-type: none"> ESG assessment of business customers when granting loans. Tool for CO₂e calculations and ESG reports. 	<ul style="list-style-type: none"> Particular focus on supporting financially challenged businesses. Developing ESG support tools for dialogue with business customers. Advisory services on green bonds.
	Vestjysk Bank	<ul style="list-style-type: none"> ESG assessment of business customers when granting loans. Tool for CO₂e calculations and ESG reports. Financing of renewable energy. Supporting sustainability in agriculture. 	<ul style="list-style-type: none"> Increased focus on financing renewable energy. Developing ESG support tools for dialogue with businesses. Increasing focus on ESG reports for agricultural customers.

Housing

Approx. 40% of total Danish energy consumption arises from buildings. Energy renovation of the Danish building stock is therefore an important part of the green transition so that less energy is used for heating. The energy crisis in 2022, with soaring electricity and district heating prices, has increased incentives for energy renovation and to replace heating sources e.g. to district heating or other more ecofriendly energy sources.

We help our customers to obtain greener energy sources

Through our partnership with Totalkredit, the Group offers a number of benefits and financing solutions to customers who want to optimise energy consumption in their home. These include an online calculation of the specific energy improvements an individual homeowner can implement to achieve energy savings, and a visit by an independent energy consultant who can perform a thorough energy check of the home and draw up a digital energy and maintenance plan. Moreover, customers can receive a cash subsidy of up to DKK 10,000 to replace their gas-fired or oil-fired boiler with a heat pump in areas where district heating is not possible. In collaboration with Totalkredit, Vestjysk Bank has offered loans for energy renovation with a subsidy to replace oil-fired and gas-fired boilers, to give customers an opportunity to improve energy efficiency in their homes.

In order to make it more financially affordable to make home energy improvements, Arbejdernes Landsbank offers a special climate and energy loan as well. The climate loan means that customers can borrow up to DKK 50,000 without having to pay costs and at favourable interest terms. If energy renovation of a residential property costs more than DKK 50,000, we offer AL-Energilån (energy loan).

Some of the strongest home financing solutions on the market

We aim to offer attractive home financing solutions to homeowners and holiday homeowners, and all customers with a Totalkredit mortgage-credit loan in Arbejdernes Landsbank and Vestjysk Bank are offered the following benefits:

Recommended loan: In May 2022, Totalkredit's loan for holiday homes received the "Recommended" stamp from the Danish Consumer Council.

KundeKroner: Discount on charges every quarter in the form of *KundeKroner* (money for customers). In 2022, the Group's customers received a total discount of approx. DKK 139.2 mill.

In addition to *KundeKroner*, Arbejdernes Landsbank pays a *BoligBonus* to customers with a Totalkredit mortgage-credit loan in the Bank.

BoligBonus: In 2022, Arbejdernes Landsbank paid a total of approx. DKK 25.6 mill. in BoligBonus to thousands of homeowner customers.

FACTS

Climate loans
in Arbejdernes
Landsbank



DKK 34 mill.



Energy loans in
Arbejdernes Landsbank

DKK 9.4 mill.

Total BoligBonus
paid to customers
with Totalkredit
mortgage-credit loans in
Arbejdernes Landsbank



DKK 25.6 mill.



KundeKroner,
total discounts
to customers
with Totalkredit
mortgage-credit
loans in the Group

DKK 139.2 mill.

 |

Housing

Objectives for 2023

Help to financially challenged individuals and businesses

In 2023, we want to place particular emphasis on helping those of our customers who are financially challenged due to increasing energy prices and inflation. For some customers, it will be necessary to gain an overview of their financial situation, draw up a budget and convert loans. Others will benefit from switching to a cheaper form of heating that could also have less impact on the climate. We will ensure that our advisors are well prepared for the dialogue, and that our internal processes are geared towards coping with the new circumstances.

We support the fyr-dit-fyr (fire your boiler) partnership

The Danish government and Finance Denmark has entered into a partnership to help as many homeowners as possible to replace their oil and gas boilers. This means that homeowners can get low-interest loans, and they do not have to pay an installation fee and a registration fee when taking a loan to replace oil or gas boilers with a green source of heating. At Arbejdernes Landsbank, we support this initiative by offering attractive mortgage-credit loans and bank financing for this purpose.



Cars

Loans for electric cars and plug-in hybrid cars exceeded the objectives for the year

In 2022, total car sales amounted to approx. 148,300 sold passenger cars, which is the lowest number of cars sold since 2009. In contrast, sales of electric cars was a major bright spot in car sales. Almost 31,000 new electric cars were sold, corresponding to more than 20% of total car sales. For comparison, electric cars accounted for 13% of total car sales in 2021.

This positive trend in the share of electric cars sold was also reflected in the number of car loans for electric cars and plug-in hybrid cars granted by AL Finans, which finances cars for customers of both Arbejdernes Landsbank and AL Finans. In 2022, 9,041 new car loans for electric cars and plug-in hybrid cars were issued, bringing the total volume to DKK 2.5 bn. as at 31 December 2022. This is far beyond our objective for the year of DKK 2.2 bn., corresponding to an increase of 55% compared to 2021. The total share of loans for electric cars and plug-in hybrid cars in the car loan portfolio at AL Finans is now 40%.

Objectives for 2023

An even greater share of loans for electric cars and plug-in hybrid cars

In order to encourage even more Danish car owners to opt for chargeable cars, we want to continue to increase the share of this type of car financing. Specifically, our objective is to increase the share of loans for electric cars and plug-in hybrid cars by 4 percentage points, so that it accounts for 44% of the total value of loans at the end of 2023. With this specific loan for electric cars and plug-in hybrid cars, we will make it cheaper and more attractive for Danes to choose a less polluting car, as prices and terms and conditions for this type of loan are currently better and cheaper than for a regular car loan.

New solutions will make it easier to choose an electric car

Through AL Finans, we want to make it even more simple to opt for an electric car or a plug-in hybrid car. Therefore, we give serious consideration to the barriers potential customers may face when replacing their petrol car with an electric car. Our objective is to launch one or more new products in 2023 that will make it easier to opt for a car that has less impact on the climate and the environment.

FACTS



Loans for electric cars and plug-in hybrid cars total

DKK 2.5 mill.

Share of the total value of car loans and leasing for electric cars and plug-in hybrid cars arranged in AL Finans

40% 



Business customers

ESG assessment of business customers when granting loans

Both of the Group's partners on mortgage-credit loans for business customers, Totalkredit and DLR Kredit, have introduced requirements for assessment of the customer's ESG profile before granting loans. In this connection, Arbejdernes Landsbank held a number of implementation meetings for business advisors, at which they reviewed ESG forms, dialogue guides and guidelines.

Tool for CO₂e calculations and ESG reports

To help our customers get started with sustainability initiatives and help them position themselves better for the future, the Group has entered into a collaboration with Valified. Valified is a digital platform that enables businesses to gain an overview and register their ESG efforts simply and easily. Businesses can also make CO₂e calculations and draw up ESG reports for their stakeholders.

If a business needs help to implement its sustainability strategy, Valified can help with consultants. Use of Valified by our customers enables the Group to discuss ESG more specifically with our customers, and we can thereby support them with relevant advice and financing.

Financing of renewable energy

One of the most important industries for Vestjysk Bank is agriculture. This is also an industry where the green transition is most in focus and where there is a great commercial potential. Over many years, Vestjysk Bank has built up an in-depth knowledge of renewable energy, and the bank has a special department that only deals with financing renewable energy. This department offers specialist advice and sparring in connection with financing wind turbines, solar farms and biogas plants, and it has financed several projects that contribute to the transition to a green economy.

Supporting sustainability in agriculture

In addition to investing in renewable energy, Vestjysk Bank aims to support its agricultural customers in adjusting to the sustainable development of society. In 2022, the Bank helped customers to prepare for the green transition and the options associated with this. In collaboration with SEGES, which is a private and independent research and development organisation within the agriculture and food sector, our advisors within agriculture have been trained to use SEGES' ESGreen Tool; a tool to calculate the climate footprint of farms and thereby support agricultural customers' future climate initiative choices.

FACTS

Customers in the Group who have used Valified to prepare an ESG baseline



123 businesses

Share of advisors in business centres in Arbejdernes Landsbank who have completed training in sustainable dialogue with customers

100%



Financing of renewable energy

Special department for renewable energy in Vestjysk Bank

Over many years, Vestjysk Bank has built up an in-depth knowledge of renewable energy, and the bank has a special department that only deals with financing of e.g. wind turbines, solar farms and biogas plants, and it has financed several projects that contribute to the transition to a green economy.



Confidence throughout the process

There was a mutual trust from the very first meeting with the bank, and this gave us confidence throughout the process. The bank was able to see the possibilities of building a biogas plant and trusted that we could carry through the project. Together we made it happen.

Preben Lauridsen, Chairman of the Board of Directors of Outrup Biogas



The bank is extremely flexible

It's very obvious that our advisor in Vestjysk Bank has insight in the company's business areas. It's a great advantage for our collaboration that he understands our activities and the projects we're building within renewable energy. The bank is extremely flexible and open to our needs, so together we find a customised financing solution specifically for us.

*Henrik Balle, Senior Manager
– Finance Department, European Energy*



Competitive and very positive

In the initial phase of the project, we examined different financing options for the turbines, and Vestjysk Bank was both competitive and very positive in their approach to the project. We could also feel that the bank really appreciated having us as a customer. So all in all, it's been great working with the bank.

Carl Georg Lyngs, Chairman of Torp Vind I/S



Business customers

Objectives for 2023

Increased focus on financing of renewable energy

In recent years, Danish society has invested billions in renewable energy such as photovoltaic solar modules, wind turbines and biogas, and as a bank to many agricultural customers, Vestjysk Bank wants to find its niche in a market of large investors. The bank has already had positive experiences in this area and has financed several projects, e.g. biogas plants. As there is still a great potential to finance more biogas plants, more wind turbines and more photovoltaic solar modules, the aim is to expand the current renewable energy department, so that the bank can increase its renewable energy activity.

Advisory services on green bonds

Both Totalkredit and DLR Kredit offer green bond series as an alternative to traditional mortgage-credit bonds. A green bond can – depending on the provider – be earmarked to finance buildings and properties with a valid energy rating label A or B, energy improvements, more sustainable energy sources, as well as specific agricultural investments and sustainability certified farming.

As a debtor, the business can use the loan as a stamp of approval that its property or investment lives up to the specific criteria. A loan financed by green bonds can also be cheaper than a conventional bond loan, as more and more investors who buy the underlying bonds are showing a particular interest in green bonds. In 2023, Arbejdernes Landsbank will increase awareness of the green bonds among the Bank's business advisors, so that these bonds can be included in the range of financing options when advising business customers.

Developing ESG support tools for dialogue with business customers

The green transition has potential to really accelerate in the dialogue with businesses, and therefore the Group places priority on including sustainability and ESG as an integral part of the contact and dialogue with relevant business customers. To this end, in 2023 the Group will further develop the business advisors' ESG support tools, including develop relevant meeting and preparation material to increase focus on strategic sparring with customers regarding sustainable business development.

More focus on ESG reports in agriculture

In 2023, Vestjysk Bank will increase focus on sustainability and the green transition among agricultural customers. The increased requirements for the agricultural sector will also increase responsibility for the bank. Therefore, we will ask more about agricultural customers' ESG reports and initiatives when we onboard new customers and grant new loans to existing customers.



Risks and policies for the credit area



Risks for the business

The Group's private credit commitments are often secured by mortgages on real property. Among other things, the value of the mortgage depends on the energy consumption of the home as well as its resilience to climate impacts such as flooding.

The Group's risks on credit commitments for business customers are influenced by the adaptability of the businesses in terms of additional requirements for ESG and demands in the area of sustainability. This applies to the business model, products and suppliers.



Risks of negative impacts on the environment and society

The Group's financing for private customers has a negative impact on the environment and on society when energy consumption by customers' cars and homes emit greenhouse gases. Financing for business customers can also have negative impacts through emissions of greenhouse

gases from commercial property and company cars, for example. Business customers also face requirements to comply with social conditions and corporate governance where there is a risk that business customers will not live up to labour rights and transparency in their financial statements, for example. The Group aims at a more sustainable profile of the customer portfolio.



Policies

The Group actively seeks to promote transition to a green economy where the consequences for the Group's role primarily include financing for our customers. We help customers to reduce their greenhouse gas emissions, support greener solutions, and focus on social responsibility. In practice, we do this by discussing with our customers about the risks and possibilities within sustainability. Climate change can cause physical risks, where the customers' properties are exposed to weather and transition risks, and business customers have to incorporate sustainability into their entire value chain. We offer our customers and financing and services to support their sustainable development.

For the Group's large customers, ESG-related aspects are involved in the credit assessment, and in the assessment of the business customer's business model and its ability to adapt to new legislation, environmental change and other sustainability aspects.

- Credit policy for Arbejdernes Landsbank
- Credit policy for AL Finans
- Credit policy for Vestjysk Bank

Investments

on behalf of customers and own portfolio

The Group manages and invests a total of more than DKK 67 bn. on behalf of our owners and customers as well as the Group's own portfolio. This considerable amount gives us a special responsibility for ensuring that it is invested responsibly.

In the Group, we are convinced that sustainability is inextricably linked to the goal of creating good long-term investment results. We therefore want to implement investment processes in which sustainability is a key element in our investment policies and agreements with business partners. A strategic focus for us and our partners is also to invest in businesses that operate responsibly, manage their ESG risks and want to contribute to the sustainable development and transition to a green economy.

In 2021, Arbejdernes Landsbank acceded to the UN Principles for Responsible Investment to strengthen the Bank's approach to, and work with, responsible investment. In addition to this, all the investment associations we cooperate with have signed the principles and have committed themselves to complying with the principles. In practice, this means that we and our partners integrate ESG in our investment policies and incorporate ESG factors in investment processes and decisions.

The EU's high ambitions for the transition to a green economy also come with extensive regulation, which has had an even greater impact on the approach and reporting by the sector and the Group in the investment area. Among other things, as a bank and as an investor, we must report even more on which sustainability criteria are met by our investment products, and how we seek to ensure that investments do not harm the environment and society. The aim of all this is to make it easier for investors and our customers to invest sustainably.



Overview of initiatives and objectives for the investment area



Investments on behalf of customers

Company	Initiatives in 2022	Objectives for 2023
Arbejdernes Landsbank	<ul style="list-style-type: none"> ■ Integration of sustainability in identifying customers' investment preferences. ■ Collaboration with Lokal Puljeinvest on pensions savings and savings for children, in which four out of five pooled funds live up to Article 8 of the EU Disclosure Regulation. ■ Ecolabelled investment association for institutional clients. 	<ul style="list-style-type: none"> ■ Customers with Investeringskonto FRI, AL-FormueInvest and AL-Letininvest have had their sustainability preferences identified. Including information on sustainability in reporting to customers. ■ The Bank's pooled fund products must live up to Article 8 of the EU Disclosure Regulation and be classified as Article 8 products. ■ Changing AL Letinvest and AL-Formueinvest to Article 8 products pursuant to the EU Disclosure Regulation. ■ Including information on sustainability in reporting to customers. ■ Implementing stricter requirements for ecolabelled investment associations.
Vestjysk Bank	<ul style="list-style-type: none"> ■ Integration of sustainability in identifying customers' investment preferences. ■ All primary products live up to Article 8 of the EU Disclosure Regulation. 	<ul style="list-style-type: none"> ■ Identifying existing customers' sustainability preferences. ■ Including information on sustainability in reporting to customers.
Arbejdernes Landsbank	<ul style="list-style-type: none"> ■ Increased portfolio of green bonds DKK 300 mill. ■ Investment in a venture fund focusing on the climate and CO₂e reductions. 	<ul style="list-style-type: none"> ■ Own portfolio focusing on sustainability.
Vestjysk Bank	<ul style="list-style-type: none"> ■ Vestjysk Bank covered by the policy on own portfolio. 	<ul style="list-style-type: none"> ■ Development of investment processes and reporting in line with the Principles for Responsible Banking.



Own portfolio



Investments on behalf of customers

Sustainability in investment advice

In 2022, the Group integrated sustainability when identifying customers' investment preferences. This means that, going forward, sustainability preferences will be included in the dialogue together with questions about risk tolerance and time frame for the investment. Before the summer holidays, the Group began to update our investment guide to ensure that sustainability is included as a parameter when we advise our customers on investment. In this connection, sustainability has also become part of the ongoing assessment of suitability when investment advisors contact our customers to ensure that they still have an investment solution that suits their wants and needs.

Products that live up to Article 8 of the EU Disclosure Regulation

In 2022, Vestjysk Bank reviewed and updated its investment products, so that all primary products used in the bank's investment advice meet to the requirements for sustainability pursuant to Article 8 of the EU Disclosure Regulation.

In 2022, Arbejdernes Landsbank outsourced management of the Bank's retirement and children's savings to Lokal PuljeInvest, in which four out of five pooled funds are classified as Article 8 products pursuant to the EU Disclosure Regulation.

Ecolabelled investment association for institutional clients

For Arbejdernes Landsbank's institutional clients specifically, and in collaboration with BankInvest, since 2020 we have offered an investment association with even tighter criteria. This means that the investment association meets a series of ambitious conditions and specific requirements intended to contribute to the UN Sustainable Development Goals. The investment association was awarded the most widely used and well-known ecolabel in Denmark and the Nordic countries: the Nordic Ecolabel. This means that accountability is given high priority and that focus is on companies' CO₂e emissions and efforts to reduce emissions. Moreover, companies within certain high-risk sectors and with revenues from activities particularly damaging to the climate are being weeded out.

FACTS



Ecolabelled investments
DKK 4.3 bn.

Investments in funds with sustainable focus (Article 8 of the EU Disclosure Regulation)



DKK 28.38 bn.



Investments on behalf of customers

Objectives for 2023

Including information on sustainability in reporting to customers

The Group reports on portfolios and returns on our investment products to customers. As the investment products increasingly meet the criteria for Article 8, this reporting will also include information on developments within a number of sustainability parameters in the underlying investments. We expect that this reporting will be expanded and improved over the next years as the quality is improved.

Implementing stricter requirements for ecolabelled investment association

The ecolabel scheme will be expanded with a number of further requirements that must be met in order for an investment association to continue to carry the ecolabel. In this connection, Arbejdernes Landsbank has initiated implementation of the stricter requirements for the Bank's own investment association, AL Invest Udenlandske Aktier Etisk, and we expect to complete the implementation in Q1 2023.

Changing AL Letinvest and AL-Formueinvest to Article 8 products pursuant the EU Disclosure Regulation

Arbejdernes Landsbank has launched the process of changing the content of AL Letinvest and AL Formueinvest, so that these products live up to the criteria for an Article 8 product pursuant to the EU Disclosure Regulation during 2023.

Identifying sustainability preferences

The process of contacting customers to ask about their wishes for sustainability in connection with their investments will continue in 2023, and Vestjysk Bank expects to have been in touch with almost all customers who invest via the bank by the end of the year. At Arbejdernes Landsbank, the aim is to identify sustainability preferences for all customers with *Investeringskonto FRI*, *AL-FormueInvest*, *AL-LetInvest* and *AL-Investeringservice* in 2023.

More funds must promote environmental or social conditions

A long-term wish is for all pooled fund products at Arbejdernes Landsbank to be classified as Article 8 products pursuant to the EU Disclosure Regulation.

We will therefore launch the process of finding out how to upgrade the last of the pooled funds in Lokal Puljeinvest to an Article 8 product.





Own portfolio

The Group has an essentially conservative and strong position on where the own portfolio is invested and what the resources are invested in. In 2022, the separate focus on sustainability has increased, which in practice means greater consideration of the climate and the environment. In 2022, Vestjysk Bank was included in the Group's market risk policy and in the ESG guidelines that follow from the policy.

Increased portfolio of green bonds

In our efforts to support the green transition, we have placed some of our liquidity in green bonds. Even though the market for green bonds is growing, green bonds still only have a modest share of the market. In 2022, Arbejdernes Landsbank invested an additional approx. DKK 300 mill. in green bonds, and this means that the Bank has now invested a total of DKK 694 mill. of the own portfolio in green bonds.

Investments in green companies

Arbejdernes Landsbank also makes direct investments in companies and funds whose objective is to develop and produce green energy. One example of this is the newly founded Danish fund, Climentum Capital I K/S, in which Arbejdernes Landsbank has currently invested approx. DKK 45 mill. Read the case on page 33.

Objectives for 2023

Historically, ethics and social responsibility have always been a fundamental part of our investment strategy for the own portfolio. In addition, our ambition is to make investments that are in line with the UN Principles for Responsible Banking and focus specifically on the impact area Climate. Potential initiatives in this connection will be investments in green mortgage-credit bonds and credit bonds in companies with focus on ESG.

Focus on implementing ESG risks

In 2023, Vestjysk Bank will therefore continue to incorporate ESG risks in the bank's own investment practices. In collaboration with the rest of the Group, we seek to develop our investment processes and reporting regarding the bank's own portfolio.

FAKTA

Portfolio
of green
bonds



DKK 694 mill.

CASE: NEW INVESTMENTS IN OWN PORTFOLIO

Arbejdernes Landsbank invests in new green investment fund



The Climentum Capital team

In the quest to cut global CO₂e emissions, there is an urgent need for businesses with new ideas to make the world less polluted place. In 2022, Arbejdernes Landsbank invested approx. DKK 45 mill. in Climentum Capital, which specialises in finding businesses that can develop a technology to contribute to sustainable development and transition to a green economy

Why is Climentum Capital better at investing in green businesses than Arbejdernes Landsbank?

"We make in-depth and complex analyses of startups early in their development journey, and this should make us better than others at finding "winners" within the climate tech area," says Morten Halborg, partner and founder of Climentum Capital.

"In our assessment of businesses, we look particularly at climate impacts. We are on the lookout for startups we expect can save society up to 1 mill. tonnes of CO₂e within ten years, and where the enabling technology can save society approx. 100 mill. tonnes of CO₂e in the full market. Moreover, our investments must not harm other environmental or social objectives (such as human rights) and they follow the requirements for an Article 9 product pursuant to the EU Disclosure Regulation."

It is difficult to find this type of startup?

"Yes, it's always difficult to find the most "winning" businesses, the so-called "unicorns". When working with businesses at such early stages, the number of "winners" will naturally be lower than if we were assessing more mature businesses. The difficult part is to assess which startups are best positioned to become "winners". This requires an assessment of many factors such as the team, the market, the product, long-term financing and sustainability. But the potential returns will also be very different and high if we find these "unicorns" at an early stage. Our model builds on finding a few golden eggs for our portfolio and on them generating the majority of the total returns for the fund. Basically, we won't be satisfied until we hit a 300% return for the total fund," says Morten Halborg from Climentum Capital.

You launched the fund on 1 July 2022. What have you invested in so far? And how many businesses have you invested in?

"We have currently invested in six businesses with a total amount of approx. DKK 50 mill. (see fact box for details). We expect to reach 25 businesses during the coming years. We primarily invest in Northern Europe and in sectors with the greatest potential to reduce CO₂ emissions most significantly, and that also have potential to provide some of the best financial returns over the next five to eight years."

Would it be wrong to call you a sort of "Dragons' Den" within climate investments?

"Well, I guess you could, if you have to explain very briefly what we do. But we enter the businesses much later than the "dragons" do. The technology has to be in place and available on the market. And when making an investment, we become an active part of the business, for example by joining the board.

What is your background for doing what you do?

"We come with five different backgrounds and four different nationalities, so we have a good mix of competences and approaches. We live in three different countries, Denmark, Sweden and Germany, and it's an advantage that we can be close to the top climate tech hubs in the different cities and countries. We also consider it a huge asset that we have two very talented women onboard – this gives us good diversity both in terms of nationality and gender. I, myself, come from the investment world (Editor's note: Skandia), and I therefore have a good understanding of large investors and their wishes. The other partners also each come with their strength and insight into everything from environmental impact of businesses to development and leadership."

Climentum Capital's six investments so far:



1. Continuum, Denmark

Degradation and transformation of fiberglass e.g. from cars, boats, aeroplanes and wind turbine blades to panels used in bathrooms or along the motorway for noise reduction. The first factory will open at the Port of Esbjerg in 2023.

continuum.earth



2. One.five, Germany

Manufacture of packaging made from biomaterials that can replace plastic packaging particularly in the food industry. one-five.com

one-five.com



3. Entocycle, England

Digitally supported insect production (of black soldier flies) for use as animal feed.

entocycle.com



4. Quantum, Sweden

Industrial heat pump systems that can be installed in urban areas to supply thousands of households and businesses with energy.

quantum.com



5. Wayout, Sweden

Decentralised drinking water solutions that can be installed anywhere, e.g. at schools in Africa.

wayoutintl.com



6. Zeropoint Technologies, Sweden

Better exploitation and compression of wattage in data servers and devices to reduce the electricity consumption of digitalisation, which otherwise accounts for 20% of global electricity consumption.

FACTS

Climentum Capital

www.climentum.com

- Climentum Capital is a venture capital fund (a fund with risk capital) that was launched in July 2022 in Copenhagen (Denmark), and which is also present in Stockholm (Sweden) and Berlin (Germany).
- The fund invests in startups in Northern Europe that develop technologies and solutions to reduce greenhouse gas emissions.
- An integrated objective of the fund's investments is sustainability and combating climate change.
- The fund is currently around DKK 500 mill., but expects to reach approx. DKK 1 bn. The money was not transferred all at once, but has been placed in pool that Climentum and the businesses can draw on regularly.
- Arbejdernes Landsbank has invested approx. DKK 45 mill. in the fund.
- Climentum Capital's investors include Arbejdernes Landsbank, Vækstfonden, BASF Venture Capital and the United Federation of Danish Workers.

Risks and policies

for the investment area



Risks for the business

When we carry out investments on behalf of customers, owners or our own portfolio, there is a risk of financial loss, although only to an extent that matches the investment profile. Both financial factors and ESG factors can have an impact on returns. In particular, we seek to avoid the risk connected with investments in companies with no prospects of being able to adapt their business to the green transition.



Risks of negative impacts on the environment and society

Investments entail a risk that resources will be placed in companies that violate international standards or the principles of the UN Global Compact, including human rights, labour rights, environmental protection and anti-corruption. In addition, there may be risks of investing in companies that harm the surroundings, e.g. the climate and the environment.



Policies

To mitigate business and societal risks, we therefore integrate environmental, social and corporate governance into policies as well as investment analysis and decision-making processes. Through our business partners, by far the majority of our investments are screened to ensure that our customers' resources are not invested in businesses or assets that deliberately and repeatedly violate international standards and conventions, e.g. the UN Global Compact, the UN Universal Declaration of Human Rights and the ILO conventions promoting the dignity of workers.

Group

- Market risk policy

Arbejderens Landsbank

- Policy on responsible investment
- Policy on integration of sustainability risks
- Statement on the principal adverse sustainability impacts

Vestjysk Bank

- Policy on integration of sustainability risks
- Statement on the principal adverse sustainability impacts

SUSTAINABILITY

Climate and environment



Direct greenhouse gas emissions from the financial sector itself constitute only a small part of total Danish emissions, but the financial sector has an important indirect impact as a result of the activities financed by the sector. The calculation of the Group's total CO₂e emissions increases transparency about our climate impacts, contributes to managing climate-related risks and helps us to identify initiatives that can contribute to the Paris Agreement and the transition to a green economy.

Climate change is a source of a number of significant financial risks associated with assets that may be negatively affected by climate change and the green transition. With each passing year, it becomes more business-critical for the sector and us to consider the risks and possibilities of climate change and the green transition for the bottom line. Calculation of the Group's total CO₂e emissions is one of several important steps in the process of getting an overview of the Group's impacts on the climate and efforts to reduce the CO₂e footprint associated with our business activities and internal operations.

Approach to **climate**

Rapid and dramatic reduction in global CO₂e emissions towards a climate-neutral economy is a prerequisite for being able to achieve the goals in the Paris Agreement. In 2019, the Forum for Sustainable Finance issued 20 recommendations on how the financial sector in Denmark can contribute to the transition to a more sustainable economy. In one of the recommendations, members of Finance Denmark are encouraged to measure and publish the CO₂e footprint (tonnes of CO₂e/DKK million financed) associated with the individual bank's lending and investment as well as present an annual plan for reducing the footprint.

In accordance with the recommendations, we publish the Group's total CO₂e emissions associated with lending and investment activities in Arbejdernes Landsbank, AL Finans and Vestjysk Bank. The CO₂e calculations for 2022 constitute the Group's baseline, as this is the first time Vestjysk Bank's business activities have been included. Total CO₂e emissions for this year can therefore not be compared with last year.

The climate accounts have been prepared with outset in the GHG Protocol (Greenhouse Gas Protocol); a standard for calculating greenhouse gas emissions. According to the GHG Protocol, climate accounts should be prepared based on a

division between direct and indirect emissions. Direct emissions are defined as own emissions resulting from our operations, while indirect emissions are primarily the financed emissions, i.e. the secondary CO₂e effects of the companies or assets we finance or invest in.

The Group aims to publish joint CO₂e accounts every year. First and foremost, the climate accounts contribute to openness about the Group's overall emissions, and they are a prerequisite for setting long-term climate targets and adapting the Group's business activities to the Paris Agreement.

FACTS

What are climate risks?

Climate change is a source of a number of significant financial risks associated with assets that may be negatively affected by climate change and the green transition. Climate and environmental risks can be understood as two main risk factors:

- Physical risks refer to the economic consequences of a changing climate,

including more frequent extreme weather events and gradual change in climate, as well as environmental degradation such as air, water and soil pollution, water stress, loss of biodiversity and deforestation. Physical risks are categorised as "acute" when they arise as a result of extreme events such as drought, flooding and storms, and as "chronic" when they arise as a result of permanent change such as rising temperatures, rising sea levels, loss of biodiversity, land-use change, destruction of habitats and resource scarcity. This can lead to damage to

property, reduced productivity or destruction of supply chain.

- Transition risks refer to economic losses that directly or indirectly can result from the transition to a green and more environmentally sustainable economy. This could be triggered by relatively sudden adoption of climate and environment policies, technological advances or changes in market sentiment or preferences.

The Group's total CO₂e emissions

(Arbejdernes Landsbank, AL Finans and Vestjysk Bank)

	Unit	2022	Share of CO ₂ e emissions (%)
Scope 1 (direct CO₂e emissions)	Tonnes of CO₂e	131	0.02%
Company car travel	Tonnes of CO ₂ e	131	
Heating - oil and gas	Tonnes of CO ₂ e	-	
Scope 2 Market-based (indirect CO₂e emissions)	Tonnes of CO₂e	593	0.10%
Electricity consumption	Tonnes of CO ₂ e	213	
Heating (district heating and natural gas)	Tonnes of CO ₂ e	380	
Scope 2 Location-based (indirect CO₂e emissions)	Tonnes of CO₂e	1,113	-
Electricity consumption	Tonnes of CO ₂ e	732	
Heating (district heating and natural gas)	Tonnes of CO ₂ e	380	
Scope 3 (other indirect CO₂e emissions)	Tonnes of CO₂e	583,038	99.9%
Purchased goods and services (cat. 1)	Tonnes of CO ₂ e	23,195	
Waste generated in connection with activities (cat. 5)	Tonnes of CO ₂ e	21	
Business travel (cat. 6)	Tonnes of CO ₂ e	198	
Financing and investments (cat. 15)	Tonnes of CO ₂ e	559,624	
Total CO₂e emissions (Market-based)	Tonnes of CO₂e	583,762	100%
Total CO₂e emissions (Location-based)	Tonnes of CO₂e	584,282	-



Financed CO₂e emissions

For the calculation of financed CO₂e emissions, the Group has used Finance Denmark's common framework (version 1 of the model for carbon footprint) as fundamental principles calculating financed CO₂e. For calculations of CO₂e emissions on loans, we have also used the method recommendations from the sector organisation Association of Local Banks, Savings Banks and Cooperative Banks in Denmark (LOPI).

The business activity included in the CO₂e calculations of loans were calculated as at 31 December 2022, whereas the business activity for use of the calculations in terms of investments were calculated on the basis of the portfolios and market values in late November 2022. The financed greenhouse gas emissions were calculated in tonnes of CO₂ equivalents (tonnes of CO₂e) and include scope 1 and scope 2 emissions of the financed activities in line with Finance Denmark's model for carbon footprint. Thus the calculations do not take account of companies' scope 3 emissions, which for some companies can make up by far the majority of their greenhouse gas emissions. The Group does not include companies' scope 3 emissions, as many companies do not disclose or report such data yet.

CO₂e calculations were calculated using a best-effort approach and on the basis of available data. This includes specific data as well as statistical data. The calculation should therefore be seen as an estimate. Access to data on loans is limited, while the scope of available data on investments is much greater and the quality of data is better. We are constantly improving data and accounting policies.

Accounting policies are stated in the section about Reporting principles on page 88 and in the Sustainability Fact Book under the tab "Climate accounts".

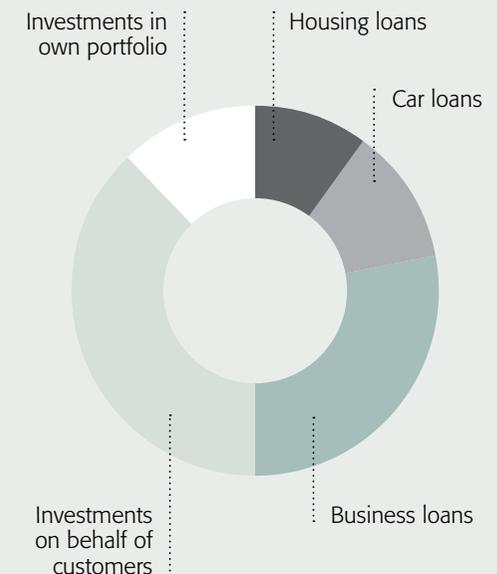
Housing loans

Housing loans account for a total of 11% of CO₂e emissions, and this more or less corresponds with the share of the total business activity at 14%. The majority of our CO₂e data has been estimated on the basis of the buildings' energy rating label, for example. The energy rating label is usually only updated in connection with selling the home. The energy rating label is based on standardised, calculated consumption, and indicates the quality of the building and not about the way it is used, e.g. whether the individual homeowner is conserving heat or wasting heat. The energy rating label cannot, by its very nature, detect the specific consumption or changes in consumption in the individual home. This makes it difficult to measure a possible reduction in CO₂e emissions, and that is why the calculation should be viewed as an estimate.

Car loans

The breakdown of CO₂e emissions in the lending area shows that "Car loans" account for a large share of CO₂e emissions (12%) compared with the activity's share of total business activity (4%). Furthermore, car loans have a significant CO₂e footprint (tonnes of CO₂e per DKK mill.) from around 12.5 up to approx. 27.8 tonnes of CO₂e per financed DKK mill. All CO₂e data on car loans and leasing is calculated on the basis of knowledge and data about the type of fuel and engine sizes of all financed vehicles.

Share of CO₂e emissions broken down by activity



As we have no data on the mileage of each vehicle per year, we have used basic data from the Danish Centre for Environment and Energy (DCE) at Aarhus University. Statistical emissions data cannot, by definition, reflect the specific CO₂e emissions from the individual car, as a particularly low or high level of usage among individual car owners cannot be reflected in the average. Nor can statistics reflect how large a share of the usage of a plug-in hybrid car is powered by electricity or petrol. Thus the calculation should be viewed as an estimate that provides a good and fair overview of total greenhouse gas emissions from the car portfolios, and we are able to measure changes in emissions as more customers replace their petrol and diesel cars with electric cars and plug-in hybrid cars.

Business loans

Business loans account for a total of 28% of CO₂e emissions, although the business activity takes up 20%. Among other things, this is because a large part of the business activity covers financing for industries such as “Agriculture, hunting, forestry and fisheries” and “Transport, hotels and restaurants”, which are among the more CO₂e intensive industries. For instance:

- “Agriculture, hunting, forestry and fisheries” accounts for approx. 65.6% of CO₂e emissions on business loans in Vestjysk Bank, even though the business activity accounts for 27%, corresponding to a CO₂e footprint of approx. 22.5 tonnes of CO₂e per financed DKK mill.

- “Agriculture, hunting, forestry and fisheries” account for approx. 24% of CO₂e emissions on business loans in Arbejdernes Landsbank, despite the fact that the business activity accounts for approx. 2%, corresponding to a CO₂e footprint of approx. 25.7 tonnes of CO₂e per financed DKK mill.

All CO₂e data on business loans is therefore based on statistical emissions data broken down by industry from Statistics Denmark. A CO₂e average for an entire industry cannot, by definition, reflect climate efforts by “early adopters” among the Bank’s business customers, as improvements will only start to be reflected in the average figure for the industry after they have achieved a significant spread throughout the industry. The calculation should therefore be seen as an estimate.



Investments

For investments, portfolio management mandates and pooled fund products (investments on behalf of customers) account for the largest share of CO₂e emissions (21%), and they have the largest CO₂e footprint compared with the own portfolio. We can see that the CO₂e footprint (tonnes of CO₂e per invested DKK million) increased from 2021 to 2022. In many cases, the absolute emissions also increased. From this perspective, the following should be taken into account:

- Market values – for both bonds and shares – generally decreased from the end of 2021 to the end of 2022. As such, CO₂e per invested DKK million will have increased in a company that emits the exact same CO₂e in the period only because the market value (the denominator in calculation) has fallen.
- CO₂e figures are available for more companies than previously, and companies may have improved their methods of calculating CO₂e in the past year.
- The quality of data on CO₂e for the Danish mortgage-credit area is much higher in 2022 compared with 2021. The CO₂e figures for 2022 are almost twice as high as in 2021 per invested DKK million. The Danish mortgage-credit area accounts for almost half of total investments in the Group.
- Arbejdernes Landsbank typically arranges several loan conversions during the year in which CO₂e is taken into consideration as well as other factors such as return and risk. For example, pooled funds in Arbejdernes Landsbank have been converted from 2021 to 2022, and calculations of CO₂e in 2022 in connection with these conversions are based on data from another supplier than in 2021. The portfolios for 2021 and for 2022 are therefore not directly comparable.

The Group's financed indirect CO₂e emissions

	Unit	2022
Scope 3 (other direct emissions)		
Loans	Tonnes of CO ₂ e	281,721
- Private	Tonnes of CO ₂ e	124,099
- Business	Tonnes of CO ₂ e	157,623
Investments	Tonnes of CO ₂ e	277,903
- Portfolio management mandates	Tonnes of CO ₂ e	98,629
- Pooled fund products	Tonnes of CO ₂ e	112,969
- Own portfolio	Tonnes of CO ₂ e	66,305
Total financed CO₂e emissions	Tonnes of CO₂e	559,624
CO₂e per financed DKK mill.	Tonnes of CO₂e	5.12

Method and data

The business activity in the estimate of total CO₂e emissions was calculated as at 31 December 2022 for loans and as at 30 November 2022 for investments. The business activity includes activities which Arbejdernes Landsbank, AL Finans and Vestjysk Bank are able to influence through products and advisory services.

Financed emissions of greenhouse gases are calculated in tonnes of CO₂ equivalents (tonnes of CO₂e) and include scope 1 and scope 2 emissions from financed activities converted into tonnes of CO₂e in line with the GHG Protocol. Total emissions are expressed as tonnes of CO₂e, while the CO₂e footprint is expressed in tonnes of CO₂e/DKK million financed.

Accounting policies are stated in the section about Reporting principles on page 88 and in the Sustainability Fact Book under the tab "Climate accounts".

Action plan for reducing CO₂e footprint

The calculation of the Group's total CO₂e baseline increases transparency about our climate impacts and helps us to identify initiatives that can contribute to the Paris Agreement and the transition to a green economy. We have an overriding wish that our customers and the businesses we invest in generally take responsibility for the climate, and the Group has an ambition to set specific CO₂e reduction targets for our lending and investment portfolios in 2023.

Our initial focus is on transparency, action and specific initiatives that can help reduce emissions immediately. The following describes our approach to reducing the CO₂e footprint for our lending and investment activities, respectively. Our approach to the action plan will develop going forward.

Financing solutions contribute to lowering CO₂e emissions

The Group's CO₂e accounts provide new knowledge and enable us to target our efforts, both in our contact and dialogue with customers and in relation to products and services, which can make it easier for our private customers to make choices with less impact on the climate and support businesses in adapting their activities to the transition to a green economy.

Financing of energy renovation of homes

In the housing area, the Group offers a number of products and services via Totalkredit that can make home energy improvements and replacement energy sources more simple and affordable. For instance, homeowners are offered:

- An online energy calculator to get an overview and specific suggestions for energy improvements of the individual home.
- A visit from an independent energy consultant who will check the home and draw up a digital energy and maintenance plan.
- A cash subsidy to replace gas-fired and oil-fired boilers with a heat pump in residential areas where district heating is not possible.

Moreover, Arbejdernes Landsbank offers attractive loans to finance heat pumps, low-energy windows or cavity wall insulation in private homes. Even though we have seen a positive development in the issue of such loans in 2022 (the volume of climate loans and energy loans increased by 29% and 93%, respectively), and we have generally experienced a demand for financing of energy-efficiency improvements and replacement of energy sources among our customers, it is currently not possible to measure the effects of such loans in terms of CO₂e emissions due to a lack of available and updated data, e.g. on energy rating labels of homes.

Despite data challenges, a strategic focus will be to support our customers in improving energy efficiency in their homes with attractive financing solutions and services, as we know that this helps to the reduce energy consumption of the homes and thus potentially also CO₂e emissions.

Financing of electric cars and plug-in hybrid cars

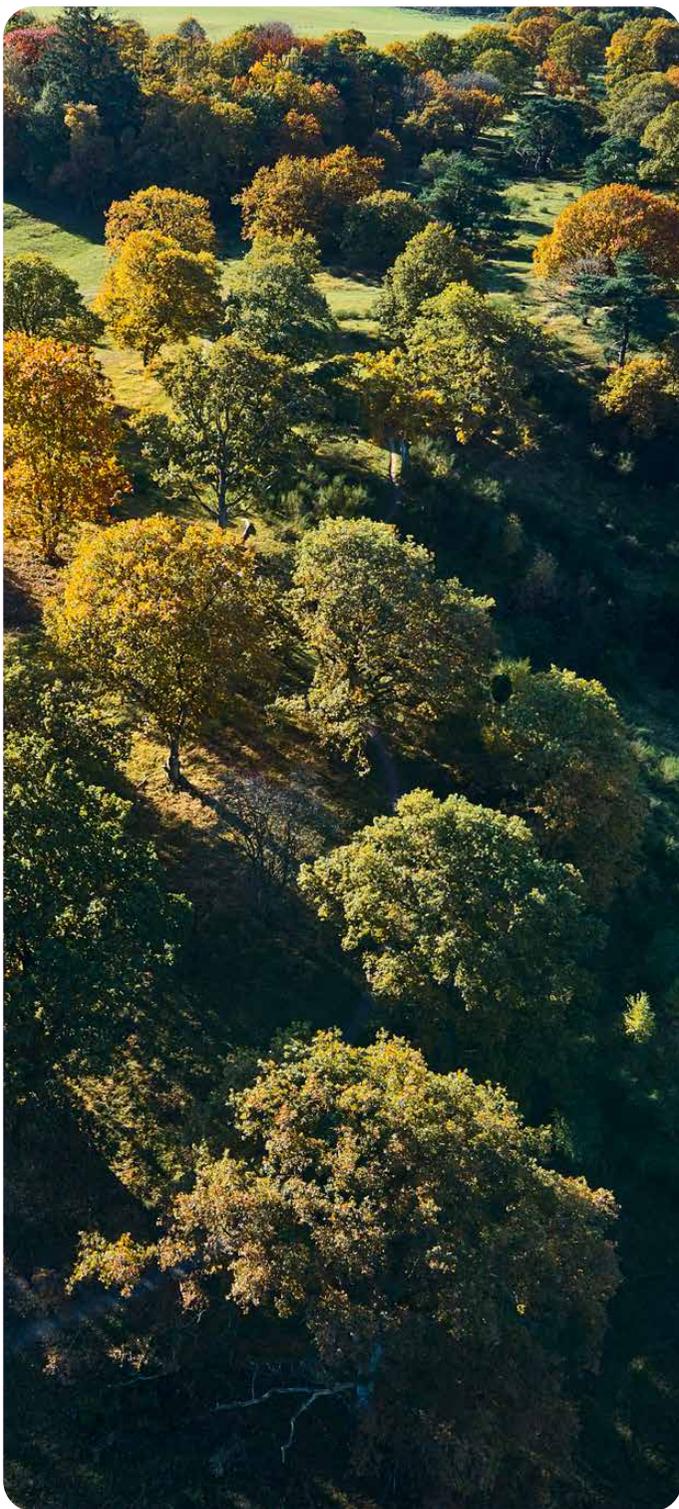
Through AL Finans, we offer our customers attractive financing solutions for chargeable cars such as electric cars and plug-in

hybrid cars. A fast-growing number of customers have accepted such financing since 2019 when the loan was introduced. In 2022, the share of loans for electric cars and plug-in hybrid cars reached 40% of total car loans and leasing in AL Finans. This has contributed to a reduction in CO₂e of 7,879 tonnes, while the CO₂e intensity of the total car financing portfolio in AL Finans has been reduced to 12.5 tonnes of CO₂e per financed DKK million. The fact that an increasing number of our customers will replace their fossil fuel car with a more sustainable alternative over time will contribute to reducing the CO₂e footprint even further.

Financing of renewable energy

One of the most important industries for Vestjysk Bank is agriculture. This is also an industry where the green transition is most in focus and where there is a great commercial potential. For several years, Vestjysk Bank has built up in-depth knowledge about renewable energy, and the bank has a designated department that only deals with financing of wind turbines, solar farms and biogas plants, for example.

In addition to financing production of more renewable energy, the Group aims to help businesses to transition to sustainable development through dialogue and sparring with the businesses, and by making relevant value services and tools available. For instance, we offer our business customers access to the Validated digital platform that makes it easy for customers to make a CO₂e calculation and set up an ESG report. Similarly, agricultural customers in Vestjysk Bank have access to SEGES' ESGreen Tool to calculate the climate footprint of a farm, and this supports agricultural customers' future climate initiative choices.



Objectives for CO₂e reductions in investments

Knowledge about CO₂e emissions associated with the Group's investments provides insight into the impacts of the individual investments on the climate, and enables us to target our efforts among the individual investments and products to make the greatest possible difference. Both when we make investments on behalf of ourselves and when we make investments on behalf of our customers.

The Group offers attractive investment solutions adapted to our customers' personal time horizon, risk appetite and sustainability preferences. By far the majority of our customers' resources are invested through selected business partners. As investment advisors and distributors, this means that we have a broad range of products to choose from when we make investments on behalf of customers.

Arbejdernes Landsbank and Vestjysk Bank cooperate with BankInvest, Sparinvest and a number of other investment associations. The Group's involvement in, and work on, reducing CO₂e emissions associated with investments thus takes place in close alliance with our business partners. These partners offer funds and investment associations in which ESG is an integrated part of the investment processes, and where active ownership is exercised in the companies invested in.

Both BankInvest and Sparinvest have set specific goals for reducing CO₂e and have joined the Net Zero Asset Managers Initiative, thereby committing themselves to lowering the overall CO₂e footprint of their investment portfolios and funds to neutral by 2050. Even though 2050 is a long way ahead, the actual commitment is important, because it requires action in the short and medium terms:

- BankInvest has set a goal to reduce its CO₂e footprint by 55% in 2030 compared with 2019. The goal includes 43% of BankInvest's total assets under management (as at 31 December 2021). BankInvest has also committed to increasing the share of managed assets that is managed in line with Net Zero to 100% by 2040.
- Sparinvest has set a goal to reduce the CO₂e footprint from its investments by 60% in 2030 compared with 2019. The goal includes 100% of Sparinvest's total assets under management. Moreover, Sparinvest has set a goal that 100% of its assets under management in 2030 must be adapted to a path towards net zero emissions by 2050.

The Group supports our business partners' CO₂e reduction targets and efforts to reduce greenhouse gas emissions from the investments they make. This also means that many of the investment products we deliver today focus on the level of CO₂e emitted by the businesses invested in, and the companies' plans to reduce such emissions. A crucial contribution to achieving the Paris Agreement's goal of limiting temperature increases to below 1.5 degrees Celsius is that focus is aimed at supporting the green transition of businesses.

Data quality and composition of data

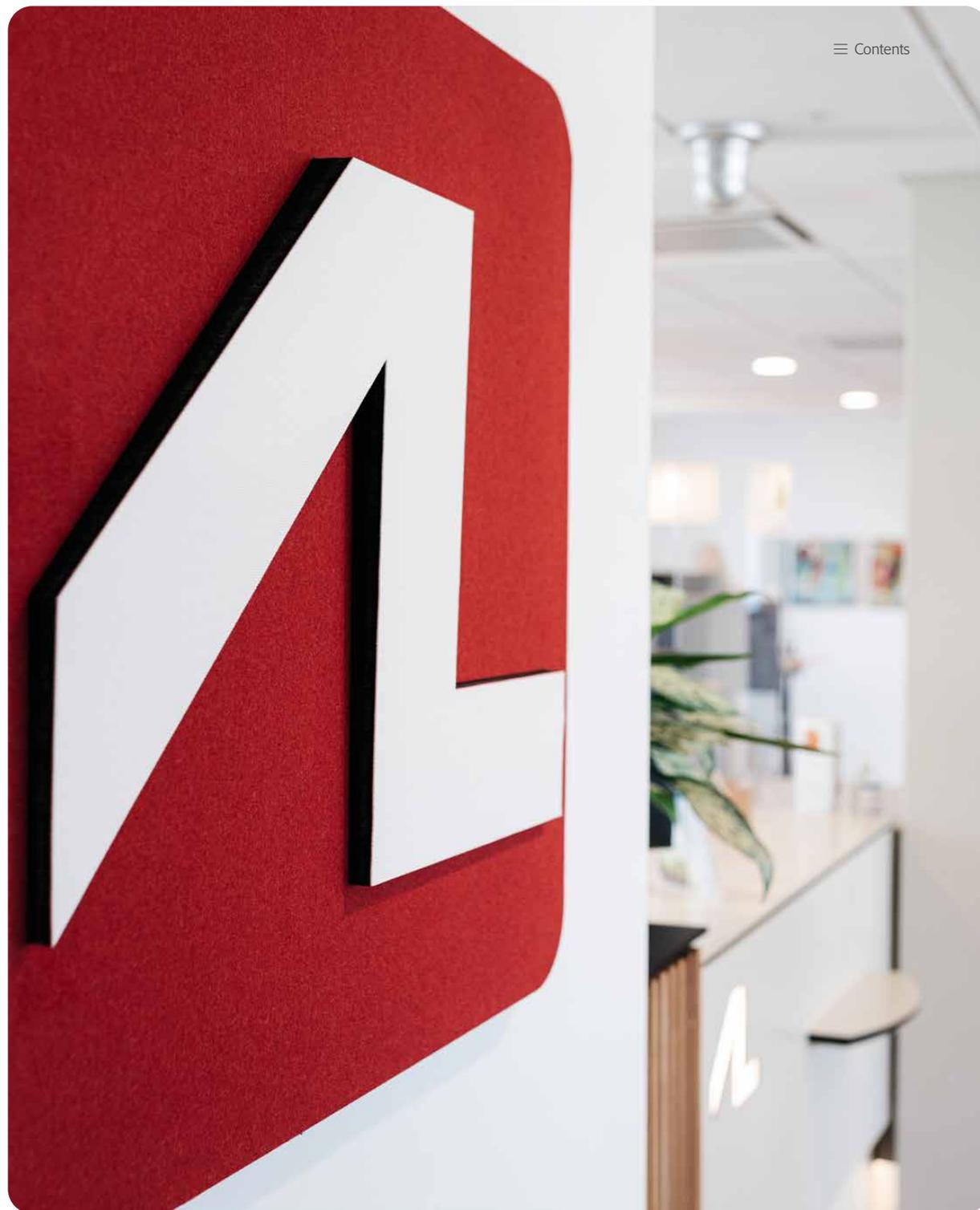
Note that the data basis for calculation of the CO₂e footprint associated with the Group's lending and investment activities is still incomplete. Even though the basic reporting of CO₂e emissions from primarily large listed companies is becoming increasingly better, there remains uncertainty with regard to the data.

Read more about specific initiatives for lending and investment activities that can contribute to reducing CO₂e in the section "Sustainable Finance".

Internal operations

As a financial undertaking, the Arbejdernes Landsbank Group impacts the climate and the environment most through our economic activities. However, with many employees, many branches and several offices and properties throughout Denmark, the impact from internal operations is not insignificant, and limiting this impact is an important part of running a sustainable workplace.

Arbejdernes Landsbank should be recognised – also through our actions – as a group that takes responsibility for the climate and the environment seriously. We are conscious of this, and therefore we focus on reducing our own energy consumption and on achieving efficient and sustainable utilisation of our shared resources. We have already incorporated several energy-saving solutions in our physical environment and launched several climate-related initiatives in 2022 as well.



Overview of initiatives and objectives for internal operations

Company	Initiatives in 2022	Objectives for 2023
Arbejdernes Landsbank	<ul style="list-style-type: none">■ Lower temperatures at selected locations.■ Less and more intelligent floorspace.	<ul style="list-style-type: none">■ Achieving DGNB platinum pre-certification of AL-Huset.■ Establishing CO₂e reduction targets for internal operations.■ Improving data quality for internal operations.■ Improving energy efficiency of internal operations.
Vestjysk Bank	<ul style="list-style-type: none">■ New platform ensures energy-efficiency improvements.■ Company cars must be electric cars and plug-in hybrid cars.	<ul style="list-style-type: none">■ Improving energy efficiency of internal operations.■ Improving data quality for internal operations.
AL Finans		<ul style="list-style-type: none">■ Establishing CO₂e objectives for internal operations.■ Internal focus on sustainability in AL Finans.

Internal operations

Lower temperatures at selected locations

In the winter period between 2022 and 2023, the Group decided to turn down the heat in the current energy crisis in Denmark and the rest of Europe. At Arbejdernes Landsbank, we have initially decided to turn down the heat at the main offices in Copenhagen and in Glostrup. This has also had positive secondary effects which are reflected in our energy consumption, including in particular our heat consumption. However, due to manual reading by several district heating companies, this will not be reflected in our environmental statement for 2023.

Less floorspace per employee

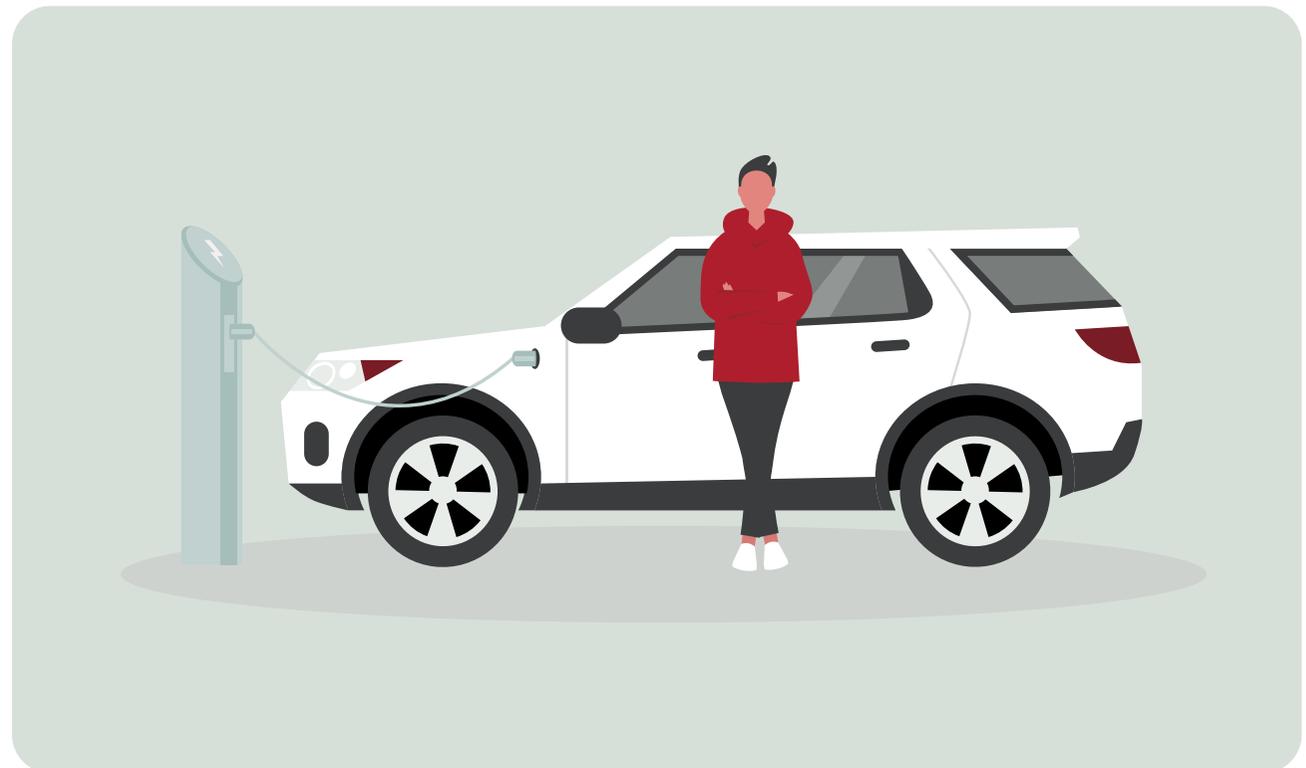
In 2022, Arbejdernes Landsbank made some organisational adjustments to optimise our physical locations by merging branches. We still have a nationwide branch network and will keep a presence in customers' local communities. Thus the mergers of branches were mainly in big cities where we have several locations. This optimisation means that we have reduced the number of square metres, but we have kept the same number of employees, and this will be reflected positively across internal operating parameters.

New platform ensures energy-efficiency improvements

In 2022, Vestjysk Bank entered into collaboration with Energidata, which provides a platform for smart energy monitoring. Via this platform, the bank will be able to monitor its energy consumption in all the Bank's physical locations. This will help to ensure that bank does not use more energy than necessary.

Company cars must be electric and hybrid cars

At Vestjysk Bank, executive employees are offered a company car. Car transport is associated with considerable CO₂e impacts, and to mitigate this, the bank requires that all new cars must be electric cars or hybrid cars. Furthermore, the bank has established charging stations for chargeable cars at the main office in Birk.





Internal operations

Objectives for 2023

DGNB platinum pre-certification of AL-Huset

AL-Huset will be a building open to the public and it will accommodate Arbejdernes Landsbank's administrative staff and outward-reaching functions. In 2023, our objective is to achieve DGNB platinum pre-certification of AL-Huset. This means that the buildings will be constructed using the DGNB framework, which is one of the highest standards within sustainable construction. This will help to ensure that the buildings are constructed responsibly. We also have an ambition to achieve the DGNB Heart and DGNB Diamond. The Heart is in recognition of health and well-being for the building's users, while the Diamond recognises the building's architectural expression.

In 2023, our aim is to set specific CO₂e reduction targets for internal operations. Across the Group, this will help us to ensure that we increase our internal focus on reducing more environmental impacts, e.g. energy consumption and resource consumption.

Improving data quality for internal operations in the Group

In 2023, the Group will work together to develop and improve data quality in our reporting in order to secure better insight into the impacts of our internal operations on the climate and the environment. This will make it possible to make more data-driven decisions about how we can best reduce our negative impacts throughout the Group.

Internal focus on sustainability in AL Finans

In 2023, AL Finans aims to increase awareness of sustainable behaviour internally in the company. AL Finans will therefore launch a number of specific initiatives to make it more clear how employees can incorporate a more healthy lifestyle in everyday activities and also contribute to the green transition. For example, the canteen will introduce more green meals, and employees will be given tips on how to make plant-based meals themselves.

Improving energy-efficiency of internal operations

In 2023, Vestjysk Bank expects to have a fully implemented smart energy monitoring system. This will provide knowledge about how to reduce CO₂e emissions. On this basis, the bank can implement a number of energy-efficiency improvements. At Arbejdernes Landsbank, we will continue to focus on the temperatures of our buildings and examine the possibilities for reducing energy consumption.



The Group's own CO₂e emissions

(Arbejdernes Landsbank, AL Finans and Vestjysk Bank)

	Unit	2022
Direct CO₂e consumption (Scope 1)	Tonnes of CO₂e	130.98
- Company car travel	Tonnes of CO ₂ e	130.98
- Heating - oil and gas	Tonnes of CO ₂ e	0
Scope 2 Market-based (indirect emissions)	Tonnes of CO₂e	593.39
- Electricity consumption	Tonnes of CO ₂ e	213.04
- Heating (district heating and natural gas)	Tonnes of CO ₂ e	380.35
Scope 2 Location-based (indirect emissions)	Tonnes of CO₂e	1,112.51
- Electricity consumption	Tonnes of CO ₂ e	732.16
- Heating (district heating and natural gas)	Tonnes of CO ₂ e	380.35

Other indirect impacts (Scope 3)	Tonnes of CO ₂ e	23,413.67
Procurement of products and services	Tonnes of CO ₂ e	-
- of which IT products	Tonnes of CO ₂ e	702.13
- of which stationery	Tonnes of CO ₂ e	537.47
- of which fixtures and equipment	Tonnes of CO ₂ e	367.51
- of which cleaning	Tonnes of CO ₂ e	572.61
- of which IT services/software	Tonnes of CO ₂ e	11,289.60
- of which renovation & building and construction	Tonnes of CO ₂ e	9,190.93
- of which canteen operations	Tonnes of CO ₂ e	534.98
- Resource management	Tonnes of CO ₂ e	20.81
- Public transport & air travel	Tonnes of CO ₂ e	62.00
- Travel in private cars during working hours	Tonnes of CO ₂ e	135.61
Total CO₂e emissions (Market-based)	Tonnes of CO₂e	24,138.04
CO₂e emissions per employee (Market-based)	Tonnes of CO₂e/FTE	57.47

Method and data

The Group's own CO₂e emissions are calculated on the basis of the amount of greenhouse gas emissions from activities (CO₂e) of which the Group exercises operational control, i.e. where Arbejdernes Landsbank has the authority to carry out and implement changes. Arbejdernes Landsbank's ownership interests in TestaViva and Young Money as well as data from these are included in the CO₂e calculations on investments (own portfolio) and are therefore not shown in the calculation above.

The calculation for 2022 includes data from Arbejdernes Landsbank, AL Finans and Vestjysk Bank. In addition, we have included a number of items in the calculation of the indirect greenhouse gas emissions in scope 3 as more data becomes available. Total CO₂e emissions for this year can therefore not be compared with last year.

- Scope 1 constitutes the direct greenhouse gas emissions from sources owned or controlled by the Group. These include emissions from the Group's company cars, and we put 100% of the usage down to company usage.
- Scope 2 constitutes the indirect greenhouse gas emissions from electricity and heating consumption in the Group.
 - The location-based calculation method in scope 2 reflects the average emissions intensity on the Danish electricity grid from where the Bank receives its electricity.
 - The market-based calculation method reflects the emissions intensity of the electricity company from where the Bank buys electricity. Arbejdernes Landsbank is supplied with electricity from 100% renewable sources.
- Scope 3 constitutes other indirect greenhouse gas emissions from sources that are not owned or controlled by the Group. These include deliveries from third parties, travel, transport and resource management. As a new element in the calculations of scope 3, this year we have included procurement of IT services/software, IT products, cleaning as well as renovation and building and construction, for example. And we will continue to report on our canteens, stationery and fixtures and equipment.

Accounting policies are stated in the section about Reporting principles on page 88 and in the Sustainability Fact Book under the tab "Climate accounts".

Risks and policies for internal operations



Risks for the business

Increasing energy prices entail a financial risk if we do not optimise our consumption of resources. Moreover, inadequate green transition of operations at our locations entail a risk of damaging the Group's reputation.



Risks of negative impacts on the environment and society

The Arbejdernes Landsbank Group can have adverse impacts on the climate and the environment through the operation of our locations, and when buying goods or services. Moreover, breaches of human rights, corruption and greenwashing may occur at suppliers.



Policies

It is important for the Group that our concern for the climate is also reflected internally in the organisation, so that we can inspire and motivate customers and employees to protect the climate. When buying goods, we work together with our suppliers to ensure that the goods and services included in our value chain comply with legislation and the principles of human rights and labour rights.

Arbejdernes Landsbank

- Procurement policy: Defines socially responsible procurement principles and cooperation structures.
- Indoor climate policy: Contains principles for optimal operations and recommendations on employee behaviour.
- Travel policy: Protocol for work-related travel.
- Car policy: The Bank's approach to responsible procurement of cars.

Vestjysk Bank

- Internal guidelines on the bank's approach to responsible procurement of cars have been adopted.

SUSTAINABILITY

Social conditions



At the Arbejdernes Landsbank Group, we have built our business on sound values. We operate a stable and solid business with focus on our employee well-being and with profound respect for our customers' time and money as well as the local communities we are part of.

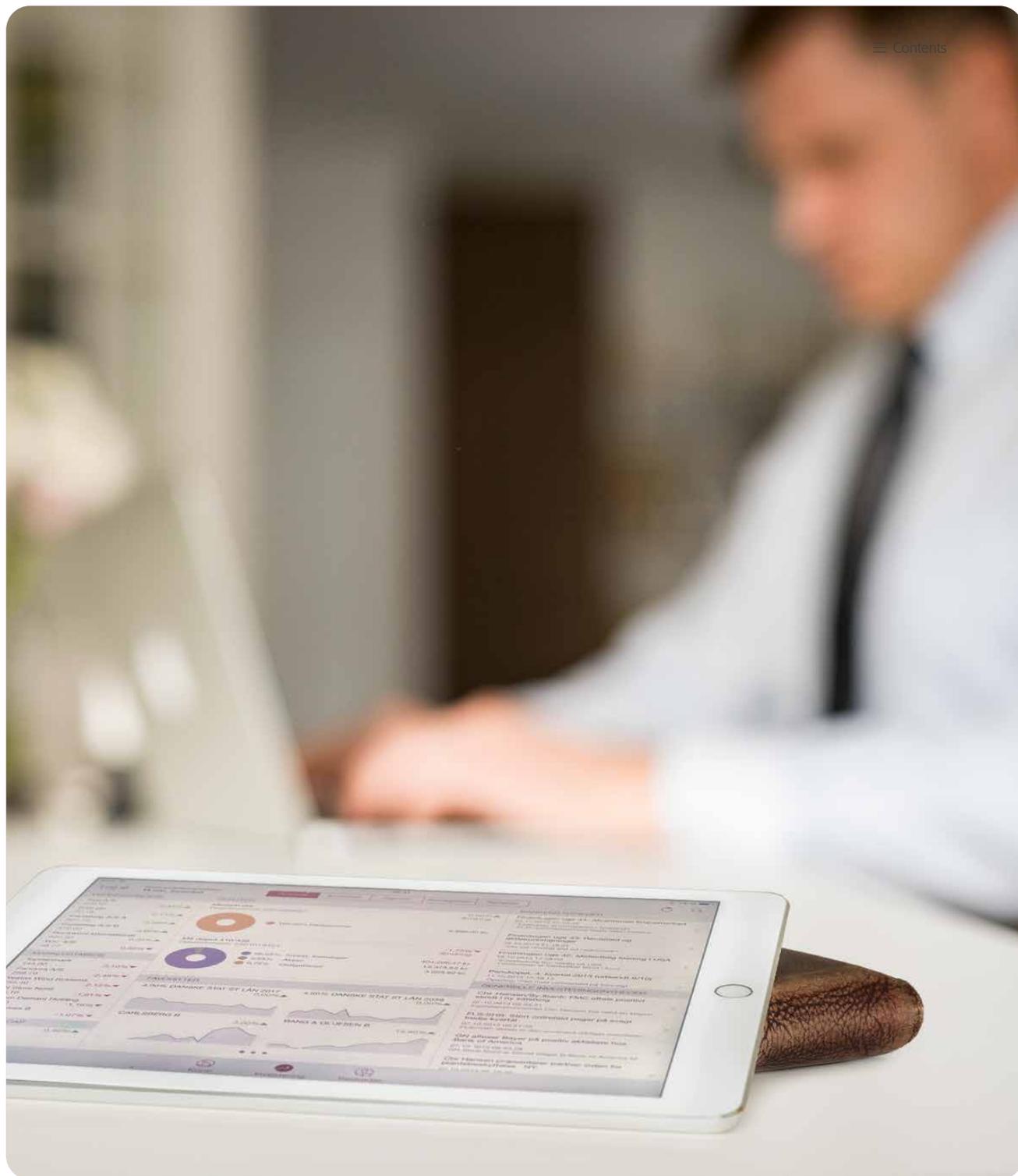
The Group employs approx. 1,860 individuals and has more than 550,000 private and business customers throughout Denmark. This means that the Group directly and indirectly influences the lives and well-being of many people. Our approach to customers, employees and society is built on respect for people and an objective to leave the most positive impression possible on the world, and this is reflected in a large number of initiatives, products, policies and business procedures.

Customers

The Arbejdernes Landsbank Group advises and services hundreds of thousands of customers – including private customers, small and medium-sized enterprises as well as trade unions and associations.

All customers are welcome in the Group. In recent years, we have experienced increasing demand for personal advisory services in connection with major financial decisions in life, while for routine matters many customers want a wider range of digital services to be able to do much of their banking business themselves and receive rapid response. Therefore, we are constantly seeking to develop the business and our services at a rate that matches customers' different expectations and needs.

Our goal is for our customers always to experience us as a responsible and relevant partner, able to present advice in a simple and easy-to-understand manner, regardless of whether the customer meets us in-person or online, and we want to be close to our customers and the customer's financial situation in all phases of life – both in good times and bad times.



Overview of initiatives and objectives for the customer area

Company	Initiatives in 2022	Objectives for 2023
Arbejdernes Landsbank	<ul style="list-style-type: none">■ We safeguard our customers in a difficult time.■ Digital solutions will increase accessibility and efficiency.■ Reference to legal advice is an integral part of the dialogue with customers.■ Digital pocket-money app supports financial understanding.	<ul style="list-style-type: none">■ Maintaining our position as Danes' preferred bank.■ Ensuring a high NPS score.■ Continued focus on safeguarding our customers in a difficult time.■ Digital safety and security.■ An active policy on contacting customers.
Vestjysk Bank	<ul style="list-style-type: none">■ We safeguard our customers in a difficult time.■ Supporting young customers via specially trained financial advisors for the young.	<ul style="list-style-type: none">■ Focus on sustainability in our value services.■ An active policy on contacting customers.



Customers

We safeguard our customers in a difficult time

2022 has been difficult, with increasing energy prices, inflation and much more to challenge personal finances. The Group has launched a number of initiatives to take care of our customers.

Vestjysk Bank has contacted all customers to send a clear signal that the bank is available and ready to talk to them if they are affected by the socioeconomic situation. Moreover, the bank has held webinars on the economic situation, with tips on what individuals can do to improve their personal finances.

Throughout 2022, Arbejdernes Landsbank has focused on giving customers advice, via newsletters and on social media on how to deal with interest rate increases, reduce energy consumption and maintain an overview of their budgets. A separate site has been established on the Bank's website, with lots of advice and videos. Throughout Q4 of 2022, the Bank proactively contacted a large number of customers directly to ensure that their finances are robust enough to withstand inflation, interest rates and increasing energy costs. Furthermore, through webinars Arbejdernes Landsbank's customer advisors have been trained to provide advice on current topics and special focus areas.



Digital solutions will increase accessibility and efficiency

Arbejdernes Landsbank has strong focus on developing and offering more digital solutions to help make everyday life and routine banking services easier for our customers, whilst making internal processes more efficient. We basically believe that our customers must be able to do all forms of banking businesses they want, when they want.

More than 2,000 customers created legal documents using TestaViva in 2022

Many Danes have not decided what to do with their wealth and their assets when they pass away. When there is no will, the rules of the Danish Inheritance Act regarding distribution of an estate apply. This could mean that an inheritance does not go to the people the deceased intended. Together with TestaViva, Arbejdernes Landsbank have made it simple for our customers to draw up a will, marriage contract and other legal documents online. Since 2017, our advisors have made huge efforts to integrate TestaViva into our overall advisory services to spread awareness and use of TestaViva and to draw up legal documents. In 2022, 2,087 of our customers had used TestaViva to draw up one or more legal documents.

DKK 6 mill. in pocket money

The younger generation today is growing up in a virtually cashless society, and it can be difficult for parents to teach children about the value of money. Research indicates that children form their financial habits at a young age. Our digital pocket money and savings app helps young customers of the Bank to understand the concepts of money and savings. Children and young people as well as their parents can download and install Young Money on their smartphone and get a better overview of finances and spending.

With Young Money, children also have a bank account and a Mastercard they can use at cashpoints and for contactless payment in shops. Children of 13 years plus with a digital ID (MitID) can also use the card on the internet. Young Money was launched in 2021, and 7,300 people started using the app during its first year. In the past year, parents and children have transferred a total of DKK 6,473,151 to each other.

Focus on young customers

Vestjysk Bank recognises that all customers have different needs and wishes for the bank. This is of particular relevance for the young customers, and the bank wants to give them the best start to adult life and the important financial decisions that come with it. The bank therefore has dedicated a financial manager for the young and a number of financial advisors specially trained to engage in dialogue about the needs and wishes of our younger customers.

FACTS

7,387



customers have created legal documents using TestaViva



Customer satisfaction after meetings with Arbejdernes Landsbank

76 out of 100



Customers

Objectives for 2023

Maintaining our position as Danes' preferred bank

For the 14th consecutive year, Arbejdernes Landsbank was lauded as "Danes' preferred bank". This position do not come automatically, but through a high level of professionalism, good service and hard work. Naturally, we will and must maintain this position. We will therefore continue our strategic and focused work towards attracting more customers and ensuring more satisfied customers. And we have a specific target that in 2023 we will maintain Arbejdernes Landsbank's unique first place in the annual survey by Voxmeter, whilst improving the Bank's CEM score. For us, it is not only important to raise the trophy, it is just as important to keep striving to become a better bank for our customers.

Ensuring a high NPS score

All financial undertakings are working hard to increase customer satisfaction, so we constantly have to push ourselves harder to become better. Both at strategic level with new initiatives and customer concepts and in day-to-day dialogue with customers. This is crucial if, in future, we are to maintain our boast of the title as Danes' preferred bank that is so well known to us and much coveted by others. Therefore, Arbejdernes Landsbank's goal in 2023 continues to be to achieve an NPS score of at least 80 after meetings and 70 after completing a procedure. Through the systematic follow-up on feedback, we can better meet the wishes and needs of customers and improve products and value services.

Focus on sustainability in Vestjysk Bank's value services

In 2023, Vestjysk Bank will have even greater focus on sustainability in their value services, and the bank will therefore examine the possibilities of developing new initiatives in collaboration with external parties that can help and inspire our customers to think and shop more sustainably.

Continued focus on safeguarding our customers in a difficult time

In 2023, Arbejdernes Landsbank will continue to support our customers in a time of increasing uncertainty. We want to be proactive and contact our customers to ensure that their finances are robust enough to withstand inflation, interest rates and increasing energy costs.

An active policy on contacting customers

Vestjysk Bank's policy on contacting customers is the focal point for ongoing contact with our customers, so it is important that the policy is in daily use and operational for our advisors. In 2023, we will therefore work even more on the policy to make it a good foundation for our dialogue with customers.

Arbejdernes Landsbank's policy on contacting customers ensures that customers have a values interview every three years.

In addition to the values interview, the Bank stays in regular contact with customers to ensure a close relationship and that

the customers' needs are met. The branches are measured by compliance with the policy on contacting customers, and in 2023 there will also be objectives for advisors regarding annual dialogues with business customers.

Digital safety and security

Denmark is one of the leading countries in terms of using digital solutions. Solutions are constantly being developed, for example the eID solution NemiID was replaced by MitID in 2022. This provides many customers with new possibilities, not least to use banking services themselves outside normal opening hours. In 2023, we will increase focus on helping customers who are not comfortable using digital solutions, including providing them with support and guidance.



Risks and policies

for the customer area



Risks for the business

When we advise and meet our customers, there is a risk that customers will not get the advice, service and experience they expect from us or need. This may damage the business in the form of reduced customer satisfaction or increased customer defection.



Risks of negative impacts on social conditions, the environment and society

Our advisory services for customers can have significance for the individual customer's financial situation in the short and the long terms, and we therefore have a huge responsibility to provide thorough advisory services that create value for the customer. The businesses we lend money to can pollute and emit greenhouse gases through their activities and harm people and society.



Policies

Our strategic ambition is to gain more customers and more satisfied customers. We therefore focus on creating the best possible customer experiences, among other things by:

- Offering our customers advisory services adapted to the customer's needs.
- Ensuring that our level of service is one of the highest in Denmark through systematic follow-up on feedback from customers and internal controls.
- Treating all customers professionally, with respect and concern for their individual needs.
- Ensuring that our customers understand their financial situation and the products we offer.
- Making an extra effort to ensure in particular that no customer leaves a meeting without having understood our advice.

Employees

We want to future-proof our workplace by focusing on sustainability and attractive conditions in a working environment based on sound values. We work actively to ensure that realisation of our strategy goes hand in hand with a healthy, developing and inspirational physical and psychological working environment. This was also our ambition in 2022, in which we focused on implementing a number of organisational changes to create an even more dynamic and customer-oriented culture. Everyone should be able to see career and development opportunities with us, and diversity among employees and good management are natural and expected.



Overview of initiatives and objectives for employees

	Company	Initiatives in 2022	Objectives for 2023
 Culture and values	Arbejdernes Landsbank	<ul style="list-style-type: none"> ■ Integrating our values and developing a strong inclusive culture. 	<ul style="list-style-type: none"> ■ Strategy for diversity and inclusion.
	Arbejdernes Landsbank	<ul style="list-style-type: none"> ■ Pulse survey and employee commitment survey. ■ Focus on prevention of stress and community exercise. 	<ul style="list-style-type: none"> ■ The most committed employees of the sector. ■ Continued focus on health and prevention.
 Employee commitment	Vestjysk Bank	<ul style="list-style-type: none"> ■ Employee satisfaction survey. 	
	Arbejdernes Landsbank	<ul style="list-style-type: none"> ■ Increased knowledge about sustainability for everyone at Arbejdernes Landsbank. ■ Training business advisors in sustainability. ■ Sustainability and investment advice training for private customer advisors. ■ Training in digital meetings as part of a hybrid, flexible and modern workplace. ■ Employing finance students and finance trainees. 	<ul style="list-style-type: none"> ■ Training private customer advisors in the difficult conversation with customers. ■ Management training. ■ Employee career development programme.
 Competences and training	Vestjysk Bank	<ul style="list-style-type: none"> ■ Day devoted to sustainability for business advisors. ■ Employing finance students and finance trainees. 	<ul style="list-style-type: none"> ■ Training private customer advisors in the difficult conversation with customers. ■ Management training. ■ Talent programme for employees in "Vestjysk Bank Forward". ■ More business advisors upgrade their sustainability skills. ■ Attracting employees.



Culture and values

Integrating values and developing a strong inclusive culture

Our culture is a pivotal part of Arbejdernes Landsbank's 2025 strategy and is vital for us to succeed with our strategy and maintain our position in the sector as Danes' preferred bank. In continuation of previous years' targeted efforts to implement our new values: Integrity, Openness, Corporate Responsibility and Community, this year we have focused on incorporating these values into all our activities. These values have practically been benchmarks for our behaviour, and employees still react positively in the annual employee commitment survey by stating that they assess that Arbejdernes Landsbank is acting in accordance with the values.

Specifically, we have tried to express the values in the management of a number of internal changes – in decisions, skills development and communication. The next natural step in our workplace culture is to develop a strong inclusive culture as part of our diversity and inclusion efforts and with close links to our initiatives relating to sustainability. We believe that a strong inclusive culture is a precondition for achieving diversity among employees and customers and not least better solutions and business.

In order to build an even more inclusive culture, we have launched a structural analysis of our processes, policies and standards in collaboration with Diversity Factor. The analysis involves document analyses and interviews with HR and managers. The structural analysis will result in a report with recommendations on how we can build an even more inclusive culture. We also held a workshop with the Executive Management and managers at our management seminar to make them aware of what diversity and inclusion mean and their role in this.

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| **Culture** and values

Objectives for 2023

Arbejdernes Landsbank's strategy for diversity and inclusion must be in line with international and national principles for diversity and inclusion, as well as current and future regulation. The key principle is that the Bank is to be an attractive workplace with equal opportunities for all. Our structural analysis of diversity and inclusion at the Bank will be completed in 2023. Based on the analysis, decisions will be made regarding initiatives that strengthen our inclusive culture, including development of HR policies, HR processes and HR structures and training.





Employee commitment

Pulse survey and employee commitment survey: A bank undergoing change affects employee commitment

Arbejdernes Landsbank has always been recognised as an attractive workplace with committed employees. Maintaining a high level of commitment is an important mission for us, as happy and loyal employees result in satisfied customers and are good for business. With a very high commitment score in 2021, where we were above the benchmark for the sector in many areas, we expected to see a drop this year due to a series of major organisational changes. And because committed employees are the most important success factor for the Bank, we wanted to receive regular feedback for improvements. Consequently, we conducted a brief pulse survey after announcing a series of organisational changes and our annual employee commitment survey in the autumn when several of the changes had been implemented.

The results of the pulse survey showed an organisation undergoing change with a drop in the areas asked about. However, the results of the employee commitment survey in the autumn showed an organisation on the mend, with all scores in the pulse survey having increased to almost the same level as in 2021. Previously we were above the benchmark in most areas, and now we are at the same level as the rest of the sector.

A clear ambition of ours is to be top of class again. Our workplace assessment regarding the psychological working environment shows that our employees work under good working conditions and there are no signs of bullying and harassment. We are at par with or slightly above the benchmark in all areas. Not surprisingly our future focus will be on temperatures, indoor climate and noise.

To develop an attractive workplace with the most committed employees in the sector, we have planned a number of initiatives at central level to be supplemented by local activities in the individual teams when reviewing the results of their area. Our plan is to conduct a pulse survey again in 2023 to follow up the effects of our initiatives and continuously increase commitment.

Focus on prevention of stress and community exercise

To achieve our ambition to focus on the whole person, Arbejdernes Landsbank continued our efforts to implement our health and prevention strategy in 2022. Our basic approach is prevention rather than treatment. We focused particularly on addressing the challenges identified in a health analysis conducted in collaboration with PFA Pension. We have primarily concentrated on prevention of stress, and we have developed a well-being game to facilitate dialogue about preventive measures. We also held a number of activities under the heading “community exercise” to prevent stress and create a greater sense of community across the organisation: fully in line with our values.

High participation rate in Vestjysk Bank’s employee satisfaction survey

In June, 92% of Vestjysk Bank’s employees participated in the employee satisfaction survey. By participating in the survey, employees can influence future initiatives regarding the main topics of survey: job satisfaction, commitment and identity. The employee satisfaction survey helps us specify themes, while making the topics “measurable” and comparable, so that we can target our efforts within well-being and job satisfaction in the short and slightly longer terms.

FAKTA

Employee satisfaction in Arbejdernes Landsbank measured by job satisfaction/loyalty



77/83 out of 100 index points

Employee satisfaction in AL Finans measured by job satisfaction/loyalty



80/85 out of 100 index points

Employee satisfaction in Vestjysk Bank measured by job satisfaction



77 out of 100 index points

Employee satisfaction in the financial sector measured by job satisfaction/loyalty
77/84 out of 100 index points.

Employee commitment

Objectives for 2023

The most committed employees in the sector

At Arbejdernes Landsbank, focus is on increasing commitment so that we once again can be among the best in the sector. This will strengthen the community and pride in being employed by the Bank and have a positive effect on the customer experience.

Continued focus on health and prevention

In 2023, Arbejdernes Landsbank will continue efforts to implement our health strategy, with focus on prevention of stress, community exercise and sleep.





Competences and training

Increased knowledge about sustainability for everyone at Arbejdernes Landsbank

To increase knowledge about sustainability, all employees at Arbejdernes Landsbank have completed the eLearning programmes “Sustainability in the financial sector” and “UN Sustainable Development Goals at Arbejdernes Landsbank”. The two programmes explain the role of sustainability in our sector and the Sustainable Development Goals we work with as a bank. The eLearning programme has become part of our onboarding of new colleagues to ensure that we continue to increase knowledge about sustainability.

Training business advisors in sustainability

In 2022, all employees at Arbejdernes Landsbank’s business centres and specific employees at the Credit Department, Business Development and AL Finans completed training in sustainable dialogue with customers at Finanssektorens Uddannelsescenter. The objective of this training was to increase knowledge and understanding of sustainability as well as the demands and expectations regarding Danish businesses – and through this train business advisors in their dialogue with the Bank’s business customers. Dialogue about and assessment of businesses’ ESG issues and will be an important element in future advisory services and assessment of business customers.

Vestjysk Bank devoted a day to sustainability, attended by all business advisors and managers. The day included internal and external speakers and dialogue about what sustainability means for the customers and the bank, as well as how the bank can help customers in their transition to a more sustainable business model.

Sustainability and investment advice training for private customer advisors

New legislation was introduced in the investment area, which stipulates that advisors must ask about customers’ sustainability profile. Arbejdernes Landsbank has therefore trained our private customer advisors in the new rules and advisory disciplines via webinars and the eLearning programme: Sustainable investments. The aim of all this is to improve competences within sustainability and support our customers’ preferences in the best possible manner.

Training in digital meetings as part of a hybrid, flexible and modern workplace

Flexible and hybrid ways of working have become a natural part of our workplace and more colleagues are making use of the possibility to work from home up to two days a week. Arbejdernes Landsbank’s employee commitment survey shows that employees feel that they have flexibility in their working life and they have good contact with their manager when working from home. This means that we are meeting employees’ expectations of a modern workplace. Our customers also expect a higher degree of digital advisory services, and this flexible approach is therefore fully in line with customers’ needs.

To prepare our colleagues for flexible ways of working and increasing demand for online meetings with customers, we have offered training in how to hold good online meetings and facilitation online. So far, 15% of our employees have participated in the training in how to hold good online meetings, and we will continue to offer this training in 2023 and add a new layer focusing on distance management.

Employing finance students and finance trainees

Both Arbejdernes Landsbank and Vestjysk Bank have a long history of hiring finance students and finance trainees, because we want to take social responsibility, and because we have a good track record of young people contributing new knowledge and inspiration to the benefit of the Bank’s continued development. In 2022, Arbejdernes Landsbank welcomed 10 finance students and 35 finance trainees, and Vestjysk Bank welcomed 14 young people.





Competences and training

Objectives for 2023

Training private customer advisors in the difficult conversation with customers

The Group faces a market situation with increasing inflation, higher interest rate levels and bankruptcies that affect our private and business customers. Consequently, we will develop and implement training programmes to prepare our employees for difficult conversations with customers.

Management training in the Group

Every year, the Group takes active steps to develop managers in order to develop employees and the business. We do this through a new management training programme, a diploma in management, modules within selected management competences and our annual management seminar. In 2023, Arbejdernes Landsbank will launch a special initiative offering the Bank's managers a competence boost within distance management, as flexible and hybrid ways of working make new demands on managers. During 2023, Vestjysk Bank will launch a programme that gathers managers within the region across levels and departments.

Career development in the Group

Employee career development towards management, specialist roles and other roles will be an important focus area in 2023, and this will help ensure continued development of the Group. Arbejdernes Landsbank will launch the "Career booster" initiative to help employees to clarify their next career step in the Bank in close collaboration with their immediate manager.

In 2023, Vestjysk Bank will launch a talent programme named Vestjysk Bank Forward. The programme is project-based and combines employees/competences that do not necessarily work together on a day-to-day basis. The aim of the programme is to form new synergies to help drive the bank forward.

More business advisors upgrade their sustainability skills

With the aim of being able to continue to offer all business customers relevant sparring within sustainability, the Group will focus on upgrading the skills of business advisors within ESG and sustainability in 2023. At Arbejdernes Landsbank, all advisors in the Lokal Erhverv business units will complete training in sustainable dialogue with customers. Similarly, all business advisors at Vestjysk Bank will complete training to provide them with a fundamental understanding of sustainability and knowledge about how they can integrate ESG in dialogue and sparring with customers.

Attracting employees

In 2023, Vestjysk Bank will focus on working strategically with employer branding to become better at attracting new and talented employees, both for the departments and the branches.



Risks and policies for employees



Risks for the business

Employees are the Group's most important resource and it is them who create value for the business. If the employees do not thrive, there is an increased risk that they will leave the Group. Lack of the right competences can negatively affect our business, our customers and our reputation as a workplace.



Risks of negative impacts on the environment and society

Like in any other workplace with a high level of ambition and activity, there is a risk that employees experience an inordinately large workload that could potentially lead to discontent, stress or illness. At the same time, the sector is experiencing increasing regulation and requirements for mandatory learning. This requires that employees have the necessary competences and certifications, as they would not otherwise be able to live up to legislation regarding responsible advice.

Policies

The Arbejdernes Landsbank Group wants to create a strong and inclusive culture with diversity among employees and with an equal gender distribution at all management levels. This is important so that we can continue to attract and retain talent and ensure high performance, good customer experiences and profitable results.

We want to offer attractive conditions of work that engage employees to make efforts that contribute to our strategic and commercial goals. Specifically, we do this by:

- Creating career and development opportunities for employees at all levels.
- Focusing on the development of the individual employee to support the employee's own ambitions and wishes as well as our commercial ambitions.
- Offering flexible working hours which allow employees to create a good work-life balance.
- Ensuring a healthy physical and psychological working environment, and caring for employees who suffer from stress or illness.
- Preventing and establishing clear guidelines for handling serious situations such as robbery, violence and threats.

Policies regarding employees:

Arbejdernes Landsbank

- Policy on absenteeism due to sickness
- Policy on stress
- Policy on drug and alcohol abuse
- Policy on care
- Policy on senior employees
- Policy on prevention and management of bullying and harassment
- Policy on pay
- Target figures and policies on the under-represented gender
- Policy on a sound corporate culture
- Whistleblower scheme
- Policy on working from home

Vestjysk Bank

- Policy on pay
- Policy on the under-represented gender, diversity and suitability
- Policy on a sound corporate culture
- Whistleblower scheme

As a supplement to the policies, Vestjysk Bank has a number of formal processes for HR on how to handle absenteeism, stress, drug and alcohol abuse, care, etc.

Society

We want to engage actively in the local communities we are part of and contribute to achieving societal goals.

The Arbejdernes Landsbank Group is locally present in large parts of Denmark, and engages actively in the local communities we are part of. This is through strategic collaboration and developing communities that support our business, and which also contribute to improving people's lives and the environment.



Overview of initiatives and objectives for society

Company	Initiatives in 2022	Objectives for 2023
Arbejdernes Landsbank	<ul style="list-style-type: none"> ■ Sponsorships to benefit the amateur and the elite. ■ Donations to benefit the community and fans. ■ Employees donate Christmas presents to the Danish Nature Fund. ■ Local collaboration with Frederiksberg Museums and art in Fredericia. ■ Financially supporting aid organisations. ■ Arbejdernes Landsbanks Fond. Supporting education and knowledge. 	<ul style="list-style-type: none"> ■ Partnership with "Keep Denmark Tidy". ■ Supporting the business strategy towards 2025 "More customers and more satisfied customers". ■ More support for education and knowledge via Arbejdernes Landsbanks Foundation.
Vestjysk Bank	<ul style="list-style-type: none"> ■ Sponsorships to benefit the amateur and the elite. ■ LykkeLiga. ■ Focus on young people's finances and education. 	<ul style="list-style-type: none"> ■ Further developing our presence in local communities. ■ Sustainability and consideration for the climate, the environment and social conditions are integrated in our sponsorships and in considerable extensions of partnerships. ■ Closer collaboration with local education institutions.



Sport

We support sport, community, togetherness and the hard work that makes it possible to achieve impressive results, both on and off the field.

Sponsorships to benefit the amateur and the elite

Arbejdernes Landsbank's sponsorships are an important element in our overall branding and communication strategy, and a tool that creates visibility, raises awareness of our brands and supports our business strategy by attracting new customers and retaining existing customers. In recent years, we have gathered extensive experience as a partner and a sponsor of the Danish Football Association for the Men's National Football Team, the Women's National Football Team and the Superliga football clubs Brøndby IF, FC Nordsjælland, AGF, Vejle Boldklub, FC Midtjylland and AaB. We regularly follow up on the effect of the sponsorships through awareness surveys and lead-generating activities.

Vestjysk Bank is the proud sponsor of more than 1,000 associations because we believe that community makes a difference and because we want to contribute to the continued development of the local community. The bank sponsors amateur sport within the common types of sport such as football, handball, gymnastics, swimming etc. and elite sport in Jutland where the bank is one of the main sponsors of the handball league. The bank focuses heavily on the local teams in the women's handball league and the men's handball league TTH Holstebro, Ringkøbing Håndbold, Lemvig-Thyborøn Håndbold, Aarhus UNITED HH Elite and HC Midtjylland. Within football, we are the proud home sponsor of FC Midtjylland.

Donations to benefit the community and fans

Together with FC Midtjylland, we help to give out Christmas presents to financially needy families in and around Herning in Jutland. The Christmas present is a sports bag containing sportswear, football boots, towel, drinking bottle, a ticket to a Superliga match and most importantly free one-year membership of a local football club. The aim is to give children the opportunity to become part of an association, and thereby become part of the healthy, positive communities that help improve the quality of life for children and their families. In 2022, approx. 220 children received the Christmas present.

Together with the AaB football club, Arbejdernes Landsbank donates DKK 2 per spectator at all AaB's home matches to a charity in Northern Jutland. The name of the project is *Hele Nordjyllands Håndsrækning* (a helping hand from all of Northern Jutland) and the amount collected is donated twice a year. In autumn 2022, the donation of DKK 106,596 went to Safe House.

We donate money to good causes through the project by selling football shirts. For every third football shirt sold during a season, we donate DKK 100 to a good cause together with Macron and AaB. In the 2022/2023 season, the money will be donated to BHOV – Forældre til børn med særlige behov; an organisation for parents of children with special needs.

LykkeLiga

Vestjysk Bank has held several events with LykkeLiga; a positive national community for children with developmental disabilities and their families. One of the events was LykkeCup, at which we gathered children and league players for a fabulous handball party in Herning. LykkeLiga's work on inclusion is unique and establishes a framework for a completely new way of forming networks for children and families on and off the handball court. LykkeLiga embraces inclusion, matching perfectly with the ambitions of the bank.

Focus on young people's finances and education

To get young people off to a good start for their future, Vestjysk Bank wants to give them an understanding of how they can ensure the best foundation for sound personal finances. Accordingly, the bank participates in education events together with FCM Samfund, for example, and various educational institutions where the Bank provides relevant advice on how to achieve a strong financial position. When it comes to education, the bank believes that collaboration with higher education institutions benefits both students and the bank. In 2022, the bank had several successful collaborations with local higher education institutions on academic writing.

Nature

Employees donate Christmas presents to the Danish Nature Fund

The Danish Nature Fund is working to improve Danish nature through projects that create more habitats for animals and plants as well as great nature experiences for people in Denmark. In 2021, Arbejdernes Landsbank donated an amount for restoration and protection of more than two hectares of wild nature in Denmark. In 2022, some employees donated the value of their Christmas present from the Bank to the Danish Nature Fund. This means that approx. 880 m² of nature can be restored and protected. Furthermore, the Bank decided not to wrap employees' Christmas presents and instead donated an amount to preserve further 2,750 m² of wild Danish nature through the Danish Nature Fund.



Art and culture

We are actively involved in several cultural and art projects throughout Denmark, because culture helps create life, involvement and experiences, resulting in a stronger sense of togetherness and belonging.

Art in Kanalbyen in Fredericia

Over the past years, Arbejdernes Landsbank has been involved in several cultural and art projects throughout Denmark. In autumn 2019, we joined forces with, and became the main sponsor of, Kanalbyen in Fredericia. This collaboration will help create new art in the neighbourhood over the next three years. The vision is to stimulate life, involvement and experiences in the new neighbourhood at Fredericia harbour front through a series of art installations.

Local collaboration with Frederiksberg Museums

Frederiksberg Museums has a special ability to make room for visitors to engage in one another and in the surrounding world. As a main sponsor, Arbejdernes Landsbank wants to support the many engaging and cultural activities offered by Frederiksberg Museums in Cisternerne, Bakkehuset, STORM and Møstings. The keywords for this collaboration are local commitment and physical presence.



Children and young people

We are dedicated to giving children and young people equal and good opportunities, whether this is in education, sport, illness, basic needs or just being part of a community.

Financially supporting aid organisations

Every year, we support a range of aid organisations and charitable projects. In 2022, the Bank provided financial support totalling approx. DKK 1.2 mill. to charitable causes such as:

Save the Children – Ukraine: The war in Ukraine has been going on since February 2022 and has displaced many children

and their families. Save the Children supports these families with food, water, medical care and psychological first aid. Moreover, the organisation supports development and learning by donating teaching materials and activity kits for children.

Din Camp: Since 2011, Din Camp has welcomed more than 14,000 children and young people to summer camp, where new friendships are made in creative learning universes, communities and experiences.

KidsAid: KidsAid helps children and young people to forget their disease for a little while by organising unique experiences at hospitals, concerts with celebrity performers and sports events with sporting icons.

Foundation strengthens Danish society through knowledge

Arbejdernes Landsbanks Fond is a foundation aiming at strengthening Danish society – including children – through education and knowledge. The foundation was established in 1957 and is operated as an independent institution. Specifically, the foundation funds further education and continuing training, primarily schools and education institutions, and the foundation provides support for individuals under education or training. In 2022, the foundation provided support totalling approx. DKK 410,000.





Objectives for 2023

We want to keep Denmark tidy

In 2023, Arbejdernes Landsbank entered into a partnership with "Keep Denmark Tidy". By involving voluntary organisations, the aim of the partnership is to remove litter after selected football matches at and around the stadiums of the six large football clubs sponsored by the Bank. This means we can support recreational activities in the clubs' local areas: AaB (Aalborg), AGF (Aarhus), Brøndby IF, FC Midtjylland (Herning), FC Nordsjælland (Farum) and Vejle Boldklub.

Supporting the business strategy towards 2025 "More customers and more satisfied customers"

The Arbejdernes Landsbank's sponsorships must support the business strategy towards 2025 "More customers and more satisfied customers" both by attracting new customers and retaining existing customers. We do this by activating the individual sponsorships, e.g. through promotional activities with the local business community and local recreational associations as well as networks in the relevant market area. Specifically, we invite customers and networks to various types of events via our sponsorships in football clubs, at festivals, at museums, at cinemas, etc.

More support for education and knowledge via Arbejdernes Landsbanks Fond

Arbejdernes Landsbanks Fond will continue to provide support to strengthen Danish society through education and knowledge. Support is provided to institutions, associations, clubs and individuals. In 2023, the Bank will also focus on providing support to a range of aid organisations and charitable projects with a particular need for a helping hand.

Collaboration with even more focus on sustainability

In 2023, Vestjysk Bank will continue and further develop its involvement in the local communities the bank is part of, and thereby move even closer to its ambition of becoming Denmark's strongest local bank. With regard to sponsorships, sustainability, the climate, the environment and social conditions, including clubs' responsibility for the future of top athletes after the end of their sports careers, are integrated in sponsorship decisions and extensions of partnerships. The Bank's ambition is also to collaborate even more closely with local educational institutions in 2023.



Risks and policies for society



Risks for the business

Being part of external partnerships and supporting causes always entails a risk that agreements will not live up to expectations or the money we donate will not be paid in full to the cause we want to support. We try to minimise this risk as far as possible by making demands on the clubs, institutions and organisations we work with. The specific demands are explicitly stated in the individual contracts and collaboration agreements, and we follow up on compliance with the demands in our ongoing dialogue with our partners.



Risks of negative impacts on the environment and society

Our external partners can have negative impacts on the environment and on society through their activities. For this reason we carefully select our partners and only enter into new partnerships with reliable organisations.



Policies

At the Arbejdernes Landsbank Group, we want to play an active role in the society we are part of by:

- Helping give the public and our customers a better understanding of their personal finances.
- Helping encourage more people to make important financial decisions that will strengthen their position today and throughout life.
- Getting involved in the local community and contributing to developing culture and recreational activities.
- Supporting humanitarian work through Danish and international relief organisations.
- Establishing sponsorship collaboration with sports clubs and non-profit organisation.

When Arbejdernes Landsbank enters into new sponsorships or extends existing sponsorships and partnerships by more than one year and at a minimum value of DKK 100,000 annually, we include requirements in our contracts stipulating that the relevant club or cultural institution must have a publicly available policy or document that states that they comply with the principles for human rights and labour rights, and that they make efforts to minimise risks of violating such principles.

SUSTAINABILITY

Governance and management



At the Arbejdernes Landsbank Group, we perceive corporate governance as an integral precondition for our operation, and we are open about the framework, rules and guidelines in relation to this.

The Group has considered all recommendations for corporate governance and follows all recommendations in the corporate governance code issued by the Danish Bankers' Association. Both Arbejdernes Landsbank and Vestjysk Bank have policies to ensure a sound corporate culture, anti-money laundering and anti-terrorist financing and that personal data is processed appropriately.

Overview of initiatives and objectives for governance and management

Company	Initiatives in 2022	Objectives for 2023
Arbejdernes Landsbank	<ul style="list-style-type: none">■ Adoption of a joint Group tax policy.■ Anti-money laundering as an integral part of the Group's culture.■ Training employees in anti-money laundering.	<ul style="list-style-type: none">■ Strengthened customer due diligence.■ Focus on a sound corporate culture.
Vestjysk Bank	<ul style="list-style-type: none">■ Adoption of a joint Group tax policy.■ Anti-money laundering as an integral part of the Group's culture.■ Training employees in anti-money laundering.	<ul style="list-style-type: none">■ Strengthened customer due diligence.■ Focus on a sound corporate culture.



Initiatives in 2022

A joint Group tax policy

The Arbejdernes Landsbank Group is among the 100 largest tax payers in Denmark, see the open registers of taxpayers for corporate tax payments for 2021. Our objective is to be a responsible tax payer that complies with relevant tax legislation. We want to lead a transparent tax policy, and this means that we must be able to explain and defend our tax provisions and payments to the our stakeholders at all times. Our new tax policy applies to Arbejdernes Landsbank and to our subsidiaries, and in 2022 Vestjysk Bank became part of the Group's tax policy.

Anti-money laundering as an integral part of the Group's culture

The Group generally focuses on making anti-money laundering initiatives a natural and integral part of our customer services and activities. Good customer due diligence is a precondition for us to continue to actively combat money laundering and financing of terrorism, and at the same time contribute to good customer experiences. Both Arbejdernes Landsbank and Vestjysk Bank have adopted a policy on sound corporate culture. The purpose of these policies is to secure and promote a sound corporate culture in accordance with the Group's wishes. The policies are to help ensure that the Group complies with financial legislation and that the Group is not abused for money laundering, terrorist financing and other economic crime. To make this as operational and recognisable as possible for the employees, Arbejdernes Landsbank and Vestjysk Bank have both developed codes of conduct describing the actions required by the Group.

The Group regularly updates the policies, which are distributed to all new employees as part of their onboarding and to all existing employees e.g. through management seminars and morning meetings in branches and departments.

Training employees in anti-money laundering

The Group strives for continued strong initiatives to combat money laundering, financing of terrorism and breaches of financial sanctions. As criminals constantly find new ways to launder money or finance terrorism, this requires constant upgrading of knowledge and competences in this area.

Anti-money laundering training is mandatory for all new employees and for existing employees, who undergo updated training at fixed intervals as required. The training is targeted at departments and/or groups of employees who may need more specialised training and education. This ensures that all employees actively consider the risks of being abused for money laundering and terrorist financing.

FACTS



92.5%

Attendance at meetings in the Sustainability Committee of Arbejdernes Landsbank

100%

Attendance at meetings in the Sustainability Committee of Vestjysk Bank

Objectives for 2023

Strengthened customer due diligence

Customer due diligence is still a crucial part of the Group's initiatives to combat money laundering, terrorist financing and other financial crime. In 2023, we will continue our targeted efforts to strengthen customer due diligence through a number of initiatives to live up to current legislation, and at the same time focus on good customer experiences. Specific initiatives include ongoing mandatory anti-money laundering training and closer collaboration between customer-oriented functions and the Group's AML departments. Stronger organisation to simplify our processes and ensure that we allocate resources where the risk is highest.

Focus on a sound corporate culture

Throughout the Group, we focus on ensuring a sound corporate culture, and this is described in the Group's policies for the area. It is important to us that the policies are implemented in work and actions that affect customers, employees and society. In 2023, Vestjysk Bank will work specifically on the values and principles behind the bank's policy on a sound corporate culture, so that it becomes even more operational and viable in the employees' day-to-day work.



Risks and policies for governance and management



Risks for the business

Environmental and climate-related regulation, new business models and changes in consumer behaviour may affect the Group's reputation and financial risk in the long term if the Group fails to meet society's expectations regarding the green transition, gender and diversity and other governance factors.

Customers and stakeholders can lose confidence in us if we do not live up to our responsibilities and obligations in the fight against financial crime. Moreover, the Group can suffer financial losses and damage to reputation if cyberattacks and/or data breaches occur.

If the Group is abused for damaging operations, this may negatively impact our operations, reputation, or business relations and it may result in a financial loss.

Moreover, it can lead to reactions from the authorities, including orders, administrative sanctions, fines, etc. Failure to comply with anti-money laundering legislation can involve criminal liability for the Group and individual employees.



Risks of negative impacts on the environment and society

As a financial undertaking, the Group has an important role and a great responsibility in the green transition and in sustainability in general. If the Group fails to live up to this role, this can slow down the transition to a more sustainable society.

The Group can be abused for economic crime, which can have major consequences for society, and data breaches can lead to social damage or harm individuals.

If the Group is abused for money laundering, terrorist financing or other forms of financial crime, there will be a number of secondary negative consequences for society.

The social consequences of economic crime are multifaceted. Consequences may include loss of tax revenues for central government, market distortion, destabilisation of financial institutions and increased corruption.

Risks and policies for governance and management



The Group

Policy on corporate social responsibility and sustainability

- The aim of this policy is to ensure that, as a group and as a systemically important financial institution, we run the business responsibly, contribute positively to society and live up to the obligations arising from our memberships of the UN Principles for Responsible Banking, the UN Principles for Responsible Investment and the UN Global Compact as well as legislation in the area.

Tax policy

- Defines the overall framework for the Group's behaviour in the tax area, both in relation to circumstances in parent companies and subsidiaries and in relation to circumstances of customers and business associates.

Policy on processing of personal data

- This policy sets the framework for how the Group ensures that personal data is processed lawfully, fairly and in a transparent manner in relation to the data subject in accordance with the GDPR.

Policy on data ethics

- The policy describes the Group's approach to good data ethics and the principles for how the Group deals with data ethics correctly, responsibly and transparently.

Arbejdernes Landsbank

Policy on a sound corporate culture

- Defines the overall framework for ensuring a sound corporate culture at the Bank.
- Expectations of the behaviour of all employees, and thus the desired culture, are based on the Group's business model and on the risk of violating the financial legislation.

The Bank's whistleblower scheme

- Is to ensure that employees can notify any violations of the financial legislation, other EU legislation or serious violations of the law such as bullying, harassment or bribery that they may become aware of in their work.
- Enables employees to notify matters anonymously.
- The Bank's Compliance Department and an external law firm handle whistleblower notifications.

The purpose of the policy on the prevention of money laundering and financing of terrorism and violation of sanctions is to ensure that:

- The Bank is not abused for money laundering, financing of terrorism or breaches of financial sanctions.
- Where it cannot be ruled out that transactions or behaviour are suspicious, this will be notified to the authorities.

Other

- Arbejdernes Landsbank has considered all of the recommendations for corporate governance, and follows the majority of them.
- Arbejdernes Landsbank follows all recommendations in the corporate governance code issued by the Danish Bankers' Association.
- Policy on diversity and suitability on the Board of Directors.
- Policy on the under-represented gender.
- Remuneration policy: the Executive Management is not covered by any bonus scheme.
- The Bank's Code of Conduct defines a set of rules that must be applied by all employees when dealing with customers, suppliers and authorities.

Board committees

- Nomination and Remuneration Committee.
- Audit Committee.
- Risk Committee.

Advisory committees under the Board of Directors

- The Advisory Board of Representatives.

Executive Management committees

- Sustainability Committee.

Risks and policies

for governance and management



Vestjysk Bank

Policy on a sound corporate culture

- Defines the overall framework for ensuring a sound corporate culture at the bank.
- Expectations of the behaviour of all employees, and thus the desired culture, are based on the Group's business model and on the risk of violating the financial legislation.

The Bank's whistleblower scheme

- Is to ensure that employees can notify any violations of the financial legislation, other EU legislation or serious violations of the law such as bullying, harassment or bribery that they may become aware of in their work.
- Enables employees to notify matters anonymously.
- The Bank's secretariat of the Executive Management handles whistleblower notifications.

The purpose of the policy on the prevention of money laundering and financing of terrorism and violation of sanctions is to ensure that:

- The Bank is not abused for money laundering, financing of terrorism or breaches of financial sanctions.
- Where it cannot be ruled out that transactions or behaviour are suspicious, this will be notified to the authorities.

Other

- Vestjysk Bank has considered and follows the majority of recommendations for corporate governance.
- Vestjysk Bank follows all recommendations in the corporate governance code issued by the Danish Bankers' Association.
- Policy on diversity and the under-represented gender.
- Remuneration policy: the Executive Management, managers and employees have no fixed bonus scheme.
- The Code of Conduct defines a set of rules that must be applied by all employees when dealing with customers, suppliers and authorities.

Board committees

- Nomination and Remuneration Committee.
- Audit Committee.
- Risk Committee.
- Sustainability Committee.

SUSTAINABILITY

ESG metrics

Selected key figures

Key figures for business activities 2022

	Unit	Arbejdernes Landsbank	Vestjysk Bank	AL Finans
Loans and credits				
Housing				
Housing loans on the balance sheet	DKK bn.	13.4	4.85	
Climate loans total volume	DKK mill.	34.9		
Energy loans total volume	DKK mill.	9.6		
ProvinsKlar total volume	DKK mill.	12.8		
Mortgage deeds total volume	DKK mill.	1,331		
BoligBonus paid to customers with Totalkredit mortgage-credit loans in the Bank	DKK mill.	25.6		
KundeKroner, discounts to customers with Totalkredit mortgage-credit loans in the Bank	DKK mill.	81	58.2	
Cars				
Total car loans and leasing services	DKK mill.	45	855	6,154
Loans for electric cars and plug-in hybrid cars	DKK mill.			2,527
Electric and plug-in hybrid car loans' share of total car loans and leasing services	%			40
Asset management				
Assets under management	DKK bn.	24.7	12.7	
ESG screened share of assets under management	%	75	95.2	
Investments with sustainable focus (according to Article 8 of the SFDR)	DKK bn.	16.3	12.1	
Ecolabelled investments, assets under management	DKK bn.	4.1	0.2	
Own portfolio				
Key figures for total own portfolio	DKK bn.	19.1	9.9	
Volume of investments in green bonds	DKK mill.	694		

Key figures for the climate, the environment, social conditions and governance 2022	Unit	Arbejdernes Landsbank	Vestjysk Bank	AL Finans
Environmental conditions				
Renewable energy share	%	100	0	100
Electricity consumption	kWh/FTE	3,141	2,513	1,553
Heating consumption	kWh/FTE	4387	8874	1471
Water consumption	m ³ /FTE	7.9	1.7	0.2
Waste source-separation rate	%	44.0	23.2	32.8
Ecolabelled procurement	%	Fixtures and equipment 43.5 IT 46.4 Cleaning 98.1 Printed materials 88.5 Stationery 66.1	-	-
Organic products in the canteen	%	75	-	76
Direct CO ₂ e emissions (Scope 1)	Tonnes of CO ₂ e	36	58	37
Indirect CO ₂ e emissions (Scope 2 market-based)	Tonnes of CO ₂ e	192	397	5
Indirect CO ₂ e emissions (Scope 2 location-based)	Tonnes of CO ₂ e	691	397	24
Other indirect CO ₂ e emissions (Scope 3 categories 1-14)	Tonnes of CO ₂ e	16,647	6,645	122
Financed CO ₂ e emissions (Scope 3 category 15)	Tonnes of CO ₂ e	231,380	253,921	74,324
Financed CO ₂ e footprint (Scope 3 category 15)	Tonnes of CO ₂ e/ DKK mill.	3.6	6.7	10.1

Key figures for the climate, the environment, social conditions and governance 2022 (continued)	Unit	Arbejdernes Landsbank	Vestjysk Bank	AL Finans
Social conditions				
Full-time workforce	FTE	1,139	629	90
Customer satisfaction, Voxmeter, annual	Rank	1	11	
Customer satisfaction, Voxmeter, annual	CEM score	7,385	6,393	
Customer satisfaction after meeting	NPS score 0 -100	76	41	
Influx of customers (net)	Number	6,588	-9,644*	
Customer retention	%	93	90	
Gender diversity among full-time employees	w/m%	49/51	59/41	48/52
Gender diversity among managers with staff responsibilities	w/m%	30/70	32/68	25/75
Pay gap between genders	Factor	1	1	
Average seniority	Years	10	13	
Employee satisfaction measured by job satisfaction/loyalty	0 -100	77/83	77/-	80/85
Staff turnover rate	%	15.8	13.7	
Absenteeism due to sickness per employee	Days/FTE	9.2	7.2	
Governance and management				
Attendance at Board of Directors meetings	%	95	98.6	
Gender diversity on the Board of Directors	w/m%	46/54	22/78	0/100
Gender diversity in the Executive Management	w/m%	16.17/83.33	0/100	
Attendance at Sustainability Committee meetings	%	92.5	100	
Pay gap between the CEO and employees	Factor	6.3	7.4	
Share of employees who have completed "anti-money laundering/anti-terrorism" certification	%	95	79	

*) The net reduction in customer numbers at Vestjysk Bank is due to sales of branches of Vestjysk Bank in Rødekro, Tinglev and Løgumkloster in October 2022.

Key figures for Taxonomy eligible activities

As a financial undertaking and credit institution, Arbejdernes Landsbank has to draw up reports pursuant to Article 8 of the EU Taxonomy Regulation. The requirements and KPIs for financial undertakings are stated in the EU Taxonomy complementary Commission Delegated Regulation (EU) 2021/2178. Disclosure requirements for the period 1 January 2022 to 31 December 2023 are stated in Article 10(2) (transitional scheme).

This transitional scheme only requires us to report whether or not the proportion of exposures on the balance sheet is covered by the Taxonomy Regulation (Taxonomy Eligible versus Taxonomy Non-Eligible). In other words, the report does not have to state whether the exposures concerned can qualify as sustainable according to the EU Taxonomy, but only whether these exposures have the potential to qualify as sustainable, see the EU technical screening criteria.

We only have a little first-hand data in connection with this mandatory reporting, but, using a best-effort approach, we have calculated data based on the parameters shown in the table below. This year's statement should be seen as preparation prior to the more extensive mandatory reporting starting from 2024 about which of our exposures can be classified as sustainable under the EU Taxonomy (GAR).

The Group	DKK mill.		Share in % of assets covered	
	Taxonomy Eligible	Taxonomy Non-Eligible	Taxonomy Eligible	Taxonomy Non-Eligible
Assets covered	20,196.1	72,389.2	21.7%	56.5%
Trading portfolio		28,993.1		
Interbank loans on demand	0	1,814.2	0%	2.0%
Companies not covered by the NFRD		20,483.0		
Derivatives		276.5		0.3%
Central administrative authorities, central banks and supranational issuers		7,332.2		

Arbejdernes Landsbank, AL Finans and Vestjysk Bank

Annex XI qualitative disclosure requirements

Contextual information in support of the quantitative indicators, including the scope of the assets and activities covered by the KPIs, information on data sources and limitation.

How we have calculated eligibility

Calculation of eligible and non-eligible exposures is based on the NACE code with which an exposure or a business customer has been registered. A prerequisite is that the exposure can be linked to an asset/activity. As Arbejdernes Landsbank does not apply NACE codes to identify customers' activity area, but industry codes, see DB07, the actual identification took place by mapping (converting) NACE codes in the EU Taxonomy Compass to Danish industry codes (link to the EU Taxonomy Compass: <https://ec.europa.eu/sustainable-finance-taxonomy/documents/taxonomy.xlsx>). The calculation covers the carrying amount of the exposure.

Calculation of Non-Eligible exposures

The numerator for the calculation of non-eligible exposures in relation to eligible assets must be deducted from non-NFRD exposures, and therefore the KPI for the share of eligible and non-eligible exposures does not result in 1.

Assets covered

Eligible assets are defined as the book value of the assets as at 31 December 2022 less exposures to central administrative authorities, central banks and supranational issuers as well as the trading portfolio.

Private customers

Calculations of eligible exposures to private customers are based on whether the asset/activity financed by the exposure is registered with an NACE code, a corresponding property code or other relevant product classification. Specifically, exposures that meet the product types housing loans and car loans have been included as eligible. These activities are covered by Annex 1 and Annex 2 to the Commission Delegated Regulation ((EU) 2021/2139). Link: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2139&from=EN> and are stated in the EU Taxonomy Compass – Acquisition and ownership of buildings (L68) as well as Operation of personal mobility devices, cycle logistics (N77.11, N77.21), respectively. All other loans to private customers are counted as non-eligible.

Annex XI qualitative disclosure requirements (continued)

Business customers

The calculation is based on exposures to NFRD companies, which are defined as companies with more than 500 employees, and which are subject to the EU Non-Financial Reporting Directive (NFRD). Only exposures to NFRD companies on which we have first-hand data, and whose sector and activity are covered by the EU Taxonomy Compass, can be classified as eligible, see Frequently asked Questions to the European Commission of December 2021. In connection with this second mandatory reporting, we have no first-hand data on exposures to NFRD companies, which means that no corporate exposures are classified as eligible.

Explanations of the nature and objectives of Taxonomy-aligned economic activities and the evolution of the Taxonomy-aligned economic activities over time, starting from the second year of implementation, distinguishing between business-related and methodological and data-related elements.

N/A

Description of the compliance with Regulation (EU) 2020/852 in the financial undertaking's business strategy, product design processes and engagement with clients and counterparties.

Sustainability is part of the Group's business strategy and focus. Our sustainability strategy has been implemented in the Group's "Policy on corporate social responsibility and sustainability", and sustainability has been integrated into our "Credit policy" as well as in our "Policy on responsible investment and integration of sustainability risks" and "Policy on integration of sustainability risks".

The Group offers financing aimed at initiatives that contribute to the green transition (e.g. climate loans to finance energy renovation in private homes and financing of renewable energy as well as loans for electric cars and plug-in hybrid cars) as well as investment products with focus on sustainability (e.g. an ecolabelled investment association). Furthermore, Arbejdernes Landsbank invests its own portfolio in sectors and Taxonomy eligible activities, e.g. in green mortgage-credit bonds.

When developing new products and services at the Bank, we actively address risks in a number of important areas – including operational, credit, liquidity and reputational risks – and we consider the importance of the product or the service for sustainability. We believe that the ability to offer customers responsible and sustainable products and services will be one of the most important competitive elements in the future, and therefore sustainability has a positive weighting in the product approval process.

Annex XI qualitative disclosure requirements (continued)

For credit institutions that are not required to disclose quantitative information for trading exposures, qualitative information on the alignment of trading portfolios with Regulation (EU) 2020/852, including overall composition, trends observed, objectives and policy.

Arbejdernes Landsbank's trading portfolio consists of the Bank's own resources (own portfolio) and resources that we invest to service the Bank's customers on the financial markets.

By far the majority of Arbejdernes Landsbank's trading portfolio is made up of our own portfolio (approx. 99%). Our investment policy for the own portfolio is to invest in worthy purposes that live up to the Group's credit policy. Among other things, this means that the own portfolio does not finance companies or activities that harm the environment. Nor is the own portfolio invested in nuclear weapons, cluster bombs or landmines. Moreover, ESG and sustainability are integrated in the investment strategy for the own portfolio and have a positive weighting in the selection process and in the investment decision, and our ambition is to increase the share of sustainable investments in the total portfolio. For instance, Arbejdernes Landsbank invests in several companies with social and environmental purposes and activities.

A considerably smaller part of Arbejdernes Landsbank's trading portfolio (approx. 1%) is invested on the basis of a market-neutral strategy and consists of securities that are traded day-to-day to offer our customers a large range of investment opportunities based on their needs and requests.

Additional or complementary information in support of the financial undertaking's strategies and the weight of the financing of Taxonomy-aligned economic activities in their overall activity.

An overall objective in Arbejdernes Landsbank's sustainability strategy is to increase the share of sustainable finance and sustainable investments in accordance with the EU Taxonomy Regulation up to 2025. Arbejdernes Landsbank has established a governance structure to ensure that the sustainability strategy is implemented.

The Board of Directors has approved the "Policy on corporate social responsibility and sustainability" that determines the framework for this work. Arbejdernes Landsbank's Sustainability Committee has managerial responsibility for the strategy and for implementing the corporate social responsibility policy across business areas and units. The CEO of Arbejdernes Landsbank is the chairman of the Sustainability Committee, which includes the entire Executive Management.

Reporting principles

References	Comments
The UN	
<i>Portfolio Impact Identification Tool, V2</i>	Used for an impact analysis on the Bank's loan portfolio.
<i>Investment Portfolio Impact Analysis Tool</i>	Used for an impact analysis on the Bank's investment portfolio.
Finance Denmark	
<i>Model for carbon footprint for the financial sector</i>	We take outset in the principles in Finance Denmark's model for carbon footprint to calculate financed emissions.
The Association of Local Banks, Savings Banks and Cooperative Banks in Denmark (LOPI)	
<i>Spreadsheet for the calculation of CO₂e on business loans</i>	Using a best-effort approach, we take outset in LOPI's method to calculate CO ₂ e emissions from business financing activities.
<i>Spreadsheet for calculation of CO₂e on car loans and leasing</i>	Using a best-effort approach, we take outset in LOPI's spreadsheet and method to calculate CO ₂ e emissions from car loans and leasing.
The CFA Society Denmark/the Institute of State Authorized Public Accountants in Denmark/Nasdaq	
<i>ESG highlights and key figures in the annual report</i>	We report on the recommended KPIs. See accounting policies below.

References**Comments****Data suppliers**

Data for calculation of CO₂e on housing loans

We have received datasets with energy rating labels on properties in Denmark from Nykredit/Totalkredit to calculate emissions on housing loans.

Data for calculation of CO₂e on car loans and leasing

For our calculation of CO₂e on car loans and leasing, we take outset in known data on type of fuel and engine sizes of all the cars in the portfolio. Moreover, we use statistical data regarding use of the cars per year from the Danish Centre for Environment and Energy (DCE) at Aarhus University.

Data for calculation of CO₂e on business loans

We have collected emissions data from Statistics Denmark and aggregated data using the industry distribution from the Danish FSA. We have mapped this data with the balance sheet figures for the individual industries, so that the Bank's market share in a given industry can be calculated and thereby also the Bank's share of total emissions from the industry.

Data for calculation of CO₂e on investments

We collect and use data from the Reuters EIKON system to calculate financed emissions on investment portfolios – both in relation to investments on behalf of customers and our owners and in relation to investments of the Bank's own portfolio.

Key figures	Unit	Description	Calculation
Climate and environmental data			
CO ₂ e scope 1	Tonnes of CO ₂	Scope 1 emissions are direct emissions from fuel combustion by the Group's own or controlled sources.	<p>Greenhouse gases (GHG) are calculated on the basis of each individual type of fuel.</p> <p>Emissions are converted into CO₂ equivalents (CO₂e): $CO_2e = CO_2 + (GWP \text{ factor} * CH_4) + (GWP \text{ factor} * N_2O) + (GWP \text{ factor} * SF_6) + (GWP \text{ factor} * HFC) + (GWP \text{ factor} * PFC) + (GWP \text{ factor} * NF_3)$.</p>
CO ₂ e scope 2	Tonnes of CO ₂	Scope 2 emissions are indirect emissions from the energy purchased by the Group.	<p>Scope 2 emissions are calculated per purchased MWh of electricity and district heating.</p> <p>Emissions are converted into CO₂e: $CO_2e = CO_2 + (GWP \text{ factor} * CH_4) + (GWP \text{ factor} * N_2O)$.</p>
CO ₂ e scope 3	Tonnes of CO ₂	<p>Scope 3 emissions comprise all other indirect emissions from activities outside the Group.</p> <p>As a financial undertaking, scope 3 emissions constitute primarily the Group's economic activities, i.e. the secondary CO₂e effect of financing, investments and leasing activities.</p> <p>Scope 3 emissions also constitute other indirect emissions from sources not owned or controlled by the Group. This applies to emissions associated with the value chain which the Group is part of, e.g. the Group's resource management, canteen operations and transport.</p>	<p>See the tab "Climate accounts" for a description of accounting policies for CO₂e emissions from economic activities, specific CO₂e for housing loans, car financing, business financing and investments, respectively.</p> <p>Other indirect scope 3 emissions related to the Bank's internal operations are stated in the table "The Group's own CO₂e emissions".</p>
Energy consumption	MWh	Like emissions, energy is typically calculated on the basis of fuel consumption multiplied by conversion factors. The energy consumed is based on energy from scope 1 and 2 sources as well as energy from renewable sources.	$Energy \text{ consumption} = (\text{type of fuel used (t)} * \text{energy factor per type of fuel}) \text{ per type of fuel} + (\text{electricity used (incl. renewable energy) (MWh)}) + (\text{district heating used incl. renewable energy sources for heating (GJ/3.6)})$.
Renewable energy share	%	How much of the total energy consumed comes from renewable sources. Sometimes, this is also measured as renewable energy vs non-renewable energy, but this key figure would be impossible to calculate in cases in which all energy is from renewable sources.	$Renewable \text{ energy share} = (\text{Renewable energy} / \text{Energy consumption}) * 100$.

Key figures	Unit	Description	Calculation
Climate and environmental data (continued)			
Water consumption	m ³	The sum of all water consumed from all sources such as surface water, groundwater, rainwater or municipal water. Water consumption is calculated as gross consumption, and if the company also needed treatment of wastewater this cannot be subtracted, but can of course be reported separately.	Water consumption = Sum of all water consumption – gross.
Resource management	Tonnes	Extraction and processing of raw materials for pure and usable materials require energy and time, and since there is a limited amount of resources on our planet, The Group is also working to reduce the amount of resources sent for recycling and incineration by us.	Resource management = Sum of all waste in metric tonnes.
Social data			
Customer satisfaction	CEM score	Each year, the independent analysis institute Voxmeter carries out the customer satisfaction survey, CEM Bank Intelligence, among thousands of randomly selected Danish bank customers of the 20 largest banks in Denmark. The maximum CEM score is 11,000.	Voxmeter's report for 2022 includes 60,000 individuals who completed 14 short questionnaires in randomised order.
Full-time workforce	FTE	Calculated to be able to measure the full-time workforce required to carry out the work that has generated the financial key ratios. This requires both the statutory calculation of the average number of employees (FTEs) (i.e. full-time employees + compensated overtime pay + recalculated hourly paid staff) plus temporary staff recalculated to full-time equivalents.	Full-time workforce = FTEs + temporary labour.
Gender diversity among full-time employees	%	Gender diversity is calculated for both FTEs and for temporary employees – and subsequently totalled to show any gender diversity imbalance per type of contract and for the entire workforce.	Gender diversity = ((Female FTEs + Female temporary employees)/(Full-time workforce)) * 100.
Gender diversity among managers with staff responsibilities	%	According to the Financial Statements Act, the Group itself can choose what layers to include. The statement includes the Executive Management and employees in managerial positions with staff responsibilities. This means that team managers, deputy managers and functional managers without staff responsibilities are not included.	Gender diversity for managers with staff responsibilities = ((Female managers)/(All managers)) * 100.

Key figures	Unit	Description	Calculation
Social data (continued)			
Pay gap between genders	Factor	Equality of pay – including bonuses, pension, etc. How many times can the female median salary be covered by the male median salary. Medians are used rather than averages in order not to distort the key figure with extremely expensive and/or extremely cheap employees.	Pay difference between genders = Median male salary/Median female salary.
Average seniority	Years	Seniority per employee is the current employee's seniority. This means that if an employee has had a seniority of both five and six years, for example, in the period stated, the employee's seniority will count as six years.	Sum of seniority of employee/ number of employees = average seniority.
Staff turnover rate	%	Staff turnover rate is calculated for employees leaving voluntarily and involuntarily. Retirements are part of the employees leaving involuntarily. This key figure only covers the Bank's FTEs.	Staff turnover rate = ((FTEs leaving voluntarily + involuntarily)/FTEs) * 100.
Absenteeism due to sickness	Days/FTE	Number of full days that all Group employees are ill, and therefore are not at work compared to total number of FTEs. Maternity/paternity leave have not been included.	Absenteeism due to sickness = (Number of sick days for all own FTEs in the period) / (Total FTEs).
Customer retention	%	Share of retained customers from one period to the next.	Customer retention: ((Number of customers at the end of the period) – (New customers that have joined the Bank in the period)) / (Number of customers at the beginning of the period) * 100.

Key figures	Unit	Description	Calculation
Management data			
Pay gap between the CEO and employees	Factor	How many times can the employees' median salary be covered by the CEO compensation as an expression of social equality. Median salary is used rather than the average in order not to distort the key figure with extremely expensive and/or extremely cheap employees.	Pay difference between the CEO and the employees = CEO compensation/Median employee salary.
Gender diversity in the Executive Management	%	This figure includes all members of the Executive Management of Arbejdernes Landsbank and Vestjysk Bank, respectively.	Gender diversity for managers = ((Female managers) / (All managers)) *100.
Gender diversity on the Board of Directors	%	Gender diversity on the full Board of Directors of Arbejdernes Landsbank, AL Finans and Vestjysk Bank, respectively, except politically appointed members.	Gender diversity on the Board of Directors = ((Female members of the Board of Directors elected at the Annual General Meeting) / (All members of the Board of Directors elected at the Annual General Meeting)) * 100.
Attendance at Board of Directors meetings	%	Measures the level of activity for members of the Board of Directors of Arbejdernes Landsbank and Vestjysk Bank, respectively.	Attendance at Board of Directors meetings = ((ΣNumber of Board of Directors meetings at which a member has been present) per member of the Board of Directors)/(Number of Board of Directors meetings * Number of members of the Board of Directors)) * 100.
Attendance at Sustainability Committee meetings	%	Measures the level of activity for members of the Sustainability Committees of Arbejdernes Landsbank and Vestjysk Bank, respectively.	Attendance at Sustainability Committee meetings = ((ΣNumber of Sustainability Committee meetings at which a member has been present) per member of the Sustainability Committee)/(Number of Sustainability Committee meetings * Number of members of the Sustainability Committee)) *100.

SUSTAINABILITY

The UN Principles **for Responsible Banking**

The UN Principles for Responsible Banking



RESPONSE

LINKS & REFERENCES

 <p>Principle 1: Alignment</p>	<p>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.</p>	
<p>Business model Describe (high-level) your bank’s business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank’s portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.</p>	<p>The Arbejdernes Landsbank Group is a nationwide financial institution that only operates in Denmark. We offer relevant and competitive financial products and services combined with competent advisory services for private individuals, associations and small and medium-sized enterprises.</p> <p>The Arbejdernes Landsbank Group has business activities in Arbejdernes Landsbank as well as in the subsidiaries AL Finans and Vestjysk Bank. Arbejdernes Landsbank became the official majority owner of Vestjysk Bank in May 2021, and following this the Arbejdernes Landsbank Group was designated as a systemically important financial institution in June 2021. The two banks in the Group are operated as two independent banks, each with its business model, activities and brands.</p>	<p>See section on “Business models” on page 9.</p>

RESPONSE**LINKS & REFERENCES****Strategy alignment**

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

Yes No

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

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

- UN Guiding Principles on Business and Human Rights
- International Labour Organization fundamental conventions
- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk
 - please specify which ones: Pillar 3 – ESG risks requirement under the CRR
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery
 - please specify which ones:

 None of the above

The Group has launched a sustainability strategy, which is reflected in the Group’s “Policy on corporate social responsibility and sustainability”. The sustainability strategy will help to ensure cohesion between present global and social goals and the Group’s continued business development.

The sustainability strategy focuses on the four strategic action areas financing, investments on behalf of customers, own portfolio and internal operations. These are the areas in which the Group has the greatest potential to support even more sustainable development in society. Within each of these areas, we have launched strategic initiatives.

We believe that the ability to offer customers responsible products and services focusing on sustainability will be one the most important competitive elements in the future. The overall objective of the sustainability strategy is therefore to increase the share of financing and investments of activities that have less adverse impacts on the climate and environment and that are relevant to the needs and conditions of people. In this way, the Group contributes to the Paris Agreement and the UN Sustainable Development Goals.

See section on “Strategy for sustainability” on page 8.

	RESPONSE	LINKS & REFERENCES
 <p>Principle 2: Impact and target setting</p> <p>2.1 Impact analysis (Key step 1) <i>Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine the priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):</i></p> <p>a) Scope <i>What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.</i></p>	<p>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.</p> <p>In 2022, we published our second impact analysis. The impact analysis includes the total loan portfolio on the Group's balance sheet and the total investment portfolio in the Group, and it was carried out using the UN Portfolio Impact Identification Tool for loans and the Investment Portfolio Impact Analysis Tool for investments.</p> <p>The following business areas are included in the impact analysis:</p> <ul style="list-style-type: none"> - Bank loans, housing loans, cooperative housing loans and car loans for private customers - Financing of business activities as well as car and vehicle leasing for business customers - Investment activities for private customers, business customers and association customers - Investments of own portfolio <p>The business activity in the impact analysis was selected on the basis that Arbejdernes Landsbank, AL Finans and Vestjysk Bank have direct influence on the composition of activities.</p>	<p>See "Sustainability Fact Book 2022" under the tab "UN impact analysis".</p>
<p>b) Portfolio composition: <i>Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition your portfolio globally and per geographical scope, i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or ii) by products & services and by types of customers for consumer and retail banking portfolios.</i></p> <p><i>If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries and sectors.</i></p>	<p>The business activity in the credit area consists of loans to private and business customers in Denmark. Loans for private customers account for 42% of the total business activity broken down by e.g. loans for cars and housing. Loans for business customers account for 14% of the business activity and are broken down by loans for small and medium-sized enterprises in a number of different industries. Agriculture and fisheries, retail, financing and insurance as well as properties each account for more than 10% of the business portfolio.</p> <p>Investments on behalf of customers account for 21% of the business activity and are broken down by different asset classes and geographies, including primarily Danish and US shares in listed companies and Danish government bonds and mortgage-credit bonds. Investments in own portfolio account for 23% of the business activity and primarily consists of Danish corporate bonds, government bonds and mortgage-credit bonds.</p>	<p>See "Sustainability Fact Book 2022" under the tab "UN impact analysis".</p>

RESPONSE

LINKS & REFERENCES

<p>c) Context: <i>What are the main challenges and priorities related to sustainable development in the main countries/ regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</i></p> <p><i>This step aims to put your bank's portfolio impacts into the context of society's needs.</i></p>	<p>The Group itself, and through its subsidiaries, only carries out banking activities in Denmark. In Denmark – and in the EU – the climate is high on the political agenda. Folketinget (the Danish Parliament) has adopted a Climate Act and has placed Denmark under a legal obligation to reduce its greenhouse gas emissions by 70% in 2030 and to ensure climate-neutrality by 2050. The green transition requires fundamental changes in Danish society. The Climate Act specifies that the climate effort must take into account that a green transition is possible while maintaining a strong welfare society, where cohesion and social balance are secured.</p> <p>The financial sector in the EU and in Denmark has been designated as one of the most important players in terms of ensuring fulfilment of the climate targets through financing and investments. The sector association "Forum for Sustainable Finance" under Finance Denmark recommends that the CO₂e footprint and goals for future reductions of the Danish financial sector should be made public.</p> <p>With its well-established social security net, free education for everyone and a certain level of equality between men and women, the Danish welfare state is an excellent starting point for equal opportunities. However, there are still groups in Denmark who are exposed to discrimination and who do not have the possibility to participate in society on an equal footing with the rest of the population. Even though inequality in Denmark is relatively low in a global perspective, there are still challenges and inequalities to be addressed and corrected.</p>	
<p><i>Based on the first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)? Please disclose.</i></p>	<p>In the lending area, the Group has a relatively large number of private customers compared with business customers – and most of the Bank's business customers are small and medium-sized enterprises within different industries. This means that we could identify several different impact areas by using the Portfolio Impact Identification Tool. "Housing", "Health and sanitation" and "Financial health and inclusion" are among the potential positive impact areas. The Bank's potential negative impact areas include "Resource efficiency", "Climate" and "Financial health and inclusion".</p> <p>In the investment area, the Group makes investments on behalf of customers as well as investments of the Group's own portfolio. When using the Investment Portfolio Impact Analysis Tool, "Employment", "Financial health and inclusion" and "Housing" are among the positive impact areas, whereas the negative impact areas include "Resources efficiency", "Financial health and inclusion" and "Climate".</p> <p>Overall, we estimate that "Climate" and "Financial health and inclusion" are the most the significant impact areas.</p>	<p>See "Sustainability Fact Book 2022" under the tab "UN impact analysis".</p>

RESPONSE

LINKS & REFERENCER

d) **For these (min. two prioritized impact areas):**

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

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

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

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

Climate

Using a best-effort approach as well as specific and statistical data, we have reached an estimate for the Group's total CO₂e emissions which we believe to be true and accurate and to provide a good overview. In the report for 2022, we have included business activities in Vestjysk Bank for the first time in the calculations of financed emissions, so now we can estimate which business areas contribute to the largest financed emissions in the Group.

Financial health and inclusion

The Group identified the impact area "Financial health and inclusion" in 2022, and we are therefore not as far along in this area as we are in the impact area "Climate". In 2022, we mapped existing initiatives and key figures that can be used to assess the Group's performance level.

The initial investigation shows that the Group is already reporting on a number of relevant data, e.g. customer satisfaction, influx of customers and customer retention. Moreover, the investigation shows that, with its history as a responsible bank, Arbejdernes Landsbank has been launching initiatives for many years to support particularly vulnerable groups in society e.g. via education or access to the financial products and services. I 2023, the Group will prepare a framework that can be used as baseline for specific objectives within the area.

Impact area	Indicator code	Response
Climate change mitigation	A.1.1	In progress
	A.1.2	In progress
	A.1.3	In progress
	A.1.4	Yes: See the tab "Climate accounts" in the Fact Book.
	A.1.5	Yes: See section on "Sustainable finance" on page 18.
	A.2.1	Yes: See section on "Sustainable finance" on page 18.
	A.2.2	See the tab "Climate accounts" in the Fact Book.
	A.2.3	See the tab "Climate accounts" in the Fact Book.
	A.2.4	N/A
	A.3.1	See key figures on page 81 and tabs "Housing loans", "Car loans", "Investments on behalf of customers" and "Investments of own portfolio" in the Fact Book.
	A.3.2	See the Group's reporting on ESG risks in Pillar 3 on https://www.al-bank.dk/en/in-english/about-the-bank/financial-statements-etc .
	A.4.1	See the tab "Climate accounts" in the Fact Book.
	A.4.2	N/A

See the following:

- "Financed CO₂e emissions" on page 39.
- "ESG metrics" on page 80.
- "Sustainability Fact Book" under the tab "Climate accounts".

	RESPONSE	LINKS & REFERENCES
<p>Self-assessment summary: Which of the following components of impact analysis has your bank completed in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?</p>	<p>Scope: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No Portfolio composition: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No Context: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No Performance measurement: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p>	
<p>Which most significant impact areas have you identified for your bank as a result of the impact analysis?</p>	<p>"Climate" and "Financial health and inclusion".</p>	
<p>How recent is the data used for and disclosed in the impact analysis? Open text field to describe potential challenges, aspects not covered by the above, etc.: Performance measurement is in progress for "Financial health and inclusion".</p>	<p><input type="checkbox"/> Up to 6 months prior to publication <input type="checkbox"/> Up to 12 months prior to publication <input checked="" type="checkbox"/> Up to 18 months prior to publication <input type="checkbox"/> Longer than 18 months prior to publication</p>	

	RESPONSE	LINKS & REFERENCES
<p>2.2 Target setting (Key step 2) <i>Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.</i></p> <p><i>The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:</i></p> <p>a) Alignment: <i>Which international, regional or national policy framework to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.</i></p> <p><i>You can build upon the context items under 2.1.</i></p>	<p>Climate The Paris Agreement: The EU and all its Member States have signed and ratified the Paris Agreement and they are determined to live up to it.</p> <p><i>European Climate Law:</i> The European Climate Law makes the political ambition to achieve climate neutrality by 2050 a legal obligation for the EU. Adoption of the law committed the EU and its Member States to reduce net greenhouse gas emissions in the EU by at least 55% by 2030, compared to 1991 levels. The goal is legally binding and is based on an impact assessment from the European Commission.</p> <p><i>Denmark's Climate Act:</i> The purpose of this Act is for Denmark to reduce greenhouse gas emissions in 2030 by 70% compared to the level of emissions in 1990, and for Denmark to achieve a climate-neutral society by 2050 at the latest, taking into account the Paris Agreement target of limiting the global temperature rise to 1.5 degrees Celsius.</p> <p>Financial health and inclusion The UN Sustainable Development Goals, including Goal 1: (No poverty), Goal 5 (Gender equality), Goal 8 (Decent work and economic growth), Goal 9 (Industry, innovation and infrastructure) and Goal 10 (Reduced inequalities).</p> <p><i>European Climate Law:</i> The European Climate Law describes that the political ambition to achieve climate neutrality must take into account people's living conditions and financial possibilities. As part of this, the EU has set up a Just Transition Fund to support regions and territories most affected by the transition towards climate neutrality economy, making sure that no people or territories are left behind.</p> <p><i>Denmark's Climate Act:</i> <i>The Climate action describes that the climate effort must adhere to a number of guiding principles, e.g. Denmark must show that a green transition is possible while maintaining a strong welfare society, where cohesion and social balance are secured.</i></p>	

	RESPONSE	LINKS & REFERENCES
<p>b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.</p> <p><i>If you have identified other and/or additional indicators as relevant in the determination of baseline and assessment of the current level of alignment, please mention them here.</i></p>	<p>Climate The CO₂e calculations for 2022 constitute the Group's first baseline for Climate, as this is the first time Vestjysk Bank's business activities have been included.</p> <p>Financial health and inclusion The baseline has not been defined yet, as the framework is in the process of being developed. The Group is already reporting on a number of relevant indicators such as the distribution of customers, customer satisfaction, influx of customers and customer retention. In 2023, we will identify additional indicators to define a baseline.</p>	<p>See section on "Financed CO₂e emissions" on page 39.</p>
<p>c) SMART targets (incl. key performance indicators (KPIs): Please disclose the targets for your first and second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.</p>	<p>Climate The calculation of the Group's total CO₂e baseline increases transparency about our climate impacts and helps us to identify initiatives that can contribute to the Paris Agreement and the transition to a green economy. We have an overriding wish that our customers and the businesses we invest in generally take responsibility for the climate, and the Group has an ambition to set specific CO₂e reduction targets for our lending and investment portfolios.</p> <p>Our initial focus is on transparency, action and specific initiatives that can help reduce emissions immediately.</p> <p>Financial health and inclusion Our ambition is to develop the targets for Financial health and inclusion during 2023, when the framework and baseline for this impact area will be fully in place.</p>	<p>See "Action plan for reducing CO₂e footprint" on page 42.</p>
<p>d) Action plan: Which actions, including milestones, have you defined meeting the set targets? Please disclose.</p> <p><i>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas, and that it has set out relevant actions to avoid, mitigate or compensate potential negative impacts.</i></p>	<p>Climate The Group's CO₂e accounts provide new knowledge and enable us to target our efforts, both in our contact and dialogue with customers and in relation to products and services, which can make it easier for our private customers to make choices with less impact on the climate and support businesses in adapting their activities to the transition to a green economy.</p> <p>Financial health and inclusion Our ambition is to develop an action plan for financial health and inclusion during 2023 when the framework and baseline for this impact area will be fully in place.</p>	<p>See "Action plan for reducing CO₂e footprint" on page 42.</p>

Self-assessment summary:

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

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

	RESPONSE	LINKS & REFERENCES
<p>2.3 Target implementation and monitoring (Key step 2)</p> <p><i>For each target separately: Show that your bank has implemented the actions it had previously defined to meet the set target.</i></p> <p><i>Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.</i></p> <p>Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): <i>Describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.</i></p>	<p>Climate The Group aims to publish joint CO₂ accounts every year. First and foremost, the climate accounts contribute to openness about the Group's overall emissions, and they are a prerequisite for setting long-term climate targets and adapting the Group's business activities to the Paris Agreement.</p> <p>Financial health and inclusion Our ambition is to publish progress within Financial health and inclusion when the framework and baseline for this impact area will be fully in place.</p>	

	RESPONSE	LINKS & REFERENCES
<div style="display: flex; align-items: center; margin-bottom: 10px;">  <div> <p>Principle 3: Clients and customers</p> </div> </div> <p>3.1 Customer engagement <i>Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?</i></p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> <p><i>Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?</i></p> <p><input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No</p> <p><i>Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.</i></p> <p><i>This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).</i></p>	<p>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.</p> <p>The Group's approach to customer engagement is described in the "Policy on corporate social responsibility and sustainability" that determines the framework for how the Group operates an environmentally, socially and financially responsible business.</p> <p>Loans and credits granted on the basis of thorough and professional credit assessment. Our policy is to support in particular financially reasonable activities that are assessed to have a positive effect on the environment. Among other things, we do this by integrating ESG issues in our overall credit risk assessment of business customers, and this is described in more detail in the credit policies in A/S Arbejdernes Landsbank, Vestjysk Bank A/S and AL Finans A/S, respectively. It is particularly important in our relations with business customers that we understand the customers' business and business model, so that we can always act as a qualified partner for them.</p> <p>We work actively to ensure that our customers can invest responsibly through our product portfolio, and we incorporate ESG factors in the selection of companies and investment associations we invest in. We have set objectives for sustainability in our investment solutions. We integrate these objectives so that we do not have to compromise on our investment and return objectives, and this is described in more detail in the "Policies on responsible investment and integration of sustainability risks" in A/S Arbejdernes Landsbank and Vestjysk Bank A/S, respectively.</p>	<p>See the Group's Policy on corporate social responsibility and sustainability</p>

	RESPONSE	LINKS & REFERENCES
<p>3.2 Business opportunities <i>Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).</i></p>	<p>The Group has products aimed at private customers to finance initiatives that can contribute to sustainable development and provide incentives for even more of our customers to make green choices, e.g. making their home more energy efficient, replacing the petrol-powered car with an electric car and making investments focusing on sustainability. With outset in these action areas, we want to integrate sustainability further in overall advisory services for private customers, so that we actively use the Bank's products in situations, where this is relevant. In 2022, we focused on training the Bank's advisors to engage in dialogue with private customers on making sustainable investments.</p> <p>In the business area, the Group has exposures to agriculture via Vestjysk Bank. Agriculture is an industry where the green transition is in strong focus and where there is great commercial potential. In recent years, Denmark has invested billions in renewable energy within the agricultural sector, e.g. in photovoltaic solar modules, wind turbines and biogas. Vestjysk Bank wants to find its niche in a market of large investors and has already had positive experience in this area, e.g. through financing of biogas plants, and expects to increase financing of renewable energy in the years to come.</p> <p>In addition to financing, we have a goal to integrate ESG and sustainability in our dialogue with companies. In 2022, our digital value services solution, Valified, aimed at business customers was deployed throughout the Group, i.e. also in Vestjysk Bank. This solution will help companies get started on sustainability reporting and publishing non-financial information, which will become a mandatory requirement for many companies as a result of the EU's Directive as regards corporate sustainability reporting (CSRD).</p> <p>In 2022, business centre directors, business advisors, managers and employees at Arbejdernes Landsbank completed a targeted skills development programme to prepare them even more for dialogue with companies about their needs, integrating ESG in credit processes and using the Bank's products and solutions.</p>	<p><i>See the following:</i></p> <ul style="list-style-type: none"> ▪ <i>"Contributions to achieving the UN Sustainable Development Goals" on page 15.</i> ▪ <i>"Sustainable finance" on page 18.</i> ▪ <i>"Key figures for business activities" on page 81.</i>

	RESPONSE	LINKS & REFERENCES
<div data-bbox="183 344 282 430"> </div> <div data-bbox="349 349 542 421"> <p>Princip 4: Stakeholders</p> </div> <div data-bbox="170 513 645 544"> <p>4.1 Stakeholder identification and consultation</p> </div> <div data-bbox="224 545 696 657"> <p><i>Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?</i></p> </div> <div data-bbox="224 686 611 713"> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> </div> <div data-bbox="224 742 672 965"> <p><i>Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.</i></p> </div>	<div data-bbox="772 351 1807 422"> <p>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p> </div> <div data-bbox="772 515 1680 544"> <p>As part of the financial sector, the Group is in ongoing dialogue and collaborates with several different stakeholders:</p> </div> <div data-bbox="772 571 1727 1104"> <ul style="list-style-type: none"> • Customers: Our most important stakeholders are our customers, and we focus on being close to them and helping them to make more sustainable choices by providing financing solutions and using these solutions actively as a natural part of our overall advisory services. • The Danish FSA: The Group maintains a continuous dialogue with the Danish Financial Supervisory Authority, and participates in meetings with and follows the guidelines from the Authority, which, among other things, has a team dedicated to sustainability. • Finance Denmark: Arbejdernes Landsbank maintains a continuous dialogue with and participates in several working groups in Finance Denmark, e.g. in connection with interpreting legislation in relation to the EU Taxonomy and in connection with developing accounting policies to calculate financed CO₂e emissions. • Business partners: Many of the Bank's range of financial products and solutions are built or provided by partners, who are important stakeholders for the Group. The Group works with Totalkredit and BankInvest, both of which work actively with sustainability and green solutions that can contribute to reducing the financed CO₂e emissions. • Data centre: The Group uses BEC Financial Technologies, and we collaborate with BEC on improving and developing digital solutions. Moreover, we participate in working groups at BEC to obtain data for the calculation of CO₂e and implement EU legislation in the area of sustainability. • Organisations/NGOs: The Group is part of several strategic partnerships with organisations in order to listen to their views, apply knowledge and tools, and coordinate efforts together. Arbejdernes Landsbank has been in dialogue with and actively participated in working groups and programmes facilitated by the United Nations Environment Programme Finance Initiative (UNEP FI) and Global Compact Network Denmark. </div>	

	RESPONSE	LINKS & REFERENCES
<div style="display: flex; align-items: center;">  <div> <p>Principle 5: Governance & Culture</p> </div> </div> <p>5.1 Governance structure for Implementation of the Principles <i>Does the bank have a governance system in place that incorporates the PRB?</i></p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> <p><i>Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about</i></p> <ul style="list-style-type: none"> ▪ <i>which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to)</i> ▪ <i>details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as</i> ▪ <i>remuneration practices linked to sustainability targets.</i> 	<p>We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</p> <p>The Group has established a governance structure for the implementation of corporate social responsibility and sustainability. The Board of Directors at A/S Arbejdernes Landsbank has overall responsibility for the Group's policy on corporate social responsibility and sustainability, and for the Group's sustainability strategy. Moreover, the Board of Directors approves the annual reporting.</p> <p>The managerial responsibility for the sustainability strategy and implementation of the policy on corporate social responsibility and sustainability lies with the Executive Management of A/S Arbejdernes Landsbank and Vestjysk Bank A/S, respectively. The executive managements help ensure that new initiatives are allocated to the relevant business areas and functions who can develop concepts and put them into practice.</p> <p>The Group has set up Sustainability Committees that are updated on the status of initiatives and on relevant points for attention regarding the sustainability strategy and the policy at least four times a year at A/S Arbejdernes Landsbank and Vestjysk Bank A/S. Members of the Sustainability Committee at A/S Arbejdernes Landsbank include all members of the Executive Management, the Group Chief Audit Executive (observer), the head of compliance (observer), the Branding and Communication Director and the Project Manager for Sustainability (secretary). Members of the Sustainability Committee at Vestjysk Bank A/S include selected members of the Board of Directors.</p> <p>Since the Group only uses fixed remuneration, apart from a bonus scheme agreed in a collective agreement as described in the policy on pay, remuneration is neither in full nor in part directly dependent on compliance with Group's sustainable development goals.</p>	<p>See the Group's Policy on corporate social responsibility and sustainability</p>

	RESPONSE	LINKS & REFERENCES
<p>5.2 Promoting a culture of responsible banking: <i>Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g. capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).</i></p>	<p>The policies on a sound corporate culture at Arbejdernes Landsbank and Vestjysk Bank reflect the behaviour expected by the Board of Directors from the employees in order to support a sound corporate culture based on the Group's values and social responsibility.</p> <p>As a Group and financial institution, we wish to enhance knowledge and awareness of sustainability and ESG among our employees. In 2022, we took skills development of employees in sustainability and ESG up a notch by rolling out a number of training programmes in Arbejdernes Landsbank. This has contributed to establishing basic knowledge of sustainability among many of our employees as well as more specialised knowledge of sustainability in the business and investment area among selected employees, so that we are better equipped internally to talk with businesses about their work on green transition and ESG reporting, as well as customers' wishes to invest with focus on sustainability.</p>	<p><i>See the following:</i></p> <ul style="list-style-type: none"> ▪ "Governance and management" on page 73 ▪ "Employees" on page 57.
<p>5.3 Policies and due diligence processes <i>Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.</i></p> <p><i>Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.</i></p>	<p>The Board of Directors has approved the "Policy on corporate social responsibility and sustainability" that determines the framework for this work. The Sustainability Committees at Arbejdernes Landsbank and Vestjysk Bank as well as the management at AL Finans have the managerial responsibility for the strategy and for implementing the corporate social responsibility policy across business areas and units.</p> <p>Other relevant policies to address environmental and social risks:</p> <ul style="list-style-type: none"> ▪ Credit policies ▪ Policies on responsible investment ▪ Policy on integration of sustainability risks ▪ Policies on the prevention of money laundering and financing of terrorism as well as violation of sanctions ▪ Policies on the under-represented gender, diversity and suitability ▪ Policies on the prevention and management of bullying and harassment ▪ Code of conduct ▪ Whistleblower policies <p>The management places high priority on environmental factors and risks on selected committees, where the risk function is increasingly involved in organisation and management of environmental and social risks.</p>	<p>See section on "Action plan for reducing CO₂e footprint" on page 42.</p>

	RESPONSE	LINKS & REFERENCES
<p>Self-assessment summary: <i>Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?</i></p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p><i>Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?</i></p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p><i>Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?</i></p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	

	RESPONSE	LINKS & REFERENCES
<div style="display: flex; align-items: center;">  <div> <p>Principle 6: Transparency & Accountability</p> </div> </div>	<p>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.</p>	
<p>6.1 Assurance <i>Has this publicly disclosed information on your PRB commitments been assured by and independent assurer?</i></p> <p> <input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No </p> <p><i>If applicable, please include the link or description of the assurance statement.</i></p>	<p>This is the second time the Group is reporting in accordance with the UN Principles for Responsible Banking and our aim is to verify the information about the Group's PRB efforts in accordance with reporting for 2023.</p>	
<p>6.2 Reporting on other frameworks <i>Does your bank disclose sustainability information in any of the listed below standards and frameworks?</i></p> <p> <input type="checkbox"/> GRI <input type="checkbox"/> SASB <input type="checkbox"/> CDP </p> <p> <input type="checkbox"/> IFRS Sustainability Disclosure Standards (to be published) </p> <p> <input type="checkbox"/> TCFD <input checked="" type="checkbox"/> Other: ... </p>	<p>The Group reports in accordance with:</p> <ul style="list-style-type: none"> • Report on corporate social responsibility in accordance with section 135b of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms. • Reporting in accordance with Article 8 of the EU Taxonomy Regulation. • Reporting in accordance with section 99a of the Danish Financial Statements Act with regard to AL Finans A/S. • Reporting to the UN Principles for Responsible Banking. • Reporting on the UN Global Compact. • Reporting on ESG highlights and key figures as recommended by the CFA Society Denmark and the Institute of State Authorized Public Accountants in Denmark. • Reporting on the Bank's own and financed CO₂e emissions based on the GHG Protocol and principles from Finance Denmark's model for carbon footprint. • Reporting on a number of ESG metrics for business activities. 	<p>See section on "Reporting principles" on page 88.</p>
<p>6.3 Outlook <i>What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.</i></p>	<p>Objectives for climate</p> <p>The calculation of the Group's total CO₂e baseline increases transparency about our climate impacts and helps us to identify initiatives that can contribute to the Paris Agreement and the transition to a green economy. We have an overriding wish that our customers and the businesses we invest in generally take responsibility for the climate. Our initial focus is on transparency, action and specific initiatives. We have therefore launched a number of business initiatives that can help reduce emissions immediately. More-over, the Group has an ambition to set specific CO₂e reduction targets for our lending and investment portfolios in 2023.</p>	<p>See section on "Action plan for reducing CO₂e footprint" on page 42.</p>

RESPONSE**LINKS & REFERENCES****6.4 Challenges**

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

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

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

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