

UN Principles for Responsible Banking - Reporting and Self-Assessment 2023

Arbejdernes Landsbank Group

April 2024



## Contents

Reporting and Self-Assessment Template.....	2
Principle 1: Alignment .....	2
Principle 2: Impact and Target Setting .....	5
Principle 3: Clients and Customers .....	20
Principle 4: Stakeholders .....	23
Principle 5: Governance & Culture .....	25
Principle 6: Transparency & Accountability.....	28
Basis of preparation.....	31
Statement by the management .....	36
Independent auditor's Assurance Report on selected responses in Aktieselskabet Arbejdernes Landsbank Group's UN Principles for Responsible Banking Reporting and Self-Assessment 2023 .....	37

Reporting and Self-Assessment Template

# Principle 1: Alignment



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

## Business model

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

### Response

The Group is nationwide, offering relevant and competitive financial products and services combined with competent advisory services for private individuals, associations, and businesses.

The two banks in the Group operate as two independent banks, each with their own business model and brand. Common to the entire Group is an increased focus on sustainable growth, continued customer growth and strengthening the position in the market.

The Group includes the following entities:

- A/S Arbejdernes Landsbank (parent company)
- Vestjysk Bank A/S (subsidiary)
- AL Finans A/S (subsidiary)
- Ejendomsselskabet Sluseholmen A/S (subsidiary)
- Sluseholmen 7 A/S (subsidiary)

Aktieselskabet Arbejdernes Landsbank owns almost 73% of Vestjysk Bank A/S (hereafter Vestjysk Bank), while AL Finans A/S (hereafter AL Finans), Ejendomsselskabet Sluseholmen A/S (hereafter Ejendomsselskabet Sluseholmen) and Sluseholmen 7 A/S (hereafter Sluseholmen 7) are fully owned by the parent company.

### Links and references

AL Annual Report 2023, p. 8, 37-38.

[https://al-bank-prod.imgix.net/eq3jo3to/al\\_annual\\_report\\_2023\\_final.pdf](https://al-bank-prod.imgix.net/eq3jo3to/al_annual_report_2023_final.pdf)

AL Responsibility and Sustainability Report 2023, p. 6-7

[https://al-bank-prod.imgix.net/aj2dicx0/al\\_responsibility\\_sustainability\\_report\\_2023.pdf](https://al-bank-prod.imgix.net/aj2dicx0/al_responsibility_sustainability_report_2023.pdf)

Main activities	DKK bn.
Loans to business customers	24.4
Loans to private customers	34.3
Investments of bonds and shares etc.	35.9

  

Segments	Amount
Private customers	495,842
Business customers	36,925
Association customers	19,027

  

### 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: Capital Requirements Regulation, Article 449a: Disclosure of environmental, social and governance risks (ESG risks).  
 Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----  
 None of the above

Response	Links and references
In November 2023, Arbejdernes Landsbank launched a new long-term strategic direction. The new strategic direction builds on the success of the past 15 years as the Danes' favourite bank and continues with the ambition to be the value-based bank in the Danish banking sector and with an increased focus on profitability as an important addition.	AL Annual Report 2023, p. 14.  <a href="https://al-bank-prod.imgix.net/eq3jo3to/al_annual_report_2023_final.pdf">https://al-bank-prod.imgix.net/eq3jo3to/al_annual_report_2023_final.pdf</a>

<p>Arbejdernes Landsbank’s sustainability strategy 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.</p> <p>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.</p> <p>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.</p>	<p>AL Policy on corporate social responsibility and sustainability (only available in Danish)</p> <p><a href="https://al-bank-prod.imgix.net/wy2pw-d4n/politik-for-samfundsansvar-og-baeredygtighed-december-2023.pdf">https://al-bank-prod.imgix.net/wy2pw-d4n/politik-for-samfundsansvar-og-baeredygtighed-december-2023.pdf</a></p>
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## Principle 2: Impact and Target Setting



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

### 2.1 Impact Analysis (Key Step 1)

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

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

#### Response

The first impact analysis was carried out in 2021 with data from 2020 and covered credit and investment activities in Arbejdernes Landsbank and AL Finans. In 2022 we updated our impact analysis as Arbejdernes Landsbank became majority owner of Vestjysk Bank in May 2021, which had a material influence on the Groups credit and investment activities.

The latest impact analysis use data from 2021 and includes the total loan portfolio on the Group's balance sheet and the total investment portfolio in the Group. It was carried out using the UN Portfolio Impact Identification Tool for loans and the Investment Portfolio Impact Analysis Tool for investments.

The impact analysis has been carried out by several actors within the bank. The Reporting and Analysis department has provided input to the UN Portfolio Impact Identification Tool, whereas the department Regulation and Capital Management has provided input to the Investment Portfolio Impact Analysis Tool. The Sustainability department has provided input to the section regarding context. The conclusion has been ratified by the Executive Management Sustainability Committee, which is described in more details in section 5.1.

The impact analysis contains all material areas of the bank, including:

#### Links and references

AL Sustainable Fact Book 2023  
<https://www.al-bank.dk/en/documents/om-banken/baeredygtighed/sustainability-fact-book-2023>

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

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

<ul style="list-style-type: none"> <li>- Bank loans, housing loans, cooperative housing loans and car loans for private customers</li> <li>- Financing of business activities as well as car and vehicle leasing for business customers</li> <li>- Investment activities for private customers, business customers and association customers</li> <li>- Investments of own portfolio</li> </ul> <p>The impact analysis has not been updated since 2022 since there has been no material changes to the credit and investment activities that would influence the results.</p> <p>In 2023, we carried out a double materiality analysis to determine material impacts, risks, and opportunities for the Group to prepare for the requirements of EU’s Corporate Sustainability Reporting Directive (CSRD). The analysis included an assessment of positive and negative impacts from the Groups own operations as well as from activities in the value chain. The results of the analysis as well as the methodology will be published in the annual report for the reporting year 2024.</p>	
<p><b>b) <u>Portfolio composition:</u></b> Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope</p> <p>i) by sectors &amp; industries<sup>3</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</p> <p>ii) by products &amp; services and by types of customers for consumer and retail banking portfolios.</p> <p>If your bank has taken another approach to determine the bank’s scale of exposure, please elaborate, to show how you have considered where the bank’s core business/major activities lie in terms of industries or sectors.</p>	
<p><i>Response</i></p> <p>The impact analysis has considered the composition of the Groups portfolio based on types of customers for retail banking, sector exposure for businesses. For investment activities exposure to asset class and geography has been considered.</p> <p>The activities in the credit area are composed of loans to private customers and business customers in Denmark. The number of private customers is 479,571 which is separated in low, middle, and high-income categories.</p> <p>The number of business customers (including associations) is 50,806 which are all residing in Denmark. The loan volume is separated in 10 sectors whereas the sectors with most exposure</p>	<p><i>Links and references</i></p> <p>AL Sustainability Fact Book 2022</p> <p><a href="https://www.al-bank.dk/en/documents/om-banken/investor-relations/regnskaber/csr/2022/sustainability-fact-book-2022">https://www.al-bank.dk/en/documents/om-banken/investor-relations/regnskaber/csr/2022/sustainability-fact-book-2022</a></p>

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

<p>are agriculture, forestry and fishing, wholesale and retail trade, real estate activities and other service activities.</p> <p>The activities within investments are composed of investments on behalf of customers and investments of own assets whereas the former make up 47% of total investment activities and the latter 53%. Activities are separated into asset type and geography.</p> <p>Investments of own assets primarily consist of Danish corporate bonds and covered mortgage bonds. Investments on behalf of customers primarily consist of listed equities in developed countries and Danish covered mortgage bonds.</p>	
<p><b>c) Context:</b> What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?<sup>4</sup> Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p> <p><i>This step aims to put your bank's portfolio impacts into the context of society's needs.</i></p>	
<p><b>Response</b></p> <p>The Group itself, and through its subsidiaries, only carries out banking activities in Denmark, thus the context has been informed by ongoing engagement with Finance Denmark, that represent Danish financial institutions.</p> <p>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 CO<sub>2</sub>e 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</p>	<p><b>Links and references</b></p> <p>Danish Climate Act  <a href="https://www.retsinformation.dk/eli/lta/2021/2580">https://www.retsinformation.dk/eli/lta/2021/2580</a></p> <p>Forum for Sustainable Finance  <a href="https://finansdanmark.dk/nyheder/2019/december/20-skridt-i-finanssektoren-skal-goere-verden-mer-baeredygtig/">https://finansdanmark.dk/nyheder/2019/december/20-skridt-i-finanssektoren-skal-goere-verden-mer-baeredygtig/</a></p> <p>Survey by Danish FSA  <a href="https://raadtilpenge.dk/Undersoegelser/Statistiske-undersoegelser/Raekker-den-maanedlige-indkomst">https://raadtilpenge.dk/Undersoegelser/Statistiske-undersoegelser/Raekker-den-maanedlige-indkomst</a></p>

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



<p>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>A survey by Finanstilsynet (the Danish FSA) from 2020 shows that 10% of Danes cannot get their monthly income to cover their monthly expenses. The survey shows that young people between 18-25 are especially vulnerable as 20% run out of money before the end of the month. This topic is also featured in a report by Finance Denmark from 2024. The report shows that just over one in five Danes between the ages of 18 and 35 have a crammed economy. So crammed, that seven out of ten of say they are not satisfied with their lives.</p> <p>Another area of lacking equal opportunities is within digitalization. Denmark is one the most digital countries in the world which brings many efficiency gains for most people. However, a report by the Danish Ministry of Finance from 2022 state that 17-22 percent of Danes aged 15-89 are estimated to be challenged by the digital society to varying degrees. The report further state that particularly elder people are overrepresented when it comes to not using digital solutions at all.</p>	<p>Survey by Finance Denmark  <a href="https://finansdanmark.dk/nyheder/2024/marts/unge-er-preset-paa-oekonomien-det-paavirker-deres-livskvalitet/">https://finansdanmark.dk/nyheder/2024/marts/unge-er-preset-paa-oekonomien-det-paavirker-deres-livskvalitet/</a></p> <p>Report by Danish Ministry of Finance  <a href="https://fm.dk/media/26348/et-digitalt-samfund-for-alle_web-a.pdf">https://fm.dk/media/26348/et-digitalt-samfund-for-alle_web-a.pdf</a></p>
<p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)<sup>5</sup>? Please disclose.</p>	
<p><i>Response</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 businesses within different sectors. 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</p>	<p><i>Links and references</i></p> <p>AL Sustainability Fact Book 2022  <a href="https://www.al-bank.dk/en/documents/om-banken/investor-relations/regnskaber/csr/2022/sustainability-fact-book-2022">https://www.al-bank.dk/en/documents/om-banken/investor-relations/regnskaber/csr/2022/sustainability-fact-book-2022</a></p>

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

<p>negative impact areas include “Resources efficiency”, Financial health and inclusion” and “Climate”.</p> <p>Based on the output of the impact analysis tools, the contextual analysis of the main challenges in Denmark as well as considering Arbejdernes Landsbanks 100 years long history within social responsibility, we choose to prioritize “Climate” and “Financial health and inclusion” as the most the significant impact areas for the Group for pursue for setting targets.</p>	
<p><b>d) For these (min. two prioritized impact areas): <u>Performance measurement:</u></b> Has your bank identified which sectors &amp; 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.</p> <p>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&amp;inclusion as your most significant impact areas, please also refer to the applicable indicators in the <a href="#">Annex</a>.</p> <p>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.</p> <p><i>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.</i></p>	
<p><i>Response</i></p> <p><b>Climate change mitigation</b></p> <p>Using a best-effort approach while following the principles of the GHG-Protocol as well as Finance Denmark’s CO2-model, we have calculated an estimate of the Group’s total CO2e emissions.</p> <p>Total financed emissions (tons of CO<sub>2</sub>e) in 2023 is 532,265 an increase from 494,671 in 2022.</p> <p>Total financed emissions (tons of CO<sub>2</sub>e) from lending in 2023 is 210,453 a decrease from 216,768 in 2022.</p> <p>Total financed emissions (tons of CO<sub>2</sub>e) from investments in 2023 is 321,813 an increase from 277,903 in 2022.</p> <p>Regarding financed emissions from lending, business lending has the biggest share of CO2e emissions driven by businesses in the agriculture and transportation sectors. The next biggest category within lending is car loans and leasing driven by petrol and diesel cars.</p>	<p><i>Links and references</i></p> <p>Finance Denmark CO2 model  <a href="https://finansdanmark.dk/aktuelle-emner/baeredygtig-finans/co2-model/">https://finansdanmark.dk/aktuelle-emner/baeredygtig-finans/co2-model/</a></p> <p>AL Green Bond Framework  <a href="https://al-bank-prod.imgix.net/nc0bgf0d/r25629-al-green-bond-framework-rapport.pdf">https://al-bank-prod.imgix.net/nc0bgf0d/r25629-al-green-bond-framework-rapport.pdf</a></p> <p>AL Sustainability Fact Book 2023  <a href="https://www.al-bank.dk/en/documents/om-banken/baeredygtighe">https://www.al-bank.dk/en/documents/om-banken/baeredygtighe</a></p>

<p>Lending activities that are contributing to mitigation of climate change has been defined in the Group’s Green Bond Framework. Most of the assets aligned with the framework come from the categories “clean transportation” and “green buildings”.</p> <p>Regarding financed emissions from investments, the three categories; portfolio management mandates; pooled fund products and own portfolio are similar in terms of total CO2e emissions.</p> <p><b>Financial health and inclusion</b> Performance measurement for climate change mitigation have been prioritized in 2023.</p>	<p><a href="#">d/sustainability-fact-book-2023</a></p>
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**Self-assessment summary:**

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

Scope:	<input 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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No

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

*Climate change mitigation, financial health & inclusion.*

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

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

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

*Data used for the performance measurement of climate change mitigation is from December 2023.*

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

## 2.2 Target Setting (Key Step 2)

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

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

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

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

### Response

#### Climate change mitigation

Arbejdernes Landsbank Group has an overall target of being net zero in 2050 aligning with the goals of the Paris Agreement.

For targets covering activities within Denmark, we align with Denmark's Climate Act, which state the target of reducing Denmark's greenhouse gas emissions in 2030 by 70% compared to the level of emissions in 1990.

#### Financial health and inclusion

Climate change mitigation has been prioritized in 2023, thus the input target setting activities for financial health and inclusion has been limited. So far, the following frameworks have been identified as relevant regarding 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), and Goal 10 (Reduced inequalities).

European Climate Law: The European Climate Law describes that the political ambition to achieve climate neutrality must take into account people's living conditions and financial possibilities.

Denmark's Climate Act: 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.

### Links and references

AL Sustainability Report 2023

[https://al-bank-prod.imgix.net/aj2dicx0/al\\_responsibility\\_sustainability\\_report\\_2023.pdf](https://al-bank-prod.imgix.net/aj2dicx0/al_responsibility_sustainability_report_2023.pdf)

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

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

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

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

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

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

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

**Response**

**Climate change mitigation**

Code	Response options & metrics
A.1.1	Yes
A.1.2	Yes.  Overall target use climate scenario: IEA Net Zero by 2050.  <u>For portfolio regarding owner occupied properties:</u> Climate scenario: CRREM 1,5C for DK. Target, emission baseline and base year: 75% reduction in emission intensity for owner-occupied housing (kg CO2e/m2) in 2030 (4.05) compared to 2022 (16,2).  <u>For portfolio of agriculture businesses:</u> Climate scenario: Danish political target for 2030. Target, emission baseline and base year: 47-59% reduction in emission intensity (tCO2e/million DKK) in 2030 (9.4-12-1) compared to 2022 (22.7).  <u>For investments:</u> Climate scenario: IEA Net Zero By 2050.

**Links and references**

AL Sustainability Report 2023  
<https://www.al-bank.dk/en/documents/om-banken/baeredygtighe d/responsibility-and-sustainability-report-2023>  
  
 AL Sustainability Fact Book 2023  
<https://www.al-bank.dk/en/documents/om->

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

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

	<p>Target, emission baseline and base year: 40% reduction in emission intensity (CO2e/invested DKK million) in 2030 (2.82) compared to 2023 (4.7).</p> <p><u>For own operations</u> Climate scenario: CRREM 1,5C for DK. Target, emission baseline and base year: 98% reduction in absolute CO2e-emissions (Scope 1 and 2) in 2030 (24.9) compared to 2022 (1,243.5).</p>	<p><a href="https://www.banken/baeredygtighe/sustainability-fact-book-2023">banken/baeredygtighe/sustainability-fact-book-2023</a></p>												
<b>A.1.3</b>	Yes	<p>AL Climate Targets</p> <p><a href="https://al-bank-prod.imgix.net/03baclod/klimamaal-og-handlingsplan-for-al-koncernen-december-2023.pdf">https://al-bank-prod.imgix.net/03baclod/klimamaal-og-handlingsplan-for-al-koncernen-december-2023.pdf</a></p>												
<b>A.1.4</b>	Yes													
<b>A.1.5</b>	<p>Yes</p> <p>Energy efficiency loans for properties: "Klimalån" and "Energilån" total volume of DKK mill. 48.2.</p> <p>Electric and hybrid cars total volume of DKK mill. 2,870.</p>													
<b>A.2.1</b>	<p>Setting it up</p> <p><u>For businesses:</u> We will engage with the 100 customers that account for the majority of our financed emissions to provide emissions data and communicate our expectations for their transition plans and efforts to reduce emissions.</p> <p><u>For agriculture businesses:</u> We will engage in dialogues with the group's 50 largest agricultural customers to obtain emissions data and communicate our expectations for their transition plans and efforts to reduce emissions.</p> <p><u>For retail clients</u> We will contact customers who have oil or gas boilers and present options for switching to another form of heating (subject to creditworthiness, data availability and consent).</p>	<p>AL Investor Presentation</p> <p><a href="https://www.al-bank.dk/dokumenter/om-banken/baeredygtighe/taksonomi-rapport-2023">investor-praesentation-2024-final-compressed.pdf (imgix.net)</a></p>												
<b>A.2.2</b>	<table border="1"> <thead> <tr> <th>Financed emissions</th> <th>2023 (Tons CO2e)</th> <th>2022 (Tons CO2e)</th> </tr> </thead> <tbody> <tr> <td>Lending</td> <td>210,453</td> <td>216.768</td> </tr> <tr> <td>Investments</td> <td>321,813</td> <td>277.903</td> </tr> <tr> <td>Total</td> <td>532,265</td> <td>494.671</td> </tr> </tbody> </table> <p>Excludes government bonds as method for calculation was not available before reporting deadline.</p>	Financed emissions	2023 (Tons CO2e)	2022 (Tons CO2e)	Lending	210,453	216.768	Investments	321,813	277.903	Total	532,265	494.671	<p>AL Taxonomy Report</p> <p><a href="https://www.al-bank.dk/dokumenter/om-banken/baeredygtighe/taksonomi-rapport-2023">https://www.al-bank.dk/dokumenter/om-banken/baeredygtighe/taksonomi-rapport-2023</a></p>
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<b>A.2.3</b>	See Climate accounts in Sustainability Fact Book for sector specific emission intensity.	<p>AL Green Bond Framework</p> <p><a href="https://www.al-bank.dk/dokumenter/om-banken/baeredygtighe/taksonomi-rapport-2023">R25629 AL - Green Bond Framework - Rapport.indd (al-bank.dk)</a></p>												
<b>A.2.4</b>	Has not been calculated yet.													
<b>A.3.1</b>	<p>Arbejdernes Landsbank Green Bond Framework</p> <p>Eligible Green Assets Portfolio Q4 2023:</p> <ul style="list-style-type: none"> <li>Total: DKK mill. 4,027</li> <li>Clean transportation: DKK mill. 2,280</li> <li>Green buildings: DKK mill. 1,747</li> </ul> <p><u>EU Taxonomy article 8 disclosures:</u> Green Asset Ratio (GAR) stock:</p> <ul style="list-style-type: none"> <li>Total environmentally sustainable assets: DKK mill. 415,69</li> <li>Based on Turnover KPI of counterparty: 0,59%</li> <li>Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used: 0.63%.</li> </ul> <p>Assets under management:</p> <ul style="list-style-type: none"> <li>Total environmentally sustainable assets: DKK mill. 474,14</li> <li>Based on Turnover KPI of counterparty: 2,29%</li> <li>Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used: 2,54%.</li> </ul>	<p>AL Pillar 3 report</p> <p><a href="https://www.al-bank.dk/dokumenter/om-banken/investor-relations/regnskaber/solvens/2023/soeile-3-pr-31122023">https://www.al-bank.dk/dokumenter/om-banken/investor-relations/regnskaber/solvens/2023/soeile-3-pr-31122023</a></p>												

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Oil and Gas:	0	0																														
Production of electricity:	304	0.7																														
Transportation:	341	0.8																														
	<p><b>Transition finance:</b> Reported in Pillar 3 ESG-risk template 7: DKK 5 mill. taxonomy aligned transitional finance.</p>																															
<p><b>A.4.1</b></p>	<p>Has not been calculated yet.</p>																															
<p><b>A.4.2</b></p>	<p>Has not been calculated yet.</p>																															
<p><b>Financial health and inclusion</b></p>																																
<p>Baseline for climate change mitigation has been prioritized in 2023.</p>																																
<p><b>c) SMART targets</b> (incl. key performance indicators (KPIs)<sup>9</sup>): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.</p>																																
<p><i>Response</i></p>	<p><i>Links and references</i></p>																															
<p><b>Climate change mitigation</b></p>	<p>AL Sustainability Report 2023</p>																															
<p>Reduction targets have been disclosed in section 2.2 b. In this section we disclose other targets supporting the reduction targets.</p>	<p><a href="https://al-bank-prod.imgix.net/aj2dicx0/al_responsibility_sustainability_report_2023.pdf">https://al-bank-prod.imgix.net/aj2dicx0/al_responsibility_sustainability_report_2023.pdf</a></p>																															
<p><u>Owner occupied properties</u></p>																																
<ul style="list-style-type: none"> <li>• In 2024, we have contacted our customers who have oil or gas boilers and presented options for switching to another form of heating (subject to creditworthiness, data availability and consent).</li> <li>• In 2024, we have collected data for the homes that have not yet registered what kind of heating they use.</li> <li>• By 2025, the share of oil and gas boilers must be below or in line with the Danish Energy Agency's projections.</li> </ul>																																
<p><u>Cars</u></p>																																
<ul style="list-style-type: none"> <li>• 75% of new car loans in AL Finans should be for electric and plug-in hybrid cars by 2025.</li> </ul>																																

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

<ul style="list-style-type: none"> <li>• 95% of new car loans in AL Finans should be for electric cars by 2030.</li> <li>• Electric cars shall make up 50% of AL Finans' portfolio by 2025.</li> </ul> <p><b><u>Agriculture</u></b></p> <ul style="list-style-type: none"> <li>• Dialogue initiated with the 50 largest agricultural customers on transition plans and possible CO2e-reducing measures by 2025, documented via ESG Green Tool, Seges.</li> </ul> <p><b><u>Businesses</u></b></p> <ul style="list-style-type: none"> <li>• Dialogues and initiatives shall be initiated with the largest CO2 emitters in Arbejdernes Landsbank and Vestjysk Bank (approximately 100 companies) by the end of 2024 regarding the companies' transition plans and CO2e-reducing initiatives.</li> </ul> <p><b><u>Own operations</u></b></p> <ul style="list-style-type: none"> <li>• By 2030, all of the Group's locations will be heated using district heating or heat pumps.</li> </ul> <p><b>Financial health and inclusion</b></p> <p>Targets for climate change mitigation have been prioritized in 2023.</p>	
<p><b>d) <u>Action plan:</u></b> which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	
<p><i>Response</i></p> <p><b>Climate change mitigation</b></p> <p><b><u>Owner occupied properties</u></b></p> <ul style="list-style-type: none"> <li>• We help our customers achieve more energy-efficient homes with attractive loans and services. We offer Energy Loans with a particularly low interest rate for energy improvements, and with the 'Retire your boiler' campaign, customers can completely avoid loan costs when replacing their oil or gas boiler. Through our partner, Totalkredit, our customers can investigate which energy renovations are most profitable and receive a DKK 10,000 subsidy for replacing an oil or gas boiler if the home is outside a district heating area.</li> <li>• We will prioritise our efforts towards customers who we believe have the greatest potential for energy</li> </ul>	<p><i>Links and references</i></p> <p>AL Sustainability Report 2023  <a href="https://al-bank-prod.imgix.net/aj2dicx0/al_responsibility_sustainability_report_2023.pdf">https://al-bank-prod.imgix.net/aj2dicx0/al_responsibility_sustainability_report_2023.pdf</a></p>



<p>improvements in the form of renovations or replacement of heat sources.</p> <ul style="list-style-type: none"> <li>• We will increase communication efforts to residential customers to inform them about the group’s many offers and opportunities for energy improvements via webinars, newsletters and in-person events.</li> </ul> <p><u>Cars</u></p> <ul style="list-style-type: none"> <li>• We help our customers choose electric and plug-in hybrid vehicles by offering loans with favourable terms.</li> <li>• We will develop new products and services to make it easier to choose an electric car over petrol and diesel cars.</li> </ul> <p><u>Agriculture</u></p> <ul style="list-style-type: none"> <li>• We will engage in dialogues with the group’s 50 largest agricultural customers to obtain emissions data and communicate our expectations for their transition plans and efforts to reduce emissions.</li> <li>• We will collect emission data at the individual operational level and emission intensities at product level. This allows us to prioritise our dialogue and efforts towards the companies with the greatest potential for improvement.</li> <li>• We will assess the creditworthiness of our agricultural customers based on ESG risks, including climate-related risks, when re-authorising the loans from the 2024 financial year.</li> </ul> <p><u>Businesses</u></p> <ul style="list-style-type: none"> <li>• We will engage with the 100 customers that account for the majority of our financed emissions to provide emissions data and communicate our expectations for their transition plans and efforts to reduce emissions.</li> <li>• We will continue to train our advisors to include ESG issues, including climate and environmental issues, in their dialogues with customers. Our advisors use an ESG tool to make an overall assessment of companies’ ESG conditions. The tool includes questions about the companies’ climate goals and efforts to reduce emissions.</li> <li>• We will develop loans with favourable terms to finance activities that are in line with the group’s Green Bond Framework. We offer our customers access to a digital platform where they can calculate their carbon footprint and receive a sustainability report.</li> <li>• We have established a competence centre with expertise in financing wind turbines, solar parks and biogas plants</li> </ul>	
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<p>to support the political goal of converting Denmark's energy supply to 100% renewable energy by 2050.</p> <ul style="list-style-type: none"> <li>• We will increase communication to current and potential customers about the group's offers and approach to climate issues via webinars, newsletters and in-person events.</li> </ul> <p><b><u>Investments</u></b></p> <ul style="list-style-type: none"> <li>• We will continuously measure and report on the CO2e footprint in relation to climate targets. We will strengthen the consideration of CO2e and other relevant ESG indicators in the asset management process. The group's climate goals are included as part of the dialogue with and follow-up on business partners in the investment area.</li> </ul> <p><b><u>Own operations</u></b></p> <ul style="list-style-type: none"> <li>• We will continue to have a Power Purchase Agreement for a 100% renewable share of our electricity consumption. With this agreement, we are actively bringing new renewable energy to society.</li> <li>• With a new interior climate policy, we have set standards for the thermal interior climate in the group with the aim of reducing our own energy consumption. With this interior climate policy, we will initiate efforts to further reduce electricity and heat consumption in our offices.</li> <li>• We will switch to district heating or heat pumps in locations where another source of heating is used. We will initiate a study of the potential for installing solar panels on the group's properties.</li> <li>• We will include greenhouse gas emissions in our procurement principles along with other parameters and engage in dialogue with suppliers regarding expectations for emission reductions.</li> </ul> <p><b>Financial health and inclusion</b></p> <p>Action plan for climate change mitigation have been prioritized in 2023.</p>	
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<b>Self-assessment summary</b>			
Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...			
	... first area of most significant impact: ... <i>Climate change mitigation</i>	... second area of most significant impact: ... <i>Financial health and inclusion</i>	<i>(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)</i>
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 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
Action plan	<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

<b>2.3 Target implementation and monitoring (Key Step 2)</b> <b>For each target separately:</b> Show that your bank has implemented the actions it had previously defined to meet the set target.  Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.  <b>Or, in case of changes to implementation plans (relevant for 2<sup>nd</sup> and subsequent reports only):</b> 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>Response</i>	<i>Links and references</i>
<p>Process on targets and actions are reported to the Executive Management Sustainability Committee, which is described in more details in section 5.1.</p> <p><b>Climate change mitigation</b>                      Targets have been set in December 2023. Progress will be reported in 2024.</p> <p><b>Financial health and inclusion</b>                      Target setting for climate change mitigation has been prioritized in 2023.</p>	

## Principle 3: Clients and Customers



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

### 3.1 Client engagement

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

Yes  In progress  No

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

Yes  In progress  No

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

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

#### Response

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.

#### Lending

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.

#### Links and references

AL Sustainability Report 2023  
[https://al-bank-prod.imgix.net/aj2dicx0/al\\_responsibility\\_sustainability\\_report\\_2023.pdf](https://al-bank-prod.imgix.net/aj2dicx0/al_responsibility_sustainability_report_2023.pdf)

<p>In 2023 we have developed a new energy loan to support energy efficiency renovations. Furthermore, we have participated in Government supported initiative “Retire your boiler” as well as we have established a collaboration with a company that makes it easier for customers to change their existing heating to a heat pump solution. Finally, we have a favourable loan for electric and hybrid cars.</p> <p>For business customers we provide a digital tool for them to make CO2e-calculations and ESG-reports. In 2023 we implemented new green financing options through our partners. Finally, we opened a new competence centre for Renewable energy to better support our customer’s needs.</p> <p><b>Investments</b></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>In 2023 within investments, we have assessed our customers sustainable preferences, which is now an integrated part of the investment dialogue alongside preferences for risk and time horizon. We have also implemented ESG-metrics in our online and mobile investment solutions. In 2023 we updated our investment products, so they fulfil the requirements of Article 8 in SFDR. Finally, we developed a new concept for retail clients to invest in local renewable energy projects.</p>	<p>AL Policy on integration of sustainability risks (only available in Danish)  <a href="#">politik-for-integration-af-baeredygtighedsrisici-09-13-3.pdf (al-bank.dk)</a></p> <p>AL Statement on principal adverse impacts (Only available in Danish)  <a href="#">erklaering-om-vaesentligste-negative-baeredygtighedspaavirkninger.pdf (al-bank.dk)</a></p>
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<sup>10</sup> A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

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

<h3>3.2 Business opportunities</h3> <p>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.).</p>	
<p><i>Response</i></p> <p>In 2023 we developed our Green Bond Framework and also issued the Groups first green bond. The framework define four categories of climate change mitigation within lending that are especially relevant to the Group’s business model. An example of an outcome is the development of a new energy efficiency loan aligned with the framework.</p> <p>In 2023, Vestjysk Bank opened a new competence centre to focus specifically on renewable energy. The centre is off to a good start and is already providing energy companies with specialised advice and co-financing on energy projects. Also in 2023, Vestjysk bank developed a new concept for financing wind turbine and solar power shares for private customers.</p> <p>In 2023, Arbejdernes Landsbank implemented new financing options through Totalkredit Erhverv and DLR. This applies, for example, to new opportunities for financing utility plants and issuing green bonds.</p>	<p><i>Links and references</i></p> <p>AL Green Bond Framework  <a href="#">R25629 AL - Green Bond Framework - Rapport.indd (al-bank.dk)</a></p> <p>AL Sustainability Report 2023  <a href="https://al-bank-prod.imgix.net/aj2dicx0/al_responsibility_sustainability_report_2023.pdf">https://al-bank-prod.imgix.net/aj2dicx0/al_responsibility_sustainability_report_2023.pdf</a></p>

# Principle 4: Stakeholders



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

## 4.1 Stakeholder identification and consultation

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

Yes  In progress  No

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

### Response

As part of the financial sector, the Group is in ongoing dialogue and collaborates with several different stakeholders:

- **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 Totalcredit and BankInvest, both of which work actively

### Links and references

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



<p>with sustainability and green solutions that can contribute to reducing the financed CO2e emissions.</p> <ul style="list-style-type: none"><li>• 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.</li><li>• 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.</li></ul>	
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## Principle 5: Governance & Culture



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

### 5.1 Governance Structure for Implementation of the Principles

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

Yes  In progress  No

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

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

#### Response

The 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.

In 2023 an ESG board committee was established. The committee's task is, among other things, to advise the board on the sustainability strategy and assist the board in ensuring that the strategy is implemented correctly in the organization. In addition, the committee prepares concrete proposals for commercial initiatives that can strengthen the Group's sustainability profile. The committee consists of at least three members, all of whom are members of A/S Arbejdernes Landsbank's Board of Directors. The Board elects the members of the Committee and appoint one member as Chairman. Meetings are held as often as the Chair of the ESG Committee deems necessary, but at least four times a year.

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

#### Links and references

AL Sustainability Report 2023  
[https://al-bank-prod.imgix.net/aj2dicx0/al\\_responsibility\\_sustainability\\_report\\_2023.pdf](https://al-bank-prod.imgix.net/aj2dicx0/al_responsibility_sustainability_report_2023.pdf)

AL Terms of Reference for ESG Board Committee (only available in Danish)  
<https://al-bank-prod.imgix.net/m24kyzpv/final-kommissorium-for-esg-udvalget-18-december-2023.pdf>

<p>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 an Executive Management Sustainability Committee that are updated on the status of initiatives and on relevant points for attention regarding the sustainability strategy and the policy. Members of the Sustainability Committee include the CEO and Deputy CEO (chair), Executive Bank Directors, Deputy Directors, HR director, the Group Head of Sustainability, the Group Chief Audit Executive (observer), and the head of compliance (observer). The Executive Management Sustainability Committee meet approximately every six weeks.</p> <p>The Group only uses fixed remuneration, apart from a bonus scheme agreed in a collective agreement as described in the policy on pay, thus remuneration is neither in full nor in part directly dependent on compliance with Group’s sustainable development goals.</p>	
<p><b>5.2 Promoting a culture of responsible banking:</b></p> <p>Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).</p>	
<p><i>Response</i></p> <p>In 2023 several ESG partners have been appointed representing business areas and subsidiaries within the group. Every six week they report progress on initiatives to the Executive Management Sustainability Committee.</p> <p>In 2023, Arbejdernes Landsbank’s strategy for Diversity, Equity and Inclusion (DEI) was approved by the Board of Directors. The DEI strategy defines a number of concrete initiatives to strengthen the work with diversity, equity and inclusion in relation to both employees, customers and our surrounding society. The initiatives must contribute to addressing gender issues, ensuring inclusive HR processes, supporting management decisions with data and staying ahead of legislative requirements.</p> <p>Based on the desire to continue to offer business customers relevant professional sparring on sustainability issues, the group has also in 2023 focused on enhancing the competences of several business advisors related to ESG and sustainability issues. At the beginning of 2024, Arbejdernes Landsbank will launch a training programme aimed at colleagues working with both private and business customers. This will ensure that consultants have a broad knowledge and general understanding of sustainability in the organisation.</p>	<p><i>Links and references</i></p> <p>AL Sustainability Report 2023  <a href="https://al-bank-prod.imgix.net/aj2dicx0/al_responsibility_sustainability_report_2023.pdf">https://al-bank-prod.imgix.net/aj2dicx0/al_responsibility_sustainability_report_2023.pdf</a></p>

<p>In 2023, Vestjysk Bank completed two sustainability training programmes - one for agricultural advisors and one for business advisors. The competences of the consultants have been improved and a common internal language around ESG issues has been created. Managers have attended a similar training programme, but with a focus on supporting consultants in the customer dialogues on ESG issues.</p>	
<p><b>5.3 Policies and due diligence processes</b></p> <p>Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>13</sup> Please describe.</p> <p>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.</p>	
<p><i>Response</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 Executive Management Sustainability Committee has 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"> <li>• Credit policies</li> <li>• Policies on responsible investment</li> <li>• Policy on integration of sustainability risks</li> <li>• Policies on the prevention of money laundering and financing of terrorism as well as violation of sanctions</li> <li>• Policies on the under-represented gender, diversity and suitability</li> <li>• Policies on the prevention and management of bullying and harassment • Code of conduct</li> <li>• Whistleblower policies</li> </ul>	<p><i>Links and references</i></p> <p>AL Sustainability Report 2023  <a href="https://al-bank-prod.imgix.net/aj2dicx0/al_responsibility_sustainability_report_2023.pdf">https://al-bank-prod.imgix.net/aj2dicx0/al_responsibility_sustainability_report_2023.pdf</a></p>

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

**Self-assessment summary**

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

Yes  No

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

Yes  No

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

Yes  In progress  No

## Principle 6: Transparency & Accountability



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

**6.1 Assurance**

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

Yes  Partially  No

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

<i>Response</i> The disclosed information has been assured by independent assurer. See annex X below.	<i>Links and references</i>
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**6.2 Reporting on other frameworks**

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

GRI

SASB

CDP

IFRS Sustainability Disclosure Standards (to be published)

TCFD

Other: ....

<i>Response</i>	<i>Links and references</i>
-----------------	-----------------------------

<p>The Group reports in accordance with:</p> <ul style="list-style-type: none"> <li>• Corporate social responsibility in accordance with section 135b of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms.</li> <li>• Article 8 of the EU Taxonomy Regulation.</li> <li>• UN Global Compact.</li> <li>• Bank's own and financed CO2e emissions based on the GHG Protocol and principles from Finance Denmark's model for carbon footprint.</li> </ul>	<p>AL Sustainability Report 2023  <a href="https://al-bank-prod.imgix.net/aj2dicx0/al_responsibility_sustainability_report_2023.pdf">https://al-bank-prod.imgix.net/aj2dicx0/al_responsibility_sustainability_report_2023.pdf</a></p>
<p><b>6.3 Outlook</b></p> <p>What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>14</sup>, target setting<sup>15</sup> and governance structure for implementing the PRB)? Please describe briefly.</p>	
<p><i>Response</i></p> <p>In the next period we will focus on the following:</p> <ul style="list-style-type: none"> <li>• Further assessment of financial health and inclusion performance as well as defining targets and actions.</li> <li>• Implementation of targets and actions set for climate change mitigation.</li> <li>• Implementation of CSRD.</li> </ul>	<p><i>Links and references</i></p>

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

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

## 6.4 Challenges

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

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

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

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

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

## Basis of preparation

The 2023 self-assessment for implementation of the Principles for Responsible Banking has been prepared in accordance with the Principles for Responsible Banking Guidance document and the Self-assessment Template, published in November 2021 and September 2022 respectively by the UNEP FI.

### **Principle 2.1: Impact analysis**

Our latest published impact analysis was carried out in 2022, with data from the 2021 financial year. 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. The Reporting and Analysis department has provided input to the UN Portfolio Impact Identification Tool, whereas the department Regulation and Capital Management has provided input to the Investment Portfolio Impact Analysis Tool. The Sustainability department has provided input to the section regarding context.

#### **Principle 2.1.a: Scope**

The impact analysis contains all material areas of the bank, including:

- 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

#### **Principle 2.1.b: Portfolio composition**

The impact analysis has considered the composition of the Groups portfolio based on types of customers for retail banking, sector exposure for businesses. For investment activities exposure to asset class and geography has been considered.

#### **Principle 2.1.c: Context**

The Group itself, and through its subsidiaries, only carries out banking activities in Denmark, thus the context has been informed by ongoing engagement with Finance Denmark, that represent Danish financial institutions. Based on the output of the impact analysis tools, the contextual analysis of the main challenges in Denmark as well as considering Arbejdernes Landsbanks 100 years long history within social responsibility, we choose to prioritize "Climate" and "Financial health and inclusion" as the most the significant impact areas for the Group for pursue for setting targets.

#### **Principle 2.1.d: Performance measurement**

Using a best-effort approach while following the principles of the GHG-Protocol as well as Finance Denmark's CO<sub>2</sub>-model, we have calculated an estimate of the Group's total CO<sub>2</sub>e emissions.

For the calculation of CO<sub>2</sub>e on cars and leasing, we use Finance Denmark's CO<sub>2</sub>e model for the financial sector, which is based on the Partnership for Carbon Accounting Financials (PCAF) and spreadsheets from LOPI. For the proportion of loans where we cannot find engine size/fuel type, we assume that the car is gasoline powered and with an engine size of 0.8-1.4 liters.



For the calculation of real estate loans, the scope includes all real estate loans with mortgages on Arbejdernes Landsbank's balance sheet. Thus, mortgage lending in Totalkredit is not included in the calculations, cf. Finance Denmark's model and reporting principles and PCAF principles.

CO<sub>2</sub>e data has been received from Nykredit/Totalkredit, which has estimated emission data based on the buildings' energy label, if available. The energy labels applied were taken from the Danish Energy Agency in early December 2023. For apartments, emission data is estimated based on the buildings' energy label, and CO<sub>2</sub>e is attributed to the apartment corresponding to the individual dwelling's share of the building's total area. If the building has no energy label, the estimate is based on other knowledge about the individual property (energy source, building age, size, location).

The calculation of emissions from business loans, is based on industry data. We have collected statistical emission data from Statistics Denmark and aggregated data based on the Danish Financial Supervisory Authority's industry distribution. In 2023, this "mapping" has been possible in relation to the standard grouping 36 – for the sake of clarity, we have in the overview aggregated data on 10 industries. Statistics Denmark's sector averages only include the industries' scope 1 and scope 2 emissions. The calculations therefore do not take into account the companies' scope 3 emissions, which for some companies may account for the vast majority of their greenhouse gas emissions.

To calculate financed emissions on the investment portfolios we collect and utilize emissions data from MSCI - both in relation to investments on behalf of customers and owners and in relation to investments of our own portfolio. For Danish mortgage bonds, we use emissions data from the mortgage credit institutions. Where emission data is not available, we make an estimate based on the climate footprint from the remaining part of the portfolio.

For further information regarding methodology and accounting practice please refer to our Sustainability fact book: <https://www.al-bank.dk/en/documents/om-banken/baeredygtighed/sustainability-fact-book-2023>

The estimation of the financed CO<sub>2</sub> emissions is subject to significant estimates and judgements related to the data quality, which varies from sector to sector.

## **Principle 2.2: Target setting**

### **Principle 2.2.b: Baseline**

Establishing the baseline for financed emissions is subject to significant estimates and judgements related to the data quality, which varies from sector to sector.

UNEP FI has provided a set of indicators for the impact area of climate mitigation. These indicators are used for support in our reporting and in showing progress against PRB implementation. We report on these indicators in order to measure our performance and baseline.

The indicators for climate mitigation are shown in the table on page 33 (as provided by PRB/UNEP FI)

### **Principle 2.2c: Target-setting**

Arbejdernes Landsbank Group has an overall target of being net zero in 2050 aligning with the goals of the Paris Agreement.

Impact area	Practice <sup>16</sup> (pathway to impact)									Impact <sup>17</sup>		
	1. Action indicators			2. Output indicators			3. Outcome indicators			4. Impact indicators		
	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
A. Climate change mitigation	A.1.1	<b>Climate strategy:</b> Does your bank have a climate strategy in place?	Yes / In progress / No	A.2.1	<b>Client engagement process:</b> Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model ( <i>for business clients</i> ), or towards low(er)-carbon practices ( <i>for retail clients</i> )?	Yes / Setting it up / No;  <i>If yes:</i> Please specify for which clients (types of clients, sectors, geography, number of clients etc.)	A.3.1	<b>Financial volume of green assets/low-carbon technologies:</b> How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?	bln/mn USD or local currency, and/or % of portfolio; <i>please specify</i> the definition of green assets and low-carbon technologies used	A.4.1	<b>Reduction of GHG emissions:</b> how much have the GHG emissions financed been reduced?	% over time; baseline and tracking GHG emissions in kg of CO <sub>2</sub> e (or applicable metrics) <sup>18</sup>
	A.1.2	<b>Paris alignment target:</b> Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	Yes / In progress / No;  <i>If yes:</i> - please specify: to become <b>net zero by when?</b> - <b>Emissions baseline / base year:</b> What is the emissions baseline /	A.2.2	<b>Absolute financed emissions:</b> What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or investment portfolio?	Total GHG emissions or CO <sub>2</sub> e ( <i>please also disclose what is excluded for now and why</i> )	A.3.2	<b>Financial volume lent to / invested in carbon intensive sectors and activities and transition finance:</b> How much does your bank lend to / invest in carbon-intensive sectors and	bln/mn USD or local currency, and/or % of portfolio	A.4.2	<b>Portfolio alignment:</b> How much of your bank's portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)?	% of portfolio ( <i>please specify which portfolio; for corporate and business clients: % of sectors financed</i> )

<sup>16</sup> Practice: the bank's portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices

<sup>17</sup> Impact: the actual impact of the bank's portfolio

<sup>18</sup> If possible and/or necessary, please contextualize the progress: Greenhouse gas emissions might even increase initially because the scope of measurements is extended and financed emissions from a growing proportion of the portfolio are measured, emission factors are updated etc. Emission reductions made by the clients should over time lead to a decrease in GHG emissions financed.

			base year for your target? - <b>Climate scenario used:</b> What climate scenario(s) aligned with the Paris climate goals has your bank used?					activities <sup>19</sup> ? How much does your bank invest in transition finance <sup>20</sup> ?				
	<b>A.1.3</b>	<b>Policy and process for client relationships:</b> has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?	Yes / In progress / No	<b>A.2.3</b>	<b>Sector-specific emission intensity</b> (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?	Please specify which sector ( <i>depending on the sector and/or chosen metric</i> ): kg of CO <sub>2</sub> e/ kWh, CO <sub>2</sub> e / m <sup>2</sup> ; kg of CO <sub>2</sub> e/USD invested, or kg of CO <sub>2</sub> e/revenue or profit						

<sup>19</sup> A list of carbon-intensive sectors can be found in the [Guidelines for Climate Target Setting](#).

<sup>20</sup> Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.

	<p><b>A.1.4</b></p>	<p><b>Portfolio analysis:</b> Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?</p>	<p>Yes / In progress / No;  <i>If yes:</i> please specify which parts of the lending and investment portfolio you have analyzed</p>	<p><b>A.2.4</b></p>	<p><b>Proportion of financed emissions covered by a decarbonization target:</b> What proportion of your bank's financed emissions is covered by a decarbonization target, i.e. stem from clients with a transition plan in place?</p>	<p>% <i>(denominator: financed emissions in scope of the target set)</i></p>		
	<p><b>A.1.5</b></p>	<p><b>Business opportunities and financial products:</b> Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?</p>	<p>Yes / In progress / No; Please specify which ones, and what financial volume and/or % of the portfolio they account for</p>					

## Statement by the management

We have today discussed and approved the Arbejdernes Landsbank Groups' UN Principles for Responsible Banking Reporting and Self-Assessment for 2023.

The UN Principles for Responsible Banking Reporting and Self-Assessment 2023 have been prepared in accordance with the Principles for Responsible Banking Guidance document and Self-assessment Template, published in April 2022 and September 2022 respectively by the United Nations Environment Programme Finance Initiative ('UNEP FI').

In our opinion, the UN Principles for Responsible Banking Reporting and Self-Assessment 2023, as a whole, gives a true and fair view of the Arbejdernes Landsbank Group's stage of implementation of the six principles under the Principles for Responsible Banking Framework at 31 December 2023.

Copenhagen, 30 April 2024

Jan W. Andersen  
CEO

Pernille Lytzen  
Head of Sustainability

## Independent auditor's Assurance Report on selected responses in Aktieselskabet Arbejdernes Landsbank Group's UN Principles for Responsible Banking Reporting and Self-Assessment 2023

### To the stakeholders of Aktieselskabet Arbejdernes Landsbank Group's

As agreed, we have performed an examination with a limited assurance, as defined by the International Standards on Assurance Engagements, on Aktieselskabet Arbejdernes Landsbank Group's (Arbejdernes Landsbank) UN Principles for Responsible Banking ('PRB') Reporting and Self-Assessment report for 2023 ('selected responses'). Specifically, we are to conclude on the following selected responses:

- ▶ 2.1 Impact Analysis, pages 5-10
- ▶ 2.2 Target Setting, pages 11-18
- ▶ 2.3 Plans for Target Implementation and Monitoring, page 19
- ▶ 5.1 Governance Structure for Implementation of the Principles, pages 25-26

In preparing the selected responses, Arbejdernes Landsbank applied the basis for preparation described on pages 31-32. The selected responses need to be read and understood together with the basis for preparation, which Management is solely responsible for selecting and applying. The absence of an established practice on which to derive, evaluate, and measure the selected responses allow for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the UN Principles for responsible Banking Reporting and Self-Assessment 2023, and accordingly, we do not express an opinion on this information.

### Management's responsibilities

Arbejdernes Landsbank's Management is responsible for selecting the basis for preparation, and for presenting the selected responses in accordance with the Principles for Responsible Banking Guidance Document, published by UNEP FI in November 2021, the PRB Reporting and Self-Assessment Template, published by UNEP FI September 2022 and basis of preparation included on pages 31-32, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the selected responses, such that it is free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities

Our responsibility is to express a conclusion based on our examinations on the presentation of the selected responses in accordance with the scope defined above.

We conducted our examinations in accordance with *ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and additional requirements under Danish audit regulation to obtain limited assurance for the purposes of our conclusion.

EY Godkendt Revisionspartnerselskab applies International Standard on Quality Management 1, ISQM1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour as well as ethical requirements applicable in Denmark.

#### Description of procedures performed

In obtaining limited assurance over the selected responses, our objective was to perform such procedures as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express a conclusion with limited assurance.

Our procedures were based on the Guidance for assurance providers – Providing Limited Assurance for Reporting - Version 2 (October 2022) published by the United Nations Environment Programme Finance Initiative (“UNEP FI”) in November 2022. We have performed the procedures as outlined in the Work performed section below which do not necessarily obtain the confidence level as outlined by UNEP FI’s Guidance for assurance providers, but what is normally obtained by a practitioner in a limited assurance engagement under ISAE 3000 (Revised).

The procedures performed in connection with our examination are less than those performed in connection with a reasonable assurance engagement. Consequently, the degree of assurance for our conclusion is substantially less than the assurance which would be obtained had we performed a reasonable assurance engagement.

As part of our examinations, we performed the below procedures:

- Interviewed those in charge of the selected responses to develop an understanding of the process for the preparation of the selected responses.
- In respect of Principle 2.1 (Impact analysis), based on inquiries made and information obtained and reviewed, we checked that Arbejdernes Landsbank’s business areas and scope are clearly described, reconciled portfolio composition to management information and checked that challenges and priorities have been analysed, including the rationale for business areas where the analysis was not performed. Furthermore, we checked that Arbejdernes Landsbank has disclosed the method for determining its impact areas and has selected what was determined as the two most significant areas of impact. For the one impact area where performance has been measured (Climate), we reconciled to published information referenced in the response and to supporting management information. Finally, we checked to supporting evidence, including meeting minutes, that the stated governance process was followed;
- In respect of Principle 2.2 (Target setting), based on inquiries made, information obtained and reviewed, checked that Arbejdernes Landsbank sets targets for one of its three significant impact areas (Climate) and that the targets are linked to that impact area. We checked that Arbejdernes Landsbank has identified frameworks to align with and explained how targets contribute to relevant goals. For the one impact area where targets have been set (Climate), we checked that the base year is no more than two full reporting years prior to the year when the targets have been set and that the targets are Specific, Measurable, Achievable, Relevant and Time-bound;
- In respect of Principle 2.3 (Target Implementation and Monitoring), based on inquiries made with process owners and internal stakeholders, we obtained and reviewed supporting evidence to assess whether disclosures within the selected responses in the PRB Reporting and Self -Assessment Template reflect the Bank’s assessment of the stage of implementation of the Principle;
- In respect of Principle 5.1 Governance Structure for Implementation of the Principles, based on inquiries made and information obtained and reviewed, we checked consistency to supporting evidence,

including organisation charts and meeting minutes. Further we have reviewed the oversight of the disclosures of the Bank's governance structure in relation to the implementation and monitoring of the Principles with existing governance structures as defined by Arbejdernes Landsbank.

- In connection with our procedures, we read the other sustainability information in the selected responses of Arbejdernes Landsbank's and, in doing so, considered whether the other sustainability information is materially inconsistent with the selected responses or our knowledge obtained in the review or otherwise appear to be materially misstated.
- Consider the disclosure and presentation of the "PRB Report" against the PRB Guidance.

In our opinion, the examinations performed provide a sufficient basis for our conclusion.

### Conclusion

Based on our examinations and the evidence obtained, nothing has come to our attention that causes us to believe that the selected responses in Arbejdernes Landsbank's Self-Assessment of its fulfilment and commitment as a signatory of the Principles for Responsible Banking (2.1 Impact Analysis, 2.2 Target Setting, 2.3 Plans for Target Implementation and Monitoring, 5.1 Governance Structure for Implementation of the Principles) for 2023 have not been prepared, in all material respects, in accordance with the PRB Guidance and the basis for preparation described on pages 31-32.

Copenhagen, 30 April 2024

EY Godkendt Revisionspartnerselskab

CVR-nr. 30 70 02 28

Thomas Hjortkjær Petersen  
State Authorised Public Accountant  
mne33748

Monica Mai Bak Larsen  
Associate Partner



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## Pernille Lytzen

### Head of Sustainability

På vegne af: Aktieselskabet Arbejdernes Landsbank

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## Jan Walther Andersen

### CEO

På vegne af: Aktieselskabet Arbejdernes Landsbank

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