

Responsibility & Sustainability Report 2023

 Arbejdernes Landsbank



This report contains **Arbejdernes Landsbank group's:**

- Report on social responsibility in accordance with Section 135(b) of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.
- Reporting according to the EU Taxonomy Regulation's Article 8.
- Reporting in accordance with Section 99(a) of the Danish Financial Statements Act as far as AL Finans A/S is concerned.

ESG data and accounting practices also appear in the Sustainability Fact Sheet which is published at <https://www.al-bank.dk/en/investor-relations/reports-and-figures>.

Signatory of:



PRINCIPLES FOR
RESPONSIBLE
BANKING



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

The report has been prepared in a Danish and an English version. In the event of discrepancy between the Danish-language original text and the English-language translation, the Danish text shall prevail.

Table of Contents

Facts and overview 4

Introduction 5

**Business models building
on sound values 6**

UN obligations 8

Progress in the implementation of
the UN Principles..... 8

Contributions to the UN Sustainable
Development Goals 9

How the UN Sustainable Development Goals
are linked to our activities..... 11

Business activities 12

Loans and credit 13

Investments for customers and own portfolio 18

Facility Management and Properties 23

Climate and environment 26

Climate targets and Action Plan for reducing
the CO₂e footprint 27

The group's CO₂e emissions 32

Social and employee matters 34

Customers 35

Employees 38

Society 48

Governance and management 49

ESG metrics 54

Key figures for business activities 55

Key figures for assets covered by the

EU taxonomy 59

Reporting principles 61

Facts & overview

Numbers as at 31 December 2023 for Arbejdernes Landsbank, AL Finans and Vestjysk Bank.

FINANCING AND INVESTMENTS

DKK 2.9 bn.

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



DKK 21.1 mill.



Loans for energy renovation of homes (Energy loan from Arbejdernes Landsbank)

DKK 3.2 bn.

Investments with the Nordic Swan Ecolabel



CLIMATE & ENVIRONMENT



545,926 Tonnes of CO₂e

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

4.50 Tonnes CO₂e/DKK mill.



CO₂e footprint per financed DKK mill.



39% of CO₂e

Loan's share of total CO₂e emissions of lending

59% of CO₂e

Share of total CO₂e emissions of Investments



3% of CO₂e

Share of total CO₂e emissions of Internal operations

SOCIAL CONDITIONS

Employee satisfaction

Measured by motivation/willingness to recommend (0-100 index points)

Arbejdernes Landsbank The financial sector

79/81

79/81

Measured by job satisfaction

Vestjysk Bank The financial sector

77

78

Customer satisfaction

Ranking in Voxmeter's survey of 60,000 Danish bank customers

1ST PLACE

Arbejdernes Landsbank

15TH PLACE

Vestjysk Bank

GOVERNANCE

Gender diversity on Arbejdernes Landsbank's Board of Directors



30% women



70% men



100%

Attendance at ESG committee meetings at Arbejdernes Landsbank

Introduction

Sustainability continues to be a priority area within the group. Organisationally, adjustments have been made that strengthen the ability to deliver results. The area of sustainability has, among other things, been established as an independent department and a Head of Sustainability has been appointed with overall responsibility for this within the group. An ESG committee has also been established under the Board of Directors to support the work of setting the direction for sustainability within the group. In addition, a number of ESG partners have been appointed representing business areas and subsidiaries within the group.

In 2023, the group published a number of climate targets and action plans to support the group's overall goal of being climate neutral by 2050. The process of developing the targets has involved all the main business areas in the group as well as Facility Management and the climate plan has been published on the group's website. The targets follow the UN Principles for Responsible Banking's guidance on climate targets for banks as far as possible and the targets and the climate accounts will be verified by an external auditor in 2024.

Arbejdernes Landsbank issued its first green bond in 2023 with the status of Senior Preferred for DKK 1 bn. The issue is an important part of meeting the NEP requirement as a result of the bank's SIFI status and at the same time fulfills the ambition to become a more sustainable bank and group. The objective is to issue more green bonds in 2024 and the following years.

In 2023, we have focused on preparing the group for new regulatory requirements from the EU, including the Corporate Sustainability Reporting Directive (CSRD), the Taxonomy Regulation and the Capital Requirements Regulation (CRR). The requirements for ESG reporting are growing significantly and it takes a lot of effort from many different areas of the group to be able to deliver on the new reporting requirements.

In 2023, the bank's Diversity, Equity and Inclusion (DEI) strategy 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 the society that surrounds us. The initiatives must contribute to addressing gender issues, ensure inclusive HR processes, supporting management decisions with data and staying ahead of statutory requirements.

The group is a signatory to the UN Global Compact and the UN Principles for Responsible Banking and Arbejdernes Landsbank is also a signatory to the UN Principles for Responsible Investment. During the financial year, we have engaged an external auditor to verify our next reporting to the UN Principles for Responsible Banking, which covers our ESG reporting - including climate reports and climate targets. In addition, in 2023 we have reported to the UN Principles for Responsible Investment and the UN Global Compact.



SUSTAINABILITY

Business models building on sound values

The Arbejdernes Landsbank group consists of two banks, Aktieselskabet Arbejdernes Landsbank (“Arbejdernes Landsbank”) and Vestjysk Bank A/S (“Vestjysk Bank”). In addition, AL Finans A/S (“AL Finans”) and Ejendomsselskabet Sluseholmen A/S (“Sluseholmen”) and Sluseholmen 7 A/S are also part of the group.

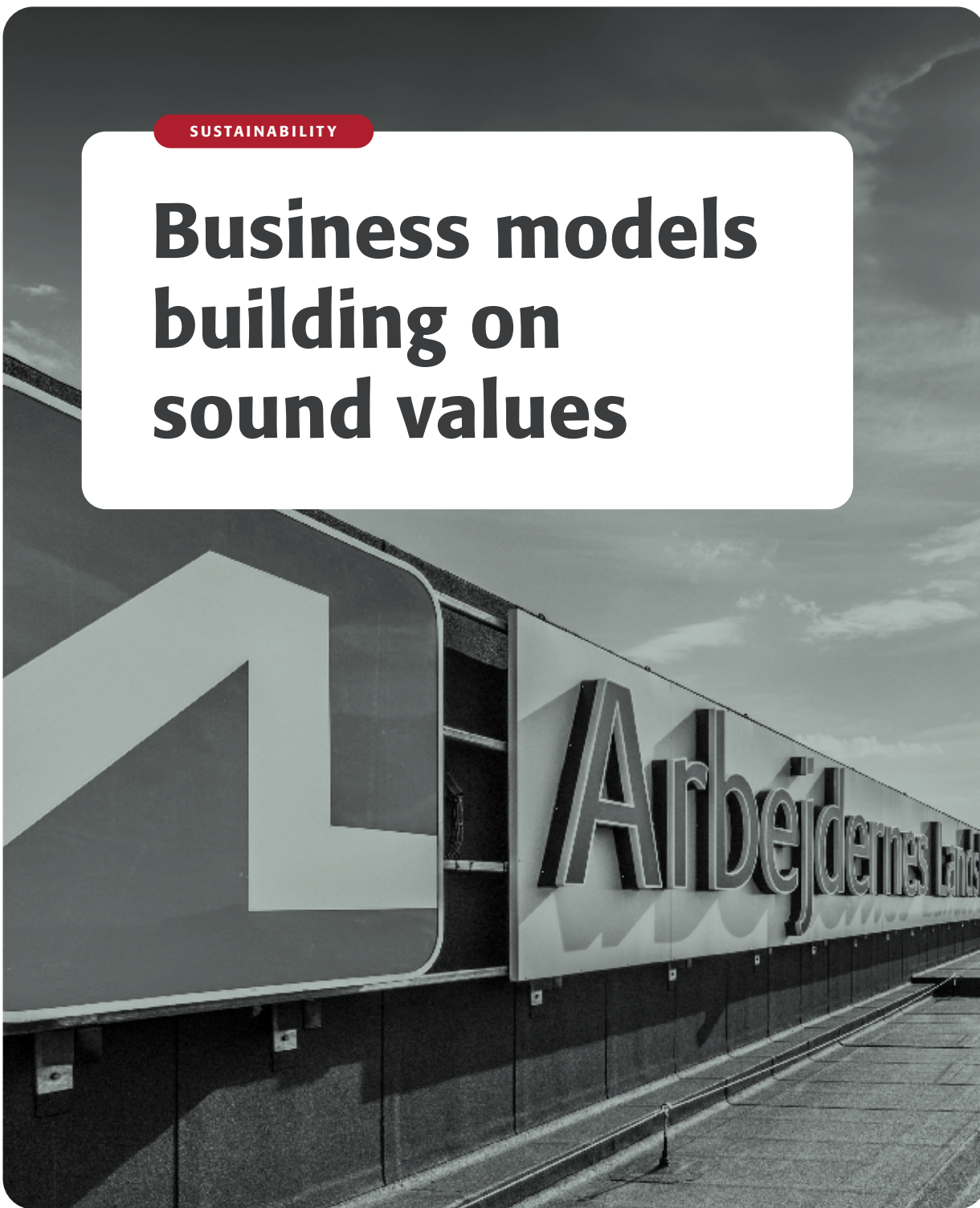
The two banks in the group operate as two independent banks, each with their own focus areas and brands and each with their own business model. What they have in common is that they are built on sound values. This is also reflected in this report, where some sections deal with the group as a whole while other sections deal specifically with Arbejdernes Landsbank, Vestjysk Bank and AL Finans.

To strengthen the overall business, 15 new shared group functions were established in 2023 for the three independent business units as well as increased cross-functional collaboration so that by the beginning of 2024, there will be a total of 20 shared non-customer-facing functions in the group.

A/S Arbejdernes Landsbank

Arbejdernes Landsbank is a nationwide full-service bank for private individuals, associations and businesses. The bank's business strategy is based on sound values. Arbejdernes Landsbank works systematically and strategically to develop a dynamic and customer-oriented culture.

The bank's culture is crucial in retaining and developing our unique position relative both to the Bank's customers and to being an attractive workplace for our employees. Arbejdernes Landsbank sees a clear link between strategy and culture. In November, the bank launched a new strategic direction “A bank as a bank should be”, which maintains the bank as a value-based bank that takes social responsibility, has a focused and profitable growth, is simple and efficient and an attractive workplace.



Vestjysk Bank A/S

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

Vestjysk Bank recognises the importance transitioning society towards a more sustainable direction and also recognises the bank's co-responsibility for this transition. The responsibility includes the bank's own behaviour and the consequences of the financing the bank provides to its customers and the advice the bank provides in relation to the customers' investment decisions. Vestjysk Bank expects growth in the scope of business related to renewable energy.

AL Finans A/S

AL Finans is a finance company offering financing solutions to private individuals and businesses. AL Finans aims to establish strong customer relations through a close dialogue and collaboration. The activities are based on a strong set of values, consisting of the core values of Accountability, Value Creation and Innovation.

Ejendomsselskabet Sluseholmen A/S

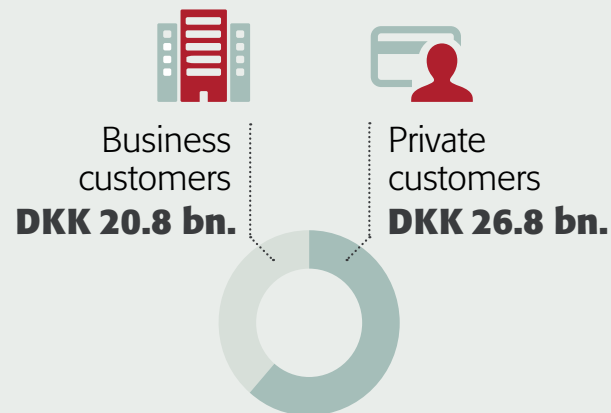
The company is a property company that is building the new headquarters for Arbejdernes Landsbank and AL Finans. It is expected to be ready to moved in to by the middle of 2025. Ejendomsselskabet Sluseholmen recognises the impact that building operations and construction work have on our society. That is why we only operate using environmentally certified materials and certify the quality of new construction projects with approved sustainability principles.

Sluseholmen 7 A/S

This company is a real estate company that is building a property on the neighbouring plot of land to the new headquarters for Arbejdernes Landsbank and AL Finans. The property is expected to be sold once it is completed and fully rented out.

FACTS ABOUT THE GROUP

Total loans



Number of customers



Investments on behalf of customers
DKK 38 bn.

Number of full-time employees

1,862 

SUSTAINABILITY

UN obligations

Progress in the implementation of the UN Principles

With our voluntary commitment to the UN Principles for Responsible Banking, the UN Principles for Responsible Investment and the UN Global Compact, we have committed the group to report on our impact on society and the UN Sustainable Development Goals and to set targets that help increase positive impacts and reduce adverse impacts.

Climate is one of the group's key impact areas. In 2022, we published a joint climate report for the group, and based on this, in 2023 we published a number of targets for the key business areas leading up to 2030. The targets follow the UN guidance for climate targets for banks and must be verified along with other reporting to the UN's Principles for Responsible Banking by an external auditor in 2024.

You can read more about our climate accounting and targets in the section "Climate and environment".

Contributions to the UN Sustainable Development Goals

As a financial company, it is an important part of our responsibility to contribute to achieving the UN's 17 Sustainable Development Goals and our work with corporate social responsibility and sustainability supports 9 of the SDGs in particular.

The individual goals have been chosen based on an assessment of where we as a financial company have an impact on the world around us - and where we can contribute to the greatest extent possible through our business activities.



Quality education

We want to contribute to improving the people of Denmark's understanding of financial matters and make knowledge and tools available to help people get a better overview of their personal finances and to make important decisions. We do this by helping children and young people create healthy financial habits through our collaboration with Young Money - and we offer home buyers future-proofing in terms of family and inheritance law issues, legal advice on the process and help them to get through the home buying process safely through our collaboration with TestaViva.



Gender equality

We want to be a diverse workplace that reflects the general population at all levels of management. We do this by increasing our internal focus on diversity and inclusion, developing our policies in this area and setting concrete targets for gender distributions.



Sustainable energy

We want to reduce our own energy consumption, including our electricity and heat consumption, and cover our consumption from renewable energy sources as far as possible. We do this by monitoring consumption in our branches to identify where consumption can be made more efficient – just as we are building Arbejdernes Landsbank's new headquarter in accordance with the DGNB sustainability framework.



Decent jobs and economic growth

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



Sustainable cities and local communities

As a bank, we want to contribute to the common good and show community spirit. We do this by offering advisory services and financial products to private individuals, businesses and associations. In addition, we engage in local communities through a number of sponsorship agreements with football clubs and we also donate money to projects cultural and educational projects via, for example, our foundations.



Responsible consumption and production

We want to minimise resource consumption in our internal operations, make environmentally responsible purchases, recycle and think green when we renovate and build new facilities. We do this by including these parameters in our purchasing policies and we also we monitor and report on the degree of organic purchases in our canteen and the eco-labelled proportion of our purchases.



Climate action

We have set a goal for the group to be climate neutral by 2050 at the latest, and to support this, we have specified a number of concrete interim targets towards 2030. We measure and publish the group's climate footprint every year and help support the green transition of business customers and make it easier for private

customers to make green choices. We do this through attractive financing solutions, value propositions and advisory services. We also specify minimum sustainability requirements for our business partners and suppliers.



Peace, justice and strong institutions

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



Partnerships for the goals

We believe that communities are at the centre of creating sustainable change within the group and in society. That is why we are part of several networks and strategic partnerships with industry organisations, financial institutions and external partners to coordinate our efforts and work together. For example, we have signed up to the UN Principles for Responsible Banking, the UN Principles for Responsible Investment and the UN Global Compact.



Link between the UN Sustainable Development Goals and our activities

Business activities



The group's initiatives

- **Loans and credits**
(read page 13)
- **Investments**
(read page 18)

Climate and environment



The group's initiatives

- **Climate goals and action plan for reducing our CO₂e footprint**
(read page 27)
- **Targets**
(read page 28)
- **Actions**
(read page 30)

Social and employee matters



The group's initiatives

- **Customers**
(read page 35)
- **Employees**
(read page 38)
- **Society**
(read page 43)

Governance and management



The group's initiatives

- **Making the prevention of money laundering an integral part of the group's culture**
(read page 53)
- **Sanctions**
(read page 53)

SUSTAINABILITY

Business activities



A climate-neutral economy **requires that we all work together**

If Denmark is to achieve its ambitious climate goals, it requires action in the form of significant investments in energy renovations for properties, more energy-efficient production methods and more electric cars on the roads. All of this requires financing and providing advisory services to customers which we, as a responsible group, want to assist with. In addition, we have products on our shelves that can help make it easier for our customers to make greener choices.

Limiting CO₂e emissions and being climate neutral are important, but sustainable finance is also about reducing inequality in society, acting inclusively towards vulnerable groups of people, ensuring good working conditions and respecting human rights. These topics are of particular importance in the green transition as they need to support the economic stability of society. Despite the fact that Danes are generally financially well-off, inflation and interest rate increases will mean that some customers may face financial challenges. As a responsible group, we therefore have a special focus on supporting these customers in the best possible way through qualified advisory services and supporting processes and products.



Loans and credits

The group lends to private individuals, companies, farmers, associations and social housing organisations – and we want to support them and offer them financing which can contribute to the green transition.

Loans and credits are granted based on a careful and professional credit assessment. It is our policy to support economically sound activities that are deemed to have a positive impact on the environment. In addition, we see it as our job to support the financial stability and health of society by providing advisory services to our customers both in good times and bad times.

2023 has been a difficult year for some of our customers, who have seen their financial circumstances change due to, among other things, interest rate increases and fluctuations in energy prices. Despite an expected soft landing, we expect the economic uncertainty to continue into 2024, which is why we are preparing our employees to support our customers in the best possible way.

Risks and policies for the credit area



Risks to the business

The group's private credit exposures are often secured by mortgages on real estate. The value of the mortgage depends on factors such as the home's energy consumption and robustness in the face of climate impacts such as flooding. The group's risks related to credit exposures to corporate customers are affected by, among other things, the companies' ability to respond to stricter ESG requirements and the demand for sustainable solutions. This applies to the business model, products and on the supplier side.



Policies

The group actively seeks to promote the green transition in society. We support our customers in reducing greenhouse gas emissions, contributing to greener solutions and focusing on social responsibility. In practice, this works by having discussions with customers about sustainability risks and opportunities. Climate change can cause physical risks, entailing the properties of customers being exposed to weather events and transition risks and business customers need to incorporate sustainability into their entire value chain. We offer our customers financing and services to support their sustainable development.

ESG-related issues are included in the assessment of the business customer's business model and ability to adapt to new legislation, environmental changes and other sustainability-related issues.

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



Risks of adverse impacts on the environment and society

The group's financing for private customers has an adverse impact on the environment and society in cases where the energy consumption of customers' cars and homes emits greenhouse gases. Financing for business customers can also have an adverse impact through greenhouse gas emissions from, for example, commercial properties and company

cars. Business customers also face requirements regarding social conditions and governance which involve a risk that the business customer does not comply with, for example, labour rights legislation and requirements for transparency in financial statements. The group is aiming to have a more sustainable profile on the desired customer portfolio.

Housing

New affordable energy loans

In 2023, Arbejdernes Landsbank launched a new affordable energy loan which gives our customers the opportunity to obtain a loan on favourable terms and at a low interest rate. The loan is earmarked for making energy-saving improvements in the home and can be used, for example, for the insulation of external walls, roofs, foundations, ceilings and floors, the replacement of windows and doors or the replacement of heating systems such as heat pumps, solar cells, geothermal heating, etc. The loan is intended to benefit both the customer's finances and their home. Customers can borrow up to DKK 250,000. The interest rate is low and variable and the loan period is up to 10 years.

Retire your boiler campaign

The Danish Government and Finance Denmark have entered into a partnership to help get as many people as possible to retire their oil and gas boilers. This means that homeowners will have access to low-interest loans and they will avoid set-up fees and registration fees when taking out a loan to replace an oil or gas boiler with a green heat source. In 2023, both Arbejdernes Landsbank and Vestjysk Bank have supported this and offered attractive mortgage loans and bank financing to support the initiative.

Heat pump collaboration with NRGi

Arbejdernes Landsbank and Vestjysk Bank, in collaboration with Totalkredit and NRGi, have launched a special offer for customers who want to replace their boiler with an air-to-water heat pump and reduce their heating bills with a long-lasting green solution. Through the collaboration we refer customers to NRGi where they are then carefully guided throughout the entire process from the initial clarification phase to the installation and subsequent follow-up and service phases.

FACTS



Energy loans in
Arbejdernes Landsbank
DKK 21.1 mill.

Total BoligBonus paid
to customers with
Totalkredit loans at
Arbejdernes Landsbank



DKK 25.5 mill.



KundeKroner,
total discount for
customers with
Totalkredit loans
in the group

DKK 153 mill.



Cars

Loans for electric and plug-in hybrid cars

Total car sales in 2023 reached approximately 172,750 passenger cars, which is just over 16% more than in 2022. Loans for electric cars and plug-in hybrid cars also exceeded the targets for the year. Electric car sales were the big bright spot in car sales. Nearly 63,000 new electric cars were sold, which corresponds to approximately 36% of total car sales. In comparison, electric cars accounted for approximately 20% of total car sales in 2022.

The positive development in the share of electric cars sold was also reflected in the number of car loans granted for electric cars and plug-in hybrid cars in AL Finans, where customers of both Arbejdernes Landsbank and AL Finans get financing for their vehicles. In 2023, 3,715 new loans were issued for electric cars and plug-in hybrid cars, bringing the total volume as at 31 December 2023 to approximately DKK 2.9 bn. This is above our target for the year, which was DKK 2.5 bn. and corresponds to an increase of 17% compared to 2022. The total share of loans for electric and plug-in hybrid cars in the car loan portfolio in AL Finans is now up to 44%.

FACTS



Loans for electric cars and plug-in hybrid cars amount to

DKK 2.9 bn.

The proportion of car loans for electric cars and plug-in hybrid cars of the total car loans and leasing services in AL Finans

44%





Business customers

Validied - tool for CO₂e calculations and ESG reports

The group has partnered with Validied to help our business customers get started on their sustainability journey and set them up for a better future. Validied is a digital platform that allows companies to get an overview of and register their ESG efforts in a simple and clear manner. At the same time, companies can perform CO₂e calculations and create ESG reports for their stakeholders. If practical help is needed to implement the company's sustainability strategy, Validied can also provide consultancy services. The use of Validied among our customers enables the group to discuss ESG more concretely in the collaboration with customers, and thus we can support them in the best possible way with relevant advisory services and financing.

In 2023, we have improved the ability for advisors to follow the customer's process in Validied. In addition, we have tested how we can make more qualitative referrals to Validied. The plan is to roll it out to the entire business customer area in early 2024.

Development of ESG support tools for dialogue with business customers

It is through dialogues with companies that the green transition has the potential to really accelerate and therefore the group wants sustainability and ESG to be part of the contact and dialogues with relevant business customers. To this end, in 2023 the group expanded the ESG support tools of the business customer advisors. Among other things, an ESG dictionary, a description of ESG maturity, a guide to good customer dialogues on ESG matters and a presentation for meetings have been developed. In addition, advisors can now find inspiration for

customer dialogues and view customers' ESG data when customers have used the ESG tool Validied to calculate their company's carbon footprint. The goal is to increase the focus on strategic sparring with customers on how to ensure a sustainable business development.

Green financing options through Totalkredit and DLR Kredit

Totalkredit and DLR Kredit both offer bond series as green bonds as an alternative to the traditional mortgage bond. A green bond can - depending on the provider - be earmarked for financing buildings and properties with a valid A or B energy label, energy improvements, less climate-impacting energy sources, specific agricultural investments and sustainability-certified agriculture. The company can use the loan as a seal of approval that the company's property or investment meets the special criteria. At the same time, a loan financed with green bonds can be cheaper than a conventional bond loan as more and more investors who buy the underlying bonds are showing a particular interest in green bonds.

In 2023, Arbejdernes Landsbank implemented new financing options through Totalkredit Erhverv and DLR. This applies, for example, to new opportunities for financing utility plants and issuing green bonds.

Competence Centre for Renewable Energy

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.



Investments for customers and own portfolio

The group manages and invests a total of more than DKK 73 bn. on behalf of customers and our owners as well as the group's own portfolio. This significant amount of money gives us a special responsibility to ensure it is invested responsibly.

Within the group, we are convinced that sustainability is inextricably linked to the goal of creating good long-term investment results. Therefore, we want to implement investment processes where sustainability is a core element in our investment policies and agreements with business partners. At the same time, it is a strategic focus for us and our business partners to invest in companies that operate on a responsible basis, manage their ESG risks and want to contribute to the sustainable development and green transition in society.

In 2021, Arbejdernes Landsbank endorsed the UN Principles for Responsible Investment to strengthen the Bank's approach to and work with responsible investments. In addition, all the investment funds we work with have signed on to and committed

to live up to the principles. In practice, this means that we and our business partners integrate ESG into our investment policies and include ESG factors in investment processes and decisions.

The EU's lofty ambitions for the transition to a green economy are accompanied by extensive regulation which has become even more important for the sector and the group's approach and reporting in the investment area. For example, as a bank and investor, we need to be even more transparent about which sustainability criteria our investment products fulfil and how we seek to ensure that the investments do not cause significant damage to the environment, climate and social conditions. All this is with the aim of making it easier for investors and our customers to invest sustainably.



Risks and policies

for the investment area



Risks for the business

When we invest on behalf of customers, our owners or with our own funds, this involves a risk of financial loss - but always to an extent that corresponds to the investment profile. Both financial and ESG factors can influence returns. In particular, we seek to avoid the risk associated with investing in companies that have no prospect of being able to adapt their business to the green transition.



Risks of adverse impacts on the environment and society

Investments entail a risk that funds are placed in companies that violate international norms or violate the principles of the UN Global Compact, including human rights, labour rights, environmental protection and anti-corruption efforts. In addition, there may be a risk of investing in companies that cause damage, for example, to the climate and the environment.



Policies

To mitigate business and societal risks, we integrate environmental, social and governance issues into policies and investment analysis and decision-making processes. In the investment area, the vast majority of our investments are screened via business partners to prevent and ensure that customer funds are not invested in companies or assets that deliberately and repeatedly violate international norms and conventions, such as the UN Global Compact, the UN Universal Declaration of Human Rights and ILO labour conventions on decent working conditions.

Group

- Market risk policy

Arbejderens Landsbank

- Responsible investment policy
- Sustainability risk integration policy
- Statement of significant adverse sustainability impacts

Vestjysk Bank

- Sustainability risk integration policy
- Statement of the main adverse sustainability impacts

Actions and results during the financial year

Uncovering customers' sustainable preferences

By 2023, all Arbejdernes Landsbank customers with an Investeringskonto FRI, AL FormueInvest and AL LetInvest will have identified their sustainability preferences. This means that customers' sustainability preferences are now part of the dialogue alongside questions about risk tolerance and time horizons for the investment. Vestjysk Bank has also been working on updating its customers' investment agreements to reflect their sustainability preferences. During the year, the bank has had a special focus on the agreements where the bank is authorised to make investments.

Sustainability information for customers

In 2023, both Arbejdernes Landsbank and Vestjysk Bank implemented ESG metrics in their online and mobile banking solutions so that customers can see how sustainable their various investments are on a scale from 1 to 10. In 2023, the group also reported on the sustainability of their investments for the first time to customers with investment agreements. There are continuous improvements in data quality and coverage of companies when it comes to sustainability. However, at the industry level, there are still differences in calculation and comparison methods, so there is still a need to continuously optimise reporting and explain the limitations of reporting to customers.

Products that comply with Article 8 of the EU Disclosure Regulation

In 2023, Arbejdernes Landsbank reviewed and updated our investment products so that all primary products used by the bank in its investment advisory services fulfil the requirements for sustainability in accordance with Article 8 of the Disclosure Regulation. In this context, AL LetInvest and AL FormueInvest have been classified and added as sustainable products pursuant to Article 8 of the EU Disclosure Regulation. At the same time, new product sheets have become available to the bank's customers.

Stricter requirements for investment funds with the Nordic Swan Ecolabel

In 2023, Arbejdernes Landsbank incorporated stricter requirements for the Nordic Swan Ecolabel version 2.0 in the investment fund AL Invest udenlandske aktier, etisk ('AL Invest, foreign shares, ethical'). The investment fund fulfils a wide range of ambitious conditions and special requirements aimed at contributing to the UN Sustainable Development Goals. The investment fund has earned Denmark's and the Nordic region's most widespread and well-known ecolabel, the Nordic Swan Ecolabel. This means that responsibility is a weighted strongly and that there is a focus on the companies' CO₂e emissions and efforts to reduce emissions. In addition, companies in certain risky sectors and with revenue from activities that are particularly harmful to the climate are excluded.



More sustainability in asset management

In 2023, asset management at Arbejdernes Landsbank was expanded to involve more sustainability factors. The bank has held regular meetings with partners in the asset management area to exchange experiences and inspiration and we have looked at the criteria that must be met for a security or investment fund to be included in our investment universe. It has also led to a competence boost among advisors in terms of being able to provide even better advice on sustainability in the bank's managed products and in the investment dialogue with the customer.

To minimise these risks, we perform a monthly check on whether our investments are in line with our policy. We check that none of our direct investments are on the exclusion lists of the Norwegian Oil Fund and ATP. We also check that we have no investments in

Russia/Qatar. At the end of the year, we also initiated an audit via MSCI for breaches of the UN Global Compact. On top of that, we maintain a close dialogue with our business partners regarding their controls of our indirect investments via investment funds. These checks have not led to any actions needing to be taken. All investments have been in accordance with the policy.

Investing in renewable energy sources over fossil fuels

Vestjysk Bank's primary investment partner is Sparinvest, which manages funds invested through products such as Pensionspulje, Investeringskonto FRI and Værdipleje. Sparinvest has updated its sustainable investment policy in 2023, which means that Sparinvest will no longer invest in coal, oil and gas companies and current investments in such companies will be divested of if they do not present a realistic plan for transitioning to green energy. Vestjysk Bank expects that Sparinvest's initiatives will have

a measurable positive effect on the total CO₂ emissions from the bank customers' investments, as Sparinvest represents by far the largest share of these.

The opportunity for private customers to invest in renewable energy

As the move towards sustainability accelerates, Vestjysk Bank is seeing more and more renewable energy projects where private individuals have the opportunity to buy shares in wind turbine and solar power projects. Therefore, in 2023, the bank developed a new concept for financing wind turbine and solar power shares for private customers. In this connection, Vestjysk Bank has communicated to relevant customers about the wind turbine project Thyborøn Sydhavn II and organised webinars about the wind energy projects Vesterhav Nord and Vesterhav Syd.





Own portfolio

The group has a fundamentally conservative and strongly entrenched approach to where its own portfolio is allocated and what it is invested in. In 2023, the independent focus on sustainability at Arbejdernes Landsbank has been strengthened, which in practice means that climate and environmental considerations are emphasised.

Both Arbejdernes Landsbank and Vestjysk Bank focus on implementing ESG risks in the banks' approaches to investments - both in relation to developing investment processes and reporting on the banks' own portfolios. In 2023, Vestjysk Bank started working on a policy for incorporating sustainability into its own portfolio, which is expected to be adopted in 2024.

Increased holdings of green bonds

In its endeavours to support the green transition, Arbejdernes Landsbank has invested part of its liquidity in green bonds. Although the green bond market is growing, its overall share of the bond market remains modest. In 2023, Arbejdernes Landsbank invested an additional DKK 200 million in green bonds, which means that the bank has now invested a total of DKK 894 million of its own portfolio in green bonds.



SUSTAINABILITY

Facility management and properties



Action is required if Denmark is to reach its ambitious climate goals. That is why we want to lead the way and show how we operate a sustainable workplace.

Through our actions, the Arbejdernes Landsbank group must be recognised as a group that takes its responsibility for the climate and the environment seriously. We are aware of this fact, which is why we focus on reducing our own energy consumption and utilising our shared resources efficiently and in a manner that is least harmful to the environment. We have already incorporated several energy-saving solutions into our physical frameworks and have also implemented several initiatives in 2023.



Risks and policies for internal operations



Risks for the business

Rising energy prices pose a financial risk if we do not optimise our consumption of resources. Failing to carry through with the green transition of the operations of our premises also carries the risk of damaging the group's reputation.



Risks of adverse impacts on the environment and society

The Arbejdernes Landsbank group can have an adverse impact on the climate and the environment through the operation of our premises and when we purchase goods or services. In addition, human rights violations, corruption and greenwashing may occur among suppliers.



Policies

It is important for the group that our considerations for the climate externally are also reflected internally so that we can inspire and motivate both customers and employees to take care of the climate.

Group

Guidelines for the interior climate: Contains principles for optimal operations and recommendations for employee behaviour.

Arbejdernes Landsbank

- Purchasing policy: Establishes socially responsible sourcing principles and partnership structures.
- Travel policy: Protocol for business travel.
- Car policy: The bank's approach to responsible car purchasing.

Vestjysk Bank

- Has adopted internal guidelines for the bank's approach to responsible car purchasing.



Actions and results during the financial year

Group strategy for the physical environment

In 2023, the group established a single department for Facility Management to ensure synergies and greater professional expertise across AL Finans, Vestjysk Bank and Arbejdernes Landsbank. The group-level department has prepared an action plan for the overall operations and physical environment in the banks, and in 2024 - based on a detailed operational analysis – an overall group strategy in the area will be prepared.

Årets Energispringer 2023 (A Danish energy efficiency award)

In 2023, Arbejdernes Landsbank has been awarded the Årets Energispringer award in the category “The inspirational single solution”. The award is presented by the City of Copenhagen to honour projects that promote energy-friendly solutions. The award is for reducing electricity consumption at Arbejdernes Landsbank by using an AI platform. The solution has resulted in us reducing electricity consumption by more than 600,000 kilowatt hours in our properties since 2021, which corresponds to more than 19% of the total annual consumption. The solution has provided valuable inspiration for the development of AI solutions that can be scaled up and benefit others in the real estate industry.

Pre-certification of AL-Huset with a DGNB Platinum rating

AL-Huset will be a publicly accessible community centre that will house AL Finans and Arbejdernes Landsbank’s business support units. In 2023, we have achieved a pre-certification of AL-Huset to the DGNB Platinum and DGNB Heart standards. This means that the building will utilise the DGNB framework, which is one of the highest standards in sustainability-certified construction projects. This will help ensure that the building is constructed responsibly.

Digital energy meters on Vestjysk Bank’s properties

In 2023, Vestjysk Bank implemented digital energy meters to get a comprehensive overview of consumption data in the bank’s properties and leases. This provides better insights into building operations and helps to identify optimisation opportunities and operational issues. This also strengthens the data basis for reporting.

Replacing light sources with low-energy LED lighting in Holstebro Huset

During the summer of 2023, Vestjysk Bank replaced the lighting both inside and outside the bank’s branch in Holstebro Huset. The replacement involves changing all light sources from fluorescent tubes to optimised LEDs with low energy consumption and long life. This is expected to result in significant savings.

FACTS

In 2023, Arbejdernes Landsbank was awarded the prize



Årets Energispringer (a Danish energy efficiency award)

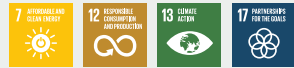


Arbejdernes Landsbank has reduced electricity consumption in their properties by more than

600,000 kilowatt hours

SUSTAINABILITY

Climate and environment



The financial sector's direct greenhouse gas emissions are in themselves a minimal part of Denmark's total emissions, but the financial sector has a significant indirect impact through the activities it finances. The disclosure of the group's total CO₂e emissions increases transparency about our climate impact, contributes to the management of climate-related risks and helps us identify actions that can contribute to fulfilling the Paris Agreement and achieving the green transition of society.

A rapid and dramatic reduction in global CO₂e emissions leading to a climate-neutral economy is a prerequisite for being able to mitigate climate change and achieve the goals of the Paris Agreement. That is why the group's goal is to be climate neutral by 2050. To reach this goal, we have specified a number of concrete milestones that need to be realised by 2030. This means that both the group and its customers must make more climate-friendly choices in the coming years.

| Climate targets and action plan for reducing the CO₂e footprint

In December 2023, we published our climate goals and an action plan on how we will achieve our goal of being climate neutral by 2050. In the section below, you can read more about our targets for the most significant business areas.




Our overall goal is to offer attractive loans so customers can make more sustainable choices. This will be achieved by increasing financing and loans to private customers and businesses that contribute to a sustainable development. We also want to play a greater role in offering advice and guiding private and business customers towards a greener direction. We will therefore engage in dialogues with more large business customers on how they can reduce their energy consumption and greenhouse gas emissions.

You can also read the [report with all the group's climate targets](#) for the coming years.



Targets

The group's overall goal is to be climate neutral by 2050. Below is a list of our milestones towards 2030, broken down by CO₂e reduction targets and business goals. The targets cover the most significant areas and are intended to support our efforts and ensure that we reach our overall goal in 2050.

Area of interest	Targets
<p>Owner-occupied properties</p> 	<p>Reduction targets</p> <ul style="list-style-type: none"> 75% reduction in emission intensity for owner-occupied housing (kg CO₂e/m²) in 2030 compared to 2022. <p>Business goals</p> <ul style="list-style-type: none"> 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). In 2024, we have collected data for the homes that have not yet registered what kind of heating they use. By 2025, the share of oil and gas boilers must be below or in line with the Danish Energy Agency's projections.
<p>Cars</p> 	<p>Business goals</p> <ul style="list-style-type: none"> 75% of new car loans in AL Finans should be for electric and plug-in hybrid cars by 2025. 95% of new car loans in AL Finans should be for electric cars by 2030. Electric cars shall make up 50% of AL Finans' portfolio by 2025.
<p>Agriculture</p> 	<p>Reduction targets</p> <ul style="list-style-type: none"> 47-59% reduction in emission intensity (tCO₂e/million DKK) in 2030 compared to 2022. <p>Business goals</p> <ul style="list-style-type: none"> Dialogue initiated with the 50 largest agricultural customers on transition plans and possible CO₂e-reducing measures by 2025, documented via ESG Green Tool, Seges.

Targets (continued)

Area of interest

Targets

Businesses and organisations



Business goals

- 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 CO_{2e}-reducing initiatives.

Investments



Reduction targets

- 40% reduction in emission intensity (CO_{2e}/invested DKK million) in 2030 compared to 2023.

Own operations



Reduction targets




- 98% reduction in absolute CO_{2e}-emissions (Scope 1 and 2) in 2030 compared to 2022.
- Reduce energy consumption by 20 per cent by 2030 compared to current levels. 2022

Business goals




- By 2030, all of the group's locations will be heated using district heating or heat pumps.

Actions

For several years, the group has focused on actions that support the reduction of greenhouse gas emissions among our customers and in our own operations. Below is a list of the key actions we are already doing as well as what we will do more of in the future to support us in achieving our overall goals and targets.

Area of interest	Targets
<p data-bbox="293 687 398 767">Owner-occupied properties</p> 	<ul style="list-style-type: none"> <li data-bbox="495 675 1980 807">■ 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 data-bbox="495 815 1980 874">■ We will prioritise our efforts towards customers who we believe have the greatest potential for energy improvements in the form of renovations or replacement of heat sources. <li data-bbox="495 882 1980 943">■ 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.
<p data-bbox="315 1002 360 1023">Cars</p> 	<ul style="list-style-type: none"> <li data-bbox="495 1002 1585 1031">■ We help our customers choose electric and plug-in hybrid vehicles by offering loans with favourable terms. <li data-bbox="495 1038 1585 1062">■ We will develop new products and services to make it easier to choose an electric car over petrol and diesel cars.
<p data-bbox="286 1177 398 1198">Agriculture</p> 	<ul style="list-style-type: none"> <li data-bbox="495 1161 1944 1220">■ 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 data-bbox="495 1228 1944 1287">■ 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 data-bbox="495 1295 1944 1358">■ 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.

Actions (continued)

Area of interest	Targets
Businesses and organisations	 <ul style="list-style-type: none"> ■ 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. ■ 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. ■ 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 footprint₂ and receive a sustainability report. ■ We have established a competence centre with expertise in financing wind turbines, solar parks and biogas plants to support the political goal of converting Denmark's energy supply to 100% renewable energy by 2050. ■ 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.
Investments	 <ul style="list-style-type: none"> ■ 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.
Own operations	 <ul style="list-style-type: none"> ■ 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. ■ 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. ■ 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. ■ 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.

The group's total CO₂e emissions¹

(Arbejdernes Landsbank, AL Finans and Vestjysk Bank)

	2023 (Tonnes CO ₂ e)	2022 (Tonnes CO ₂ e)
Scope 1 (direct CO₂e emissions)	173	131
Company gross contract vehicles	173	131
Heating - oil and gas	-	-
Scope 2 Market-based (indirect CO₂e emissions)	563	593
Electricity consumption	180	213
Heating (district heating and natural gas)	383	380
Scope 2, Location-based (indirect CO₂e emissions)	945	1,113
Electricity consumption	562	732
Heating (district heating and natural gas)	383	380
Scope 3 (other indirect CO₂e emissions)	544,807	510,867
Purchased goods and services (category 1)	12,177	15,977
Waste generated in connection with activities (category 5)	97	21
Business travel (category 6)	268	198
Financing and investments (category 15)	532,265	494,671
Total CO₂e emissions (Market-based)	545,544	511,591
Total CO₂e emissions (Location-based)	545,926	512,110

Financed CO₂e emissions

(Arbejdernes Landsbank, AL Finans and Vestjysk Bank)

	2023		2022	
	CO ₂ e emissions (Tons of CO ₂ e)	CO ₂ e footprint (Ton CO ₂ e/ mill. DKK)	CO ₂ e emissions (Tons of CO ₂ e)	CO ₂ e footprint (Ton CO ₂ e/ mill. DKK)
Scope 3, Category 15				
Lending	210,453	4.67	216,768	5.23
Property financing	18,960	1.01	22,237	1.22
Car loans and leasing	53,246	9.65	60,065	11.38
Business lending	138,246	6.64	134,467	7.47
Investments	321,813	4.70	277,903	5.24
Portfolio management mandates	97,666	5.32	98,629	5.55
Pooled fund products	108,964	7.15	112,969	9.01
Own portfolio	115,183	3.08	66,305	2.91
Total financed CO₂e emissions	532,265	4.50	494,671	4.57

¹ CO₂e stands for CO₂ equivalents and is a common unit used to measure the climate impact from different greenhouse gases in one figure.

The climate accounts are based on the GHG protocol (Greenhouse Gas Protocol), which is a standard for calculating greenhouse gas emissions. Pursuant to the GHG protocol, climate accounts are prepared based on a division between direct and indirect emissions. Direct emissions are defined as our own emissions as a result of our operations, while indirect emissions mainly count the financed emissions, i.e. the derived CO₂e effect of the companies or assets we finance or invest in.

To calculate the financed emissions, the group has used Finance Denmark's common framework - version 3 of the CO₂e model - as the basic principle for calculating financed CO₂e. For calculations of CO₂e emissions from loans, we have also used the methodology recommendations of the industry organisation Lokale Pengeinstitutter (LOPI).

The business volume included in the CO₂e calculations on loans is calculated at the end of 2023. The business volume for the calculations on the investment side is calculated based on holdings and market values at the end of 2023. The financed greenhouse gas emissions are calculated in tonnes of CO₂ equivalents (tonnes of CO₂e) and include scope 1 and scope 2 emissions of financed activities in line with Finance Denmark's CO₂e model. Thus, the calculations do not take into account companies' scope 3 emissions, which for some companies can account for the vast majority of their greenhouse gas emissions. The group does not include companies' scope 3 emissions as some companies do not yet disclose or report this data.

CO₂e calculations are calculated using best effort and based on available data. These include both specific data and statistical data. Therefore, the figure should be seen as an estimate. On the loans side, access to data is limited. However, on the investment side the scope of available data is significantly larger and the data quality is better. We are constantly working to improve data and accounting practices.

Accounting practices can be found in the Reporting principles section on page 61 and in the Sustainability Fact Sheet under the Climate accounting tab.

Data quality and data composition

Please note that the data basis for calculating the CO₂e footprint associated with the group's loans and investment activities is still incomplete. Although the basic reporting of CO₂e emissions from, for example, mainly large listed companies is getting better and better, there is still uncertainty about the data.

You can read more about specific initiatives for loans and investment activities that can help reduce CO₂e emissions in the "Business activities" section.



SUSTAINABILITY

Social and employee matters



At the Arbejdernes Landsbank group, we are building our business on sound values. We run a stable and solid business with a focus on the well-being of our employees and a deep respect for our customers' time and money as well as the local communities we are part of. Arbejdernes Landsbank has a strategic objective to be the most attractive workplace in the financial sector.

The group employs approximately 1,862 people and has more than 550,000 private and business customers across the country. The group therefore has a direct and indirect impact on the lives and wellbeing of many people. Our approach to customers, employees and society is based on respect for people and a goal to leave a positive impact on the world around us and this is reflected in a wide range of initiatives, products, policies and business practices.

Customers

The Arbejdernes Landsbank group advises and provides services to hundreds of thousands of customers – including private individuals, companies and associations.

All customers are welcome in the group. In recent years, we have seen a growing demand for personalised advice when making major financial decisions in life and many customers are looking for a wider range of digital services in their daily lives to handle many banking transactions themselves and get quick answers. That is why we are constantly working to develop our business and services at a pace that matches our customers' different expectations and needs.

Our goal is for our customers to always experience us as a responsible and relevant sparring partner who is able to present advice in a simple and easy-to-understand way, regardless of whether the customer meets us physically or online – and we want to be close to our customers and their finances throughout their lives, in good times and bad.



Risks and principles for the customer area



Risks to the business

When we advise and meet our customers, there is a risk that customers do not receive the advice, service and experience they expect or need from us. This can hurt the business in the form of reduced customer satisfaction or more customers leaving.



Risks of adverse social, environmental and community impacts

Our advice to customers can have an impact on the individual customer's financial situation in the short and long term, so therefore we have an important responsibility to provide thorough advice that creates value for the customer. The companies we lend money to can, through their activities, pollute and emit CO₂e and cause harm to people and communities.



Principles

It is our strategic ambition to have more and more satisfied customers. That is why we focus on creating the best possible customer experiences by, among other things:

- Offering customers advice that is customised to their individual needs.
- Ensuring that service levels are among the highest in Denmark by systematically following up on customer feedback and performing internal controls.
- Treating all customers professionally with respect and consideration for their individual needs.
- Ensuring that the customer understands their financial situation and the products we offer.
- Making a special effort to ensure that no customer leaves a meeting with us without understanding what we have advised them about.



Actions and results during the financial year

Danes preferred bank for the 15th successive year

In January 2024, for the 15th consecutive year, Arbejdernes Landsbank was named as the preferred bank for people in Denmark in Voxmeter's major annual survey of customer satisfaction in our sector. A high level of credibility and a special ability to listen to customers are among the factors that place the bank at the top. This position and level of trust is not given automatically - it is gained through a high level of professionalism, good service and trustworthy advice at a level that people can understand. Of course, we will fight to keep our position as the favourite bank among the people of Denmark but this is not about winning trophies. Our only driving force is to continuously become a better bank for our customers.

Help for financially challenged customers

In 2023, the group has had a special focus on helping our customers who are financially challenged by rising interest rates and fluctuating energy prices. For some customers, it has been necessary to take stock of their finances, create a new budget and reorganise loans. For others, it has been an advantage to switch to a cheaper form of heating, which can also potentially be less harmful to the climate. In order to help our customers in the best possible way, Arbejdernes Landsbank has trained our advisors via webinars and information about product options and we have maintained an ongoing dialogue with customers who have been affected by fluctuations in energy prices and interest rate increases. As part of helping customers create a financial overview, Vestjysk Bank organised webinars in 2023 which formed the basis for good subsequent discussions with customers.

Increased focus on protecting customers from fraud

Criminals targeting customers' online banking solutions is a growing problem in general. At both Arbejdernes Landsbank and Vestjysk Bank, we are seeing more and more of our customers being contacted by scammers pretending to be from the bank and attempting to steal their private information. During 2023, we have therefore intensified our efforts against online banking fraud. At Arbejdernes Landsbank, we have regularly used newsletters and social media to focus on giving customers good advice on how to avoid fraud. We have also supported Finance Denmark and the Danish Crime Prevention Council's nationwide campaign against fraud which ran throughout the month of October. The intensified efforts will continue in 2024. Vestjysk Bank has decided to lower the amount limit for instant transfers in the online bank to DKK 25,000 per day. This minimises losses in the event of fraud. It is also important to raise customers' awareness of possible online banking fraud, which is why Vestjysk Bank has also in 2023 supported the information campaigns from Finance Denmark and the Danish Crime Prevention Council.

Young customers in focus

A study by Finance Denmark and the Danish Consumer Council in 2023 showed that one in five young people between the ages of 18 and 30 have trouble sleeping because they worry about their personal finances. To help the bank's young customers, Vestjysk Bank organised webinars where the bank gave advice on how young people can manage their finances despite rising consumer prices, energy prices and interest rates. In addition, the bank has visited various youth education programmes to educate and empower young people to take care of their finances. Arbejdernes Landsbank actively participates in the annual 'Money Week' and the Executive Board members have been guest lecturers at several Danish schools.





Employees

We want to future-proof our workplace by focusing on sustainability and attractive conditions in a working environment based on our sound values. We actively work to ensure that the realisation of our strategy goes hand in hand with a healthy, stimulating and inspirational physical and mental work environment. This has also been our ambition in 2023, where we have been busy developing the bank's long-term strategic direction, where the 'Attractive Workplace' parameter is a key element. With the Attractive Workplace goals, we must succeed in maintaining a high level of employee engagement and be a workplace where everyone can see career and development opportunities and where diversity among employees and good leadership are natural and expected. Our ambition is to be the most attractive workplace in the financial sector.

Risks and policies for employees



Risks for the business

Employees are the group's most important resource and it is the employees who create value for the business. If employees are not happy, there is an increased risk of them leaving the group. If they do not have the right competences, it can have an adverse impact on our business, customers and brand as a workplace.



Risks of adverse impacts on the environment and society

As in any workplace with a high level of ambition and activity, there is a risk of employees experiencing disproportionate work pressure that can potentially lead to unhappiness, stress or illness. At the same time, the sector is experiencing increasing regulation and requirements for mandatory learning. This requires employees to have the necessary competences and certifications, as otherwise they cannot comply with the legislation on responsible counselling.

Policies

The Arbejdernes Landsbank group focuses on creating a strong and inclusive culture with diversity among employees and an equal gender distribution at all management levels. This is a prerequisite for continuing to attract and retain talent and ensuring high performance, great customer experiences and financial results.

- Creating career and development opportunities for employees at all levels.
- Focusing on the individual employee's development to support the employee's own ambitions and desires as well as the business ambitions.
- Offering flexible working hours that allow employees to achieve a good work-life balance.
- Ensuring a healthy physical and mental work environment and taking care of employees who are affected by, for example, stress or illness.
- Ensuring preventive measures and clear guidelines for handling serious situations such as robbery, violence and threats.

Arbejdernes Landsbank

- Pay policy
- Code of conduct
- Targets and policies for the underrepresented gender
- Policy for a sound corporate culture
- Policy for whistleblower scheme

Vestjysk Bank

- Pay policy
- Policy for the underrepresented gender, diversity and suitability
- Policy for a sound corporate culture
- Whistleblower scheme

Guidelines and procedures

Arbejdernes Landsbank and Vestjysk Bank also have a number of formal guidelines in the areas of sickness absence, stress, substance abuse, caring for people, seniors, bullying and harassment and the hybrid workplace.



Culture and values

Diversity and inclusion strategy

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.

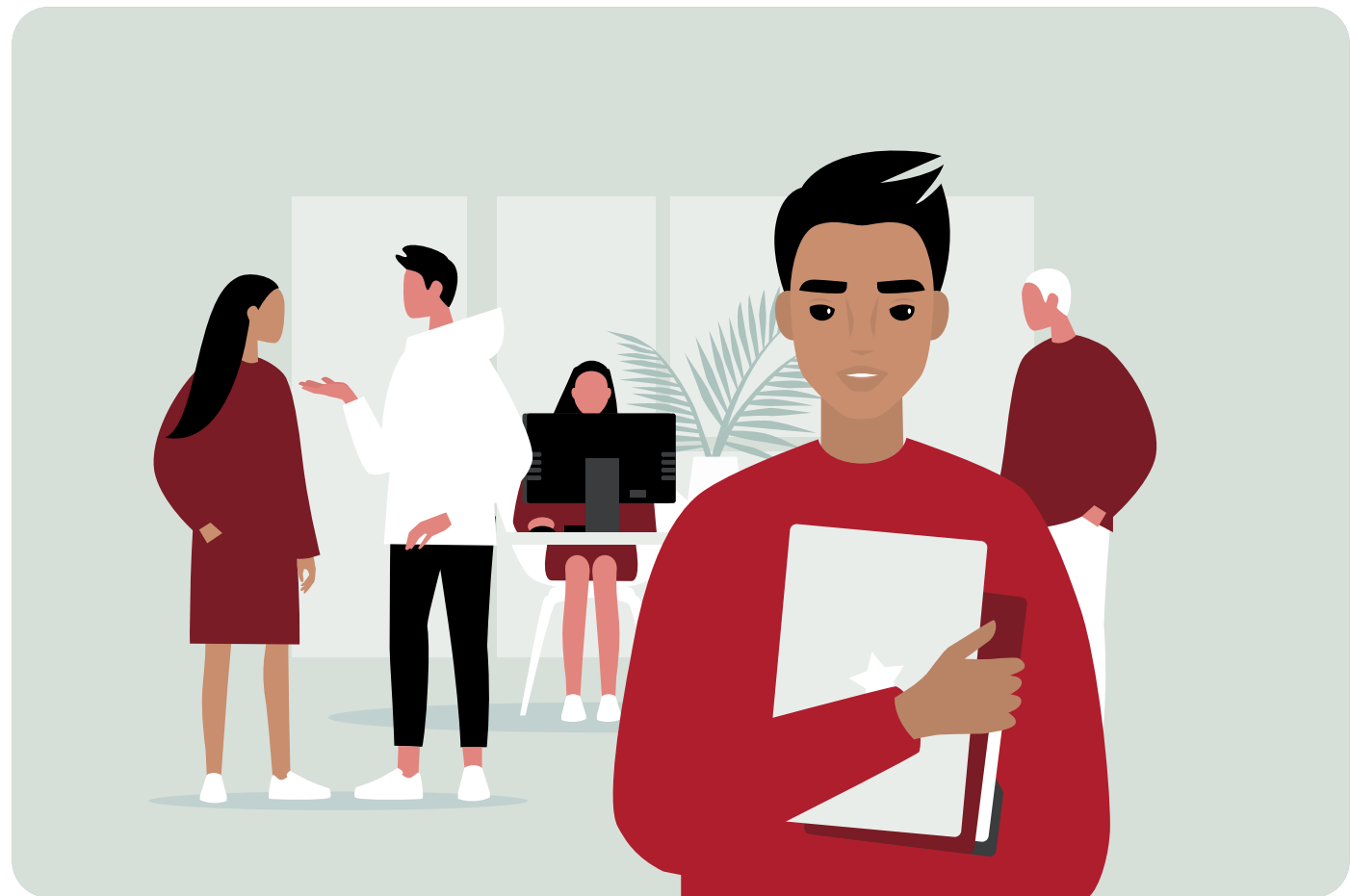
The DEI strategy is in line with international and national diversity and inclusion principles as well as current and upcoming regulations. The central principle is that the bank should be an attractive workplace with equal opportunities for all.

In 2023, Arbejdernes Landsbank focused on updating guidelines and tools for HR and managers who recruit staff to strengthen the focus on diversity and equal access in the advertising, selection and recruitment of new employees. In addition, a number of procedures are in place to ensure diversity and gender balance in talent and career development programmes. Finally, with the bank's new long-term strategy, the DEI agenda has been elevated to a core element and a prioritised effort with concrete objectives.

Establishing common group functions

During 2023, Vestjysk Bank and Arbejdernes Landsbank strengthened their collaboration by establishing common group functions for a number of staff roles. The purpose of the common group functions is to reap synergies and a promote

more integrated co-operation for the benefit of both banks and the group. The enhanced group management structure allows us to create a more formalised collaboration, standardise processes and ensure good professional environments, especially when it comes to specialist competences.





Employee commitment

The most committed employees in the sector

Arbejdernes Landsbank has always been known for its committed employees and the ambition is to be the most attractive workplace in the sector. In April 2023, the bank conducted a pulse survey and observed an increase in employee motivation. The survey also showed that employees' willingness to recommend Arbejdernes Landsbank as a workplace has been steady compared to the last survey. In addition, the bank found that the employees' motivation to contribute to good customer experiences is at a very high level. In order to develop an attractive workplace with the most committed employees in the sector, a number of initiatives were implemented during the year, including having a stronger focus on the implementation task and change management aspects when launching new processes and tools.

The Arbejdernes Landsbank group plans to carry out an engagement survey in the first quarter of 2024 to follow up on the effect of initiatives and continuously improve engagement.

The healthy working life

In order to realise our ambition to focus on people holistically, Arbejdernes Landsbank has continued to implement our health and prevention strategy. The basic approach is based on prevention rather than treatment. In the spring, Arbejdernes Landsbank initiated a collaboration with PFA on proactive help for early intervention after 7 days of consecutive sickness absence. We have also held a number of activities under the slogan 'A community in motion' to both prevent stress and create a greater sense of community across the organisation in line with our values.

In the autumn of 2023, Arbejdernes Landsbank launched a comprehensive overview of the "Healthy working life" effort with the offers and initiatives that the bank makes available to employees. The services can be used both preventively, curatively and to support wellbeing at different stages of working life.

In 2023, initiatives such as Health Week, the DHL Relay Race and Workplace Exercise Week have brought employees and managers together around health and exercise. Among other things, there was record-breaking support for this year's DHL relay race across the country.

Unfortunately, as in the rest of society, Arbejdernes Landsbank is experiencing an increase in incidents of violent and threatening customers. Therefore, in 2023, the bank has focused on developing a process to ensure that we take good care of our colleagues who are exposed to this.

Employer branding

Competition for employees in the financial sector is generally fierce, which is why it is important to make an effort to both recruit and retain employees. Therefore, in the autumn of 2023, Vestjysk Bank launched a survey among newly hired employees to gain insight into their thoughts on job changes, priorities and their views on the bank's culture and values. The results of the survey will support the bank in its future recruitment processes and in its work with employer branding.

FACTS

Employee commitment at Arbejdernes Landsbank measured by motivation/willingness to recommend



79/81 out of 100 index points

Employee commitment in Vestjysk Bank measured by job satisfaction



77 out of 100 index points

Employee satisfaction in the financial sector measured by motivation/willingness to recommend

77/81

measured by job satisfaction

78



Skills and training

More business advisors get a skills boost in sustainability

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.

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.

Manager/Leader development in the group

In 2023, the group has worked actively to enhance the skills of managers so that they can contribute to the development of employees and the business. This has been done through training programmes for new managers, the "Diploma in leadership" programme, tailor-made modules dealing with certain management competences and the annual management seminar. In 2023, Arbejdernes Landsbank has also launched a special targeted effort on distance management as hybrid work schedules have become a natural part of our workplace. This places new demands on our managers to support both flexibility and promote a sense of community in the physical workplace.

Career development in the group

Career development of our employees towards management roles, specialised functions and other roles has been an important focus in 2023. This will help to ensure that the individual employee's potential is realised throughout their working life, thereby ensuring continuity in the group's development.

Career Booster

In 2023, Arbejdernes Landsbank has worked on mapping different career paths and two groups have completed the "Career Booster" development programme, which helps employees clarify their next steps in their career at the bank.

VB Forward

In 2023, Vestjysk Bank launched the first VB Forward team, where both managers and employees participate in a 12-month talent development programme. VB Forward consists of two programmes: a joint programme and an individual programme. Common to both programmes is a business-relevant project that forms the framework for the personal and professional development which VB Forward aims to achieve. In 2023, VB Forward participants completed the programme's joint course, which culminated in a project presentation at a Board of Directors seminar in October. The framework for the joint project was ESG and how ESG can be turned into a commercial strategy. The quality of the project was so high that the Board of Directors decided to continue the project with a view to assessing the individual parts of the project.



Society

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

The Arbejdernes Landsbank group has a local presence in large parts of Denmark and we are actively engaged in the local communities we are part of. Among other things, we engage through strategic collaborations and by developing communities that support the business while contributing to improving the lives of people and improving the conditions for nature.

At Arbejdernes Landsbank, we support associations in Denmark, among other things, through our many sponsorships. We believe that thriving associations helps to strengthen the sense of belonging and create an active and healthy local community.



Risks and principles for society



Risks for the business

By engaging in external collaborations and supporting different causes, there is a risk that agreements do not live up to expectations or that funding is not fully utilised as intended. We try to minimise this as much as possible by making demands on the clubs, institutions and organisations we work with. The specific requirements are explicitly stated in the individual contracts and cooperation agreements and we follow up on compliance with the requirements via ongoing dialogues with our partners.



Risks of adverse impacts on the environment and society

Our external business partners can have an adverse impact on the environment and society through their activities. That is why we select our partners with great care and only enter into new partnerships with trustworthy organisations.



Principles

At the Arbejdernes Landsbank group, we want to be an active part of the society we live in by:

- Contributing to giving people in Denmark and our customers a better understanding of personal finance.
- Helping more people in Denmark to make financial decisions that empower them both now and throughout their lives.
- Engaging in the local community and contributing to the development of culture and associations.
- Supporting humanitarian work via Danish and international aid organisations.
- Establishing sponsorship partnerships with sports clubs and charitable organisations.

Sports and community

We support sports, community building, team building and the hard work that makes it possible to create great results both on and off the pitch.

Sports sponsorships benefit both the many and the elite

Sports sponsorships are a good way for Arbejdernes Landsbank to find a new and wider audience, but it also gives us an opportunity to push for positive developments in the individual clubs and communities. We have always had a value-based attitude to which sponsorships we want to sign and in which contexts our brands may or may not appear. It is therefore natural that sustainability and considerations for the climate, the environment and social conditions are also taken into account in connection with sponsorships and the extension of partnerships of considerable scale.

Keep Denmark Clean

In 2023, Arbejdernes Landsbank sponsored “Keep Denmark Clean”, including the project “Clean Nature”. The purpose of the project is to remove litter after certain football matches at and around the stadiums of the six top football clubs (AaB, AGF, Vejle Boldklub, FC Midtjylland, Brøndby If and FC Nordsjælland) sponsored by the bank by involving volunteer associations to do the work. In this way, we help to support local associations in the clubs’ nearby areas.

“Clean Nature” has organised 15 waste collection routes in areas around the six stadiums and 15 local football clubs and associations have completed the routes. They filled a total of 132 garbage bags, which equates to 528kg of waste and just over 67,000 pieces of individual waste.

Sports for all

At Vestjysk Bank, we believe that sports can help build communities and include everyone in society. Therefore, in 2023, the bank chose to support the LykkeLiga for children with developmental disabilities and their families, as well as the national futsal team for the deaf and hearing impaired. Everyone deserves a chance to be part of an active community and fulfil their sporting potential.

Sponsor of active communities

A rich association life contributes to promoting community spirit and creates an active and attractive local community. As Denmark’s strongest local bank, Vestjysk Bank sponsors more than 1,000 associations in its market area. At the same time,

the sponsorships help to create visibility, increase awareness of the bank’s brand and thus support the bank’s business strategy. For example, Vestjysk Bank sponsors grassroots sports based on the major sports such as football, handball, gymnastics and swimming. In terms of elite sports, the bank sponsors handball teams in the women’s and men’s leagues as well as being the home field sponsor of the Danish Super League club FC Midtjylland. Some of the bank’s customers are active in an association and, among other things, serve on their boards. It can be an administratively heavy task for an association’s board to gather and submit the documents that are necessary for us as a bank to comply with legal requirements from the Danish Data Protection Agency and the Danish Financial Supervisory.



Arts and culture

Naturkraft

In 2023, Vestjysk Bank chose to extend its primary sponsorship of this museum experience where both young and old can have fun learning about the forces of nature. Naturkraft also attracts many of the tourists who visit Western Jutland every year to experience nature and the local area.



Children and young people

FCM Samfund

FCM Samfund originated from FC Midtjylland, but it is an independent association that wants to support the interaction between voluntary social associations, local and regional companies and public bodies. FCM Samfund cultivates talent off the pitch and works to get young people who are struggling back on track. As a financial company, Vestjysk Bank can contribute with knowledge and insight into personal and business finances, so in 2023 the bank has been a business mentor and taught young people about personal finances via FCM Samfund.

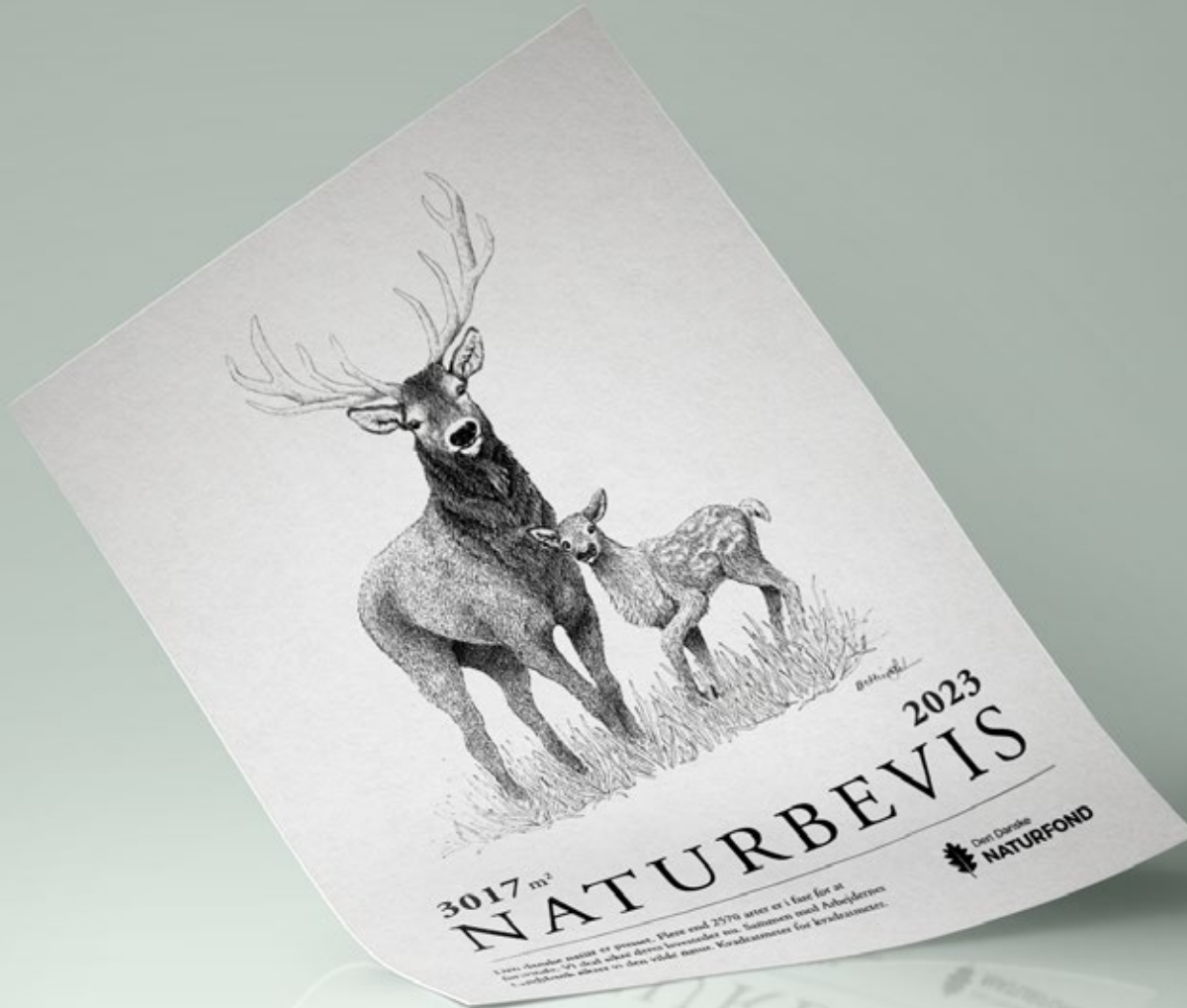
Bake for a cause

In 2023, Arbejdernes Landsbank supported the nationwide project "Bake for a cause" in which around 800 schools and day-care centres made and sold baked goods to raise money for Legeheltene, a charity run by Børneulykkefonden (a foundation working to reduce accidents among children). Legeheltene works to create more play and movement for children between the ages of 1 and 14 who are hospitalised in Danish hospitals. The sales of baked goods generated approximately DKK 750,000.



Employees donate Christmas gifts to the Danish Nature Fund

The Danish Nature Fund works to improve Danish nature through projects that create more habitats for animals and plants as well as opportunities for great nature experiences in Denmark. Since 2021, employees at Arbejdernes Landsbank have had the opportunity to donate the value of their Christmas gift from the bank to the Danish Nature Fund. Furthermore, the bank has opted out of wrapping Christmas presents for employees in favour of donating an amount to preserve wild Danish nature through the Danish Nature Fund.



Society

Donation to benefit the community

Together with FC Midtjylland, we help provide Christmas presents to financially struggling families in Herning and the surrounding area. The gift is a sports bag containing everything you need to play football, including a year's free membership to a local football club. The purpose is to give children the opportunity to become part of an association, including healthy life-enhancing communities that promote a good quality of life for both children and adults. 218 children will receive the Christmas gift this year.

Financial support for a range of aid organisations

We support a number of aid organisations and charitable projects every year. In 2023, the bank provided a total of just over DKK 750,000 in financial support to charitable causes such as the Danish Red Cross Youth, the Danish Cancer Society and Danmarksindsamlingen.

The foundation strengthens Danish society through knowledge

Arbejdernes Landsbank Fond aims to strengthen Danish society – including strengthening children – through education and knowledge. Specifically, the foundation awards grants for further education or training, primarily to schools and educational institutions, and supports individuals pursuing education or training. In 2023, the foundation awarded grants totalling DKK 1.1 million.

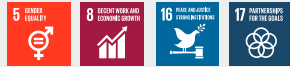
Electric charging stands

In collaboration with Sparinvest, Arbejdernes Landsbank has sponsored eight charging stations for the parking zones of FC Nordsjælland and Brøndby IF with the aim of contributing to a sustainable and socially responsible transition of society.



SUSTAINABILITY

Governance and management



In the Arbejdernes Landsbank group, we consider corporate governance a natural prerequisite for our operations and we are open about the framework, rules and guidelines related to this.

The group has complied with all the recommendations for good corporate governance and complies with all recommendations in Finance Denmark's management code. Both Arbejdernes Landsbank and Vestjysk Bank have policies to ensure a sound corporate culture, prevention of money laundering and terrorist financing and proper processing of personal data.

Risks and policies

for governance and management



Risks for the business

Environmental and climate-related regulation, new business models and changing consumer behaviour can affect the group's reputation and exposure to financial risk in the long term if it fails to meet the expectations of its surroundings in relation to the green transition, gender and diversity issues and other management-related factors.

Customers and stakeholders may lose trust in the group if we do not fulfil our responsibilities and obligations in the fight against financial crime. The group may also suffer financial and reputational loss in the event of cyberattacks and/or data breaches.

If the group is misused for malicious activity, it could negatively impact operations, its reputation, business relationships or cause financial losses. In addition, it may lead to regulatory reactions - including injunctions, administrative sanctions, fines, etc. Failure to comply with anti-money laundering legislation may also result in criminal liability, both for the group and employees personally.



Risks of adverse impacts on the environment and society

As a financial company, the group has an important role and responsibility in the green transition and in the context of sustainability in general. Failure to fulfil this role can slow down the transition towards a more sustainable society.

The group can be misused for financial crime purposes that can have major consequences for society and data security breaches can also lead to societal damage or violate the rights of individuals.

If the group is misused for money laundering, financing terrorism or other forms of financial crime, it has a number of negative derived consequences for society.

The societal consequences of financial crime are multifaceted. Among other things, financial crime can lead to a loss of tax revenue for the state, market distortions, destabilise financial institutions and lead to increased corruption.

Risks and policies

for governance and management (continued)



Group

Policy for corporate social responsibility and sustainability

- This policy aims to ensure that we as a group and a systemically important financial institution conduct our business responsibly, contribute positively to society and fulfil the obligations that follow from membership of the UN Principles for Responsible Banking, the UN Principles for Responsible Investment, the UN Global Compact and related legislation.

Tax policy

- This policy sets the overall framework for the group's behaviour when it comes to taxes, both in relation to the parent company and subsidiaries' own circumstances and in relation to the circumstances of customers and business partners.

Policy for the processing of personal data

- This policy sets the framework for how the group ensures that personal data is processed legally in accordance with the GDPR and in a fair and transparent manner in relation to data subjects.

Data ethics policy

- This policy describes the group's approach to good data ethics and the principles that apply to how the group processes data ethically, responsibly and transparently.

Arbejdernes Landsbank

Policy for a sound corporate culture

- This policy sets the overall framework for ensuring a sound corporate culture in the bank.
- The expectations for the behaviour of all employees and thus the desired culture are based on the bank's business model and the need to avoid the risk of violating financial legislation.

The bank's whistleblower policy

- This policy ensures that employees can report any breaches of financial legislation, other EU legislation or serious offences such as bullying, harassment or bribery that they may become aware of in the course of their work.
- It enables employees to report issues anonymously.
- The bank's compliance department and external law firm handle whistleblower reports.

The policy for the prevention of money laundering and terrorist financing and breaches of sanctions aims to ensure:

- That the bank is not misused for money laundering, terrorist financing or breaches of financial sanctions.
- That transactions or behaviour that may be suspicious are reported to the authorities.

Other

- Arbejdernes Landsbank has considered all recommendations and complies with most of the recommendations for good corporate governance.
- Arbejdernes Landsbank complies with all recommendations in Finance Denmark's management code.
- Policy for diversity and suitability among the Board of Directors.
- Policy for the underrepresented gender.
- Salary policy: the Executive Board is not covered by a bonus scheme.
- The Code of Conduct defines a set of rules of behaviour that all employees must apply towards customers, suppliers and authorities.

Risks and policies

for governance and management (continued)



The Board of Directors of Arbejdernes Landsbank has set up a number of committees to prepare and qualify cases before they are considered by the Board of Directors. There has been set up the following committees:

Board of Directors committees

- Nomination and remuneration committee.
- Audit committee.
- Risk committee.
- ESG committee.

In addition, the Board of Directors has established the Advisory Board of Representatives which is an advisory body to the Board of Directors.

Executive Board committees

In order to support good governance in relation to decision making, Arbejdernes Landsbank's Executive Board has set up a number of Executive Board committees.

- Credit committee.
- Risk committee (Group).
- ESG committee (Group).
- Balance sheet and capital committee (Group).

- Pricing and product committee.
- IT security committee (Group).
- Group credit committee.

Vestjysk Bank

Policy for a sound corporate culture

- Sets the framework for ensuring a sound corporate culture in the bank.
- The expectations for the behaviour of all employees and thus the desired culture are based on the bank's business model and the need to avoid the risk of violating financial legislation.

The bank's whistleblower policy

- This policy ensures that employees can report any breaches of financial legislation, other EU legislation or serious offences such as bullying, harassment or bribery that they may become aware of in the course of their work.
- It enables employees to report issues anonymously.
- The bank's Executive Board secretariat handles whistleblower reports.

The policy for the prevention of money laundering and terrorist financing and breaches of sanctions aims to ensure:

- That the bank is not misused for money laundering, terrorist financing or breaches of financial sanctions.
- That transactions or behaviour that may be suspicious are reported to the authorities.

Other

- Vestjysk Bank has considered and complies with the majority of the recommendations for corporate governance.
- Vestjysk Bank complies with all recommendations in Finance Denmark's management code.
- Policy for diversity and underrepresented gender.
- Remuneration policy: neither the Executive Board, managers or employees have a fixed bonus scheme.
- The Code of Conduct defines a set of rules of behaviour that all employees must apply towards customers, suppliers and authorities.

Board of Directors committees at Vestjysk Bank

- Nomination and remuneration committee.
- Audit committee.
- Risk committee.
- Sustainability committee.



Actions and results during the financial year

Learning more about our customers

The group's knowledge of its customers remains a key component of our fight against money laundering, terrorist financing and other financial crime. Therefore, in 2023, we have focused on strengthening our knowledge of our customers through a number of initiatives to ensure that we both comply with current legislation and also remain focused on the good customer experience. Specific initiatives include ongoing mandatory anti-money laundering training programmes and strengthened cooperation between customer-facing functions and the group's anti-money laundering departments.

Establishment of a group function to address money laundering

In 2023, we have increased the group collaboration between Arbejdernes Landsbank and Vestjysk Bank when it comes to the anti-money laundering efforts. First and foremost, we have done this to ensure better corporate risk management and to ensure that we comply with legislation. It also helps to streamline and strengthen the professional environments.

Prevention of money laundering as an integral part of the group's culture

Once again in 2023, we have had a general focus on making the prevention of money laundering a natural and integrated part of our customer-facing activities. Having good knowledge about our customers is a prerequisite for us to continue to actively combat money laundering and terrorist financing while at the same time contributing to a great customer experience. Both Arbejdernes Landsbank and Vestjysk Bank have adopted policies for a sound corporate culture and the prevention of money laundering. The

policies are intended to help the group comply with financial legislation and minimise the risk of money laundering, terrorist financing and other financial crime. The group works continuously with the policies, which are communicated to all new employees as part of their introduction to the workplace and to all existing employees. We will continue this work in 2024 through a number of prioritised initiatives.

Training employees in preventing money laundering

Criminals are constantly finding new ways to launder money or finance terrorism. This requires us to continuously upgrade our knowledge and competences in this area. In 2023, we have therefore conducted training programmes to increase each employee's awareness and understanding of when we as a financial company are at risk of being misused for money laundering, terrorist financing or breaches of financial sanctions.

Sanctions

In 2023, there has been an increased focus on the area of sanctions, both in relation to EU and national legislation. It is therefore an area that we have also had an extra focus on internally in the group.

New technical solutions

In 2023, the group invested in implementing a better monitoring platform which has improved our ability to monitor transactions and activities. We have also invested in a new solution that contributes to a smoother process for gathering information and strengthening the knowledge we have about our customers. Both solutions help to strengthen the group's efforts to prevent financial crime.

FACTS



100%

Attendance at meetings in the ESG committee in Arbejdernes Landsbank

SUSTAINABILITY

ESG metrics

Key figures for business activities	Unit	2023			2022		
		Arbejdernes Landsbank	Vestjysk Bank	AL Finans	Arbejdernes Landsbank	Vestjysk Bank	AL Finans
Loans and credits							
Housing							
Housing loans on the balance sheet	DKK bn.	12.9	4.06		13.4	4.85	
Total climate loan volume ¹	DKK mill.	27.1			34.9		
Total energy loan volume	DKK mill.	21.1			9.6		
ProvinsKlar volume in total	DKK mill.	12.8			12.8		
Mortgage deeds total volume	DKK mill.	1,354			1,331		
BoligBonus paid to customers with Totalkredit loans in the bank	DKK mill.	25.5			25.6		
KundeKroner, discount for customers with Totalkredit loans in the bank	DKK mill.	96.0	56.5		81.0	58.2	
Car							
Total car loans and leasing brokerage	DKK mill.	48	903	6,471	45	855	6,154
Loans for electric and plug-in hybrid cars volume	DKK mill.			2,870			2,463
Electric vehicle and plug-in hybrid car loans' share of total car loans and leasing brokerage	%			44			40
Asset management							
Assets under management	DKK bn.	25.2	12.8		24.7	12.7	
ESG-screened share of assets under management	%	76.4	91.5		75	95.2	
Investments with a sustainable focus (pursuant to SFDR's Article 8)	DKK bn.	17.2	11.7		16.3	12.1	
Nordic Swan Ecolabelled investments, assets under management	DKK bn.	3.1	0.1		4.1	0.2	
Own portfolio							
Key figures for total own portfolio	DKK bn.	19.2	11.3		19.1	9.9	
Volume of investments in green bonds	DKK mill.	894	0		694	0	
Share of investments in green bonds	%	4.7	0		3.6	0	

¹ Climate loans have stopped for newly issued loans as 1/5/2023.

Key figures for climate, environment, social matters and governance	Unit	2023			2022		
		Arbejdernes Landsbank	Vestjysk Bank	AL Finans	Arbejdernes Landsbank	Vestjysk Bank	AL Finans
Environmental conditions							
Renewable energy share	%	100	0	100	100	0	100
Electricity consumption	kWh/FTE	2,708	2,523	747	3,141	2,513	1,553
Heat consumption	kWh/FTE	4,444	5,475	1,350	4,387	8,874	1,471
Water consumption	m ³ /FTE	7.99	5.48	4.70	7.85	1.70	0.19
Waste separation rate	%	52.0	30.7	54.1	44.0	23.2	32.8
Ecolabelled procurement	%	Inventory 43.5 IT 57.23 Cleaning 98.1 Printing materials 0 Office supplies 87.67	-	-	Inventory 43.5 IT 46.4 Cleaning 98.1 Printing materials 88.5 Office supplies 66.1	-	-
Organic produce in the canteen	%	66	-	68	75	-	76
Direct CO ₂ e emissions (Scope 1)	Tonnes CO ₂ e	30	123	21	36	58	37
Indirect CO ₂ e emissions (Scope 2, market-based)	Tonnes CO ₂ e	237	322	5	192	397	5
Indirect CO ₂ e emissions (Scope 2 location-based)	Tonnes CO ₂ e	611	322	12	691	397	24
Other indirect CO ₂ e emissions (Scope 3, categories 1-14)	Tonnes CO ₂ e	7,776	4,636	130	9,429	6,645	122
Other indirect CO ₂ e emissions (Scope 3, category 15)	Tonnes CO ₂ e	224,194	250,778	57,294	231,380	253,921	74,324
Financed CO ₂ e footprint (Scope 3, category 15)	Tonnes CO ₂ e/ DKK mill.	3.3	6.0	7.2	3.6	6.7	10.1

Key figures for climate, environment, social matters and governance (continued)	Unit	2023			2022		
		Arbejdernes Landsbank	Vestjysk Bank	AL Finans	Arbejdernes Landsbank	Vestjysk Bank	AL Finans
Social conditions							
Full-time workforce	FTE	1,179	600	83	1,139	629	90
Customer satisfaction, Voxmeter, annual	Ranking	1	15		1	11	
Customer satisfaction, Voxmeter, annual ³	CEM score	676	327		7,385	6,393	
Customer satisfaction after meetings	NPS score 0-100	76	43		76	41	
Customer growth (net)	Number	6,677	-1,504		6,588	-9,644 ²	
Customer retention	%	94	97		93	96	
Gender diversity among full-time employees	w/m %	49/51	58/42	46/54	49/51	59/41	48/52
Gender diversity among managers with staff responsibilities	w/m %	33/67	35/65	25/75	30/70	32/68	25/75
Gender pay gap	Multiple	1.1	1.2		1.1	1.2	
Average seniority	Years	11	13		10	13	
Employee satisfaction measured by job satisfaction/loyalty	0-100	79/81 ¹	77/-	(not carried out in 2023)	77/83	77/-	80/85
Staff turnover rate	%	16.6	11.0		15.8	13.7	
Sickness absence per employee	Days/FTE	8.5	8.1		9.2	7.2	

¹ Measured by motivation/willingness to recommend

² Vestjysk Bank's net decrease in customer numbers is due to the divestment of Vestjysk Bank's branches in Rødekro, Tinglev and Løgumkloster in October 2022

³ New calculation method for CEM score means that the CEM score for 2023 cannot be compared with previous years

Key figures for climate, environment, social matters and governance (continued)	Unit	2023			2022		
		Arbejdernes Landsbank	Vestjysk Bank	AL Finans	Arbejdernes Landsbank	Vestjysk Bank	AL Finans
Governance and management							
Attendance at Board of Directors meetings	%	92.8	97.5		95.0	98.6	
Gender diversity on the Board of Directors	w/m %	30/70	36/64	14/86	46/54	22/78	0/100
Gender diversity on the Executive Board	w/m %	20/80	0/100		16.2/83.3	0/100	
Attendance at sustainability committee meetings	%	87.0	95.0		92.5	100.0	
Salary difference between CEO and employees	Multiple	6.7	7.6		6.3	7.4	
Share of employees who have completed anti-money laundering/terrorism certification	%	96	98		95	79	
Attendance at ESG committee meetings	%	100	95		- ¹	100	

¹ The ESG committee at Arbejdernes Landsbank was established in 2023

Key figures for activities covered by the **EU taxonomy**

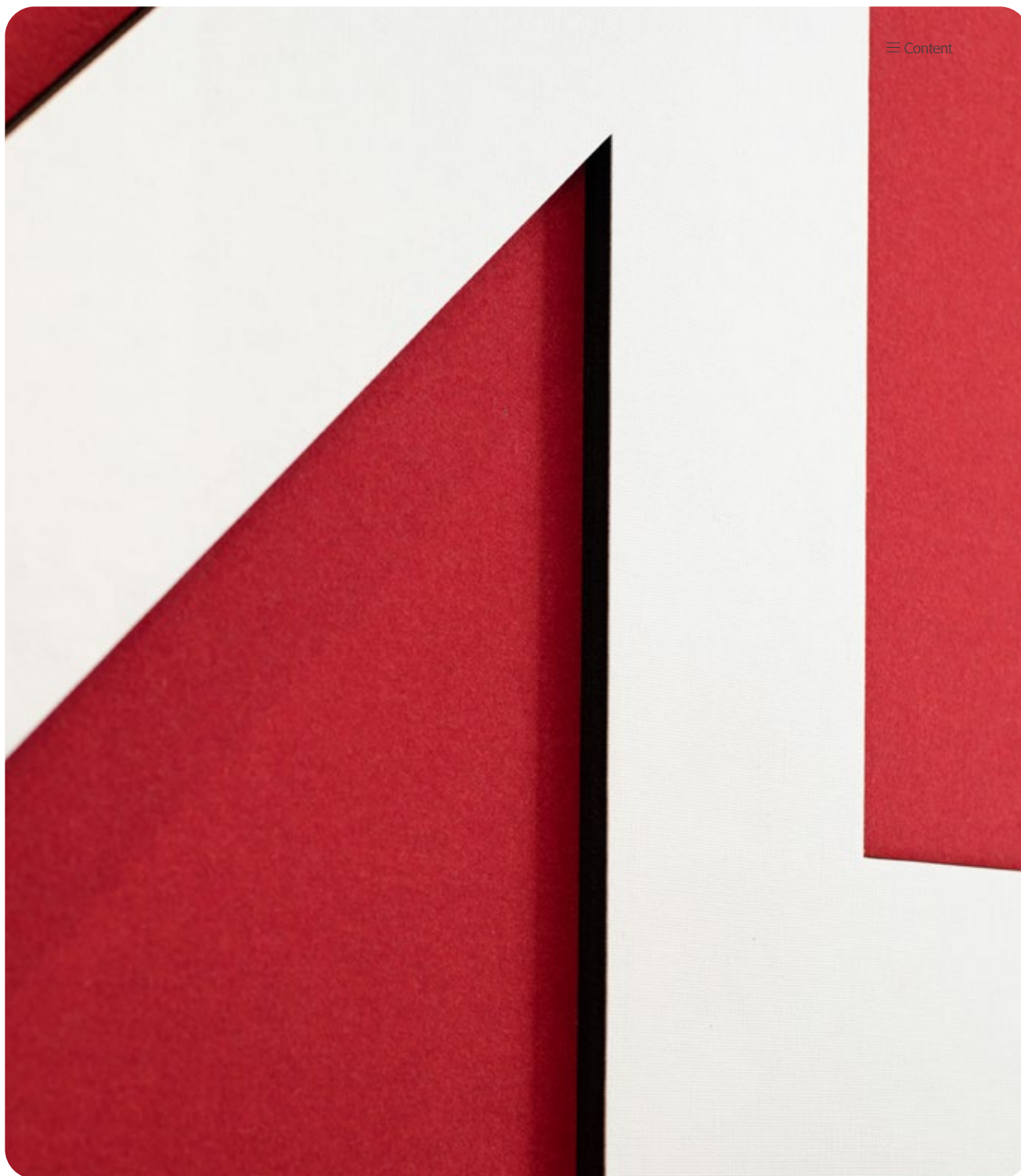
As a financial company and credit institution, Arbejdernes Landsbank must report pursuant to the EU Taxonomy Regulation.

The group must report on the proportion of exposures covered by the taxonomy regulation and whether the exposures in question can be categorised as compliant with the technical screening criteria of the taxonomy.

The reporting covers the requirements referred to in Article 449(a) of EU Regulation 575/2013 (CRR) and defined in EU Regulation 2020/852 establishing a framework to promote sustainable investments. The requirements cover the technical screening criteria that determine when an economic activity can be classified as environmentally sustainable.

The EU Commission's implementing regulation 2021/2178 specifies the methodology for reporting pursuant to EU Regulation 2020/852, which stipulates the requirements for compliance with Article 19(a) or 29(a) of EU Directive 2013/34. The requirements are specified in EU Regulations 2021/2139, 2022/1214 and 2023/2486.

The table below summarises the group's reporting according to the Taxonomy Regulation's primary KPI, the Green Asset Ratio (GAR) as well as a number of supplementary KPIs. The group's other reporting pursuant to the taxonomy can be found here: <https://www.al-bank.dk/dokumenter/om-banken/baeredygtighed/taksonomi-rapport-2023>.



Summary of KPIs to be disclosed by credit institutions pursuant to Article 8 of the classification regulation⁶

		Total environmentally sustainable assets (DKK mill.)⁷	KPI⁴	KPI⁵	% coverage (over total assets)³	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	415.69	0.59%	0.63%	59.91%	36.13%	40.09%
		Total environmentally sustainable activities (DKK mill.)	KPI⁴	KPI⁵	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	72.21 ⁸	0.54%	0.54%	66.90%	34.20%	33.10%
	Trading book¹						
	Financial guarantees	0	0.00%	0.00%			
	Assets under management	474.14	2.29%	2.54%			
	Fees and commissions income ²						

¹ For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR

² Fees and commissions income from services other than lending and AuM Institutions shall disclose forwardlooking information for this KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

³ % of assets covered by the KPI over banks' total assets

⁴ based on the Turnover KPI of the counterparty

⁵ based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

⁶ The group has translated the forms into Danish based on the Commission's delegated regulation (EU) 2021/2178. In some places, the group has added and corrected text, as Regulation (EU) 2021/2178 does not match the Commission's most recently updated forms for taxonomy reporting. The group's own notes and comments on the forms are marked in italics.

⁷ The total environmentally sustainable assets are calculated according to form 1a, Assets, included in GAR. Form 1a is based on the revenue-based KPI for non-financial companies subject to NFRD. Total environmentally sustainable assets for form 1b, where environmentally sustainable assets are calculated according to CapEx KPI for non-financial companies subject to NFRD, amount to DKK 439.63 million.

⁸ The total environmentally sustainable assets are calculated according to form 4a, GAR KPIs in the flow. Form 4a is based on the revenue-based KPI for non-financial companies subject to NFRD. Total environmentally sustainable assets for form 4b, where environmentally sustainable assets are calculated according to CapEx KPI for non-financial companies subject to NFRD, amount to DKK 72.22 million.

Note 1: Across the reporting templates: cells shaded in black should not be reported

Note 2: KPIs for fees and commissions and trading portfolio will only apply from 2026. SMEs will only be included in these KPIs if there is a positive outcome of the impact assessment



Reporting principles

The 2023 Responsibility and Sustainability Report covers the group's efforts and progress related to sustainable finance, climate and environment issues, social issues and governance.

This report contains the Arbejdernes Landsbank group's:

- Report on social responsibility in accordance with Section 135(b) of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.
- Reporting according to the EU Taxonomy Regulation's Article 8.
- Reporting in accordance with Section 99(a) of the Danish Financial Statements Act as far as AL Finans A/S is concerned.
- Reporting on ESG key metrics and ratios recommended by CFA Society Denmark, FSR – Danske Revisorer.
- Reporting on own and financed CO₂e emissions based on the GHG protocol and principles from Finance Denmark's CO₂e model.
- Reporting on a range of ESG metrics for business activities.

The report is supplemented by Arbejdernes Landsbank's 2023 Sustainability Fact Sheet:

- The fact sheet contains all ESG data and accounting practices as well as information on data sources and data quality.
- Figures are as at 31 December 2023 unless otherwise stated next to the relevant KPI.
- The fact sheet is available on the bank's website: <https://www.al-bank.dk/en/investor-relations/reports-and-figures>.

Reporting principles

References	Comments
UN	
<i>Portfolio Impact Identification Tool, V2</i>	Used to perform impact analysis on the bank's loans portfolio.
<i>Investment Portfolio Impact Analysis Tool</i>	Used to perform impact analysis on the bank's investment portfolio.
Finance Denmark	
<i>CO₂ model for the financial sector</i>	We use the principles of Finance Denmark's CO ₂ e model to calculate financed emissions.
Landsdækkende Banker/LOPI	
<i>Spreadsheet for calculating CO₂e on business loans</i>	Based on a best-effort approach, we utilise Landsdækkende Banker and LOPI's suggestions for data sources and methodology for calculating CO ₂ e emissions in corporate finance.
<i>Car loan and leasing CO₂e calculation spreadsheet</i>	Based on a best-effort approach, we use the Landsdækkende Banker and LOPI's spreadsheet and methodology for calculating CO ₂ e emissions on car loans and leasing.
CFA Society Denmark/FSR Danske Revisorer/Nasdaq	
<i>ESG metrics and ratios in the annual report</i>	We report on the recommended KPIs. See accounting practices below.

References**Comments****Data providers**

Data for calculating CO₂e on home loans We have received data sets with energy labels on properties in Denmark from Nykredit/Totalkredit for calculating emissions from home financing.

Data to calculate CO₂e on car loans and leasing

We use statistical emission data provided by the Danish Centre for Environment and Energy (DCE) to calculate emissions for the full portfolio of car financing in Arbejdernes Landsbank and car financing and leasing in AL Finans. DCE only includes the emissions/combustion caused by the actual driving of the car (scope 1 and scope 2). Specifically for electric cars, we add Finance Denmark's own calculation of emissions from the production of the electricity that electric cars consume (scope 3) and the calculation is based on Denmark's annual electricity mix for the calendar year in question. For hybrid cars, we add 50 percent of the emissions from an equivalent electric car, cf. the principle above, as DCE's attribution of emissions on hybrid cars is a 50/50 weighting between petrol and electricity.

Data to calculate CO₂e on business loans

We have obtained emissions data from Statistics Denmark and have aggregated data based on the Danish Financial Supervisory Authority's industry breakdown. We have mapped this data with the individual industries' balance sheet figures so that the bank's market share in a given industry can be calculated and thereby also the bank's share of the industry's total emissions.

Data to calculate CO₂e on investments

We collect and utilise emissions data from MSCI to calculate financed emissions on the investment portfolios - both in relation to investments on behalf of customers and owners and in relation to investments of our own portfolio.

Ratios and key figures	Unit	Description	Calculation
Climate and environmental data			
CO ₂ e scope 1	Tonnes CO ₂	Scope 1 emissions are direct emissions resulting from the combustion of fuels by the bank's own or controlled sources.	Greenhouse gases (GHG) are calculated for each fuel type. Emissions are converted to CO ₂ equivalents(CO ₂ e): CO ₂ e=CO ₂ + (GWP factor *CH ₄) + (GWP factor *N ₂ O) + (GWP factor *SF ₆) + (GWP factor *HFC) + (GWP factor *PFC) + (GWP factor *NF ₃).
CO ₂ e scope 2	Tonnes CO ₂ e	Scope 2 emissions are indirect emissions that stem from the energy purchased by Arbejdernes Landsbank.	Scope 2 emissions are calculated per purchased MWh of electricity and district heating. Emissions are converted to CO ₂ e: CO ₂ e=CO ₂ + (GWP factor *CH ₄) + (GWP factor *N ₂ O).
CO ₂ e scope 3	Tonnes CO ₂ e	Scope 3 emissions include all other indirect emissions originating from activities outside Arbejdernes Landsbank. As a financial company, scope 3 emissions represent a significant part of the bank's economic activities, i.e. the derived CO ₂ e effect of financing, investments and leasing activities. Scope 3 emissions also represent other indirect emissions from sources that the bank does not own or control. This applies to the emissions associated with the value chain that the bank is part of, such as the bank's resource management, canteen operations and transport.	See the Climate accounting tab for a description of accounting practices for the CO ₂ emissions of economic activities, specifically CO ₂ e for home financing, car financing, business finance and investments. Other indirect scope 3 emissions associated with the bank's internal operations are shown in the table "Arbejdernes Landsbank's own CO ₂ e emissions".
Energy consumption	MWh	Energy, like emissions, is typically calculated based on fuel consumption multiplied by conversion factors. The energy consumed is based on energy from scope 1 and 2 sources as well as energy from renewable sources.	Energy consumption = \sum (fuel type used (t) * energy factor per fuel type) per fuel type + (electricity used (including renewable energy) (MWh)) + (district heating used including renewable sources of heat (GJ/3.6)).
Renewable energy share	%	How much of the total energy consumed comes from renewable energy sources. Sometimes this is also measured as renewable energy vs. non-renewable energy, but this ratio would be impossible to calculate in cases where all energy is from renewable sources.	Renewable energy share = (Renewable energy/Energy consumption) * 100.

Ratios and key figures	Unit	Description	Calculation
Climate and environmental data (Continued)			
Water consumption	m ³	The sum of all water consumed from all sources such as surface water, groundwater, rainwater or municipal water. Water consumption is calculated on a gross basis and if the company has also treated wastewater or the like, this cannot be deducted, but it can of course be reported separately.	Water consumption = Sum of all water consumed - gross.
Resource management	Tonnes	Extracting and processing raw materials into clean and usable materials requires energy and time, and since there is a limited amount of resources on the planet, Arbejdernes Landsbank is also working to reduce the amount of resources that the bank sends for recycling and incineration.	Resource management = Sum of all waste in metric tonnes.
Social data			
Customer satisfaction	CEM score	Every year, the independent research institute Voxmeter conducts the CEM Bank Intelligence satisfaction survey among thousands of randomly selected Danish bank customers in the country's 20 largest banks. The maximum CEM score is 11,000.	Voxmeter's 2022 report includes more than 60,000 individuals who answered 14 brief questionnaires in randomised order.
Full-time workforce	FTE	Calculated to be able to measure the full-time labour force required to perform the work that generated the financial metrics. This requires both the statutory calculation of the average number of employees (FTEs) (i.e. full-time employees + compensated overtime + recalculated hourly employees) plus temporary/temporary staff converted to full-time equivalents.	Full-time workforce = FTEs + temporary labour.
Gender diversity among full-time employees	%	Gender diversity is calculated for both FTEs and temporary workers - and then totalled to show if there are any gender diversity gaps per contract type and for the entire workforce.	Gender diversity = ((Female FTEs + Female temporary workers)/ (Full-time workforce)) * 100.
Gender diversity among managers with staff responsibilities	%	According to the Danish Financial Statements Act, the bank can decide which layers to include. The calculation includes the Executive Board and employees in senior positions with staff responsibilities. I.e. team leaders, deputy managers and specialised managers without staff responsibilities are not included.	Gender diversity for managers with staff responsibilities = ((Female managers)/(All managers)) * 100.

Ratios and key figures	Unit	Description	Calculation
Social data (continued)			
Gender pay gap	Multiple	Equal pay - including bonuses, pension, etc. How many times can the female median salary be covered by the male median salary. Medians rather than averages are used to avoid skewing the ratio with extremely high-paid and/or low-paid employees.	Gender pay gap = Median male salary/Median female salary.
Average seniority	Years	The seniority per employee is the current employee's seniority as at the current date. This means that if an employee has had both five and six years of seniority in the specified period, the employee's seniority in the period will be counted as six years.	Sum of seniority of employees/number of employees = average seniority.
Staff turnover rate	%	Staff turnover rate is calculated for employees both leaving the company voluntarily or involuntarily. Retirements are included as employees leaving involuntarily. The ratio only covers the bank's own FTEs.	Employee turnover rate = ((Volunteers + Involuntary leaving FTEs)/FTEs) * 100.
Sickness absence	Days/FTE	Number of full days that all of the bank's employees are sick and therefore not at work in relation to the total number of FTEs. Maternity/paternity leave absences are not included.	Sickness absence = (Number of sick days for all own FTEs in the period)/(Total FTEs).
Customer retention	%	Percentage of retained customers from one period to the next.	Customer retention: ((Number of customers at the end of the period) - (New customers added during the period)) / (Number of customers at the beginning of the period) * 100.

Ratios and key figures	Unit	Description	Calculation
Management data			
Salary difference between CEO and employees	Multiple	How many times the median employee salary can be covered by CEO compensation as a measure of social equity. The calculations use the median salary rather than the average to avoid skewing the ratio with extremely expensive and/or cheap employees.	Salary difference between CEO and employees = CEO compensation / Median employee salary.
Gender diversity in the Executive Board	%	This figure includes the entire bank's Executive Board.	Gender diversity of managers = ((Female managers) / (All managers)) * 100.
Gender diversity on the Board of Directors	%	Gender diversity in the full Board of Directors, excluding politically appointed members.	Gender diversity in the Board of Directors = ((Women elected by the Annual General Meeting to the Board of Directors) / (All board members elected by the general meeting)) * 100.
Attendance at Board of Directors meetings	%	Measures the activity level of the members of the bank's Board of Directors.	Attendance at board meetings = ((\sum Number of board meetings attended) per board member / (Number of board meetings * Number of board members)) * 100.
Attendance at sustainability committee meetings	%	Measures the activity level of the bank's sustainability committee members.	Attendance at sustainability committee meetings = ((\sum Number of sustainability committee meetings attended) per sustainability committee member / (Number of sustainability committee meetings * Number of sustainability committee members)) * 100.

AKTIESELSKABET

 **Arbejdernes Landsbank**

CVR no. 31 46 70 12, Copenhagen

Panoptikonbygningen

Vesterbrogade 5 · DK-1502 Copenhagen V
Telephone (+45) 38 48 48 48 · www.al-bank.dk