

Responsibility & Sustainability Report 2020



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



PRINCIPLES FOR RESPONSIBLE BANKING



Principles for Responsible Investment



The **Responsibility & Sustainability** Report constitutes the Bank's statutory report on corporate social responsibility pursuant to section 135b of the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.



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

Contents

A sustainable ambition	5		
- Our contribution to sustainable development	5		
- The coronavirus pandemic is an opportunity to build back better	6		
- We've acceded to UN international principles	7		
Sustainable development	8		
- Business model building on sound values	8		
- Contributions to achieving the UN Sustainable Development Goals	10		
- New sustainability strategy	11		
- Strategic direction towards 2025	12		
- New Sustainability Committee	13		
- We measure ESG metrics for 2020 and onwards	14		
- How we report ESG metrics	15		
Financial sustainability	16		
- Sustainable loans and credits	17		
- Key figures for loans and credits	21		
- Policy	21		
- Risks	21		
		- Objectives for 2021	22
		- Sustainable investments	23
		- Key figures for investments	25
		- Policy	25
		- Risks	25
		- Objectives for 2021	26
		Environmental sustainability	27
		- New action areas for sustainable banking	28
		- Mapping the climate impact of banking	29
		- Key figures for climate	30
		- Policy	36
		- Risks	36
		- Objectives for 2021	37
		Social sustainability	39
		- Customers	40
		- Key figures for customers	42
		- Policy	42
		- Risks	42
		- Objectives for 2021	43
		- Employees	44
		- Key figures for employees	46
		- Policy	47
		- Risks	47
		- Objectives for 2021	48
		- Society	50
		- Policy	52
		- Risks	52
		- Objectives for 2021	54
		Sustainable management	55
		- Key figures for sustainable management	58
		- Policy	59
		- Risks	60
		- Objectives for 2021	61
		Sustainable course towards 2025	63
		Reporting principles	64

Facts about Arbejdernes Landsbank

Figures as at 31 December 2020



70

BRANCHES
THROUGHOUT
DENMARK



333,000
CUSTOMERS



Nr.1

DANES'
PREFERRED
BANK FOR 12TH
CONSECUTIVE
YEAR



1,065
EMPLOYEES



LENDING AND CREDIT
SERVICES OF AROUND
DKK 82 bn.

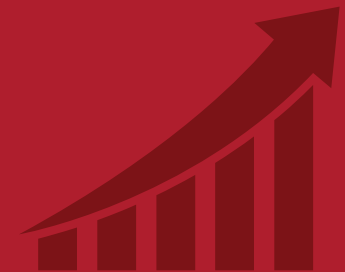


DEPOSITS
SURPLUS

DKK 28 bn.

DKK 23 bn.

INVESTED ON BEHALF OF OUR
CUSTOMERS AND OWNERS





A sustainable ambition



Our contribution to sustainable development

Ever since the Bank was established more than 100 years ago, responsibility and accountability have been at the core of how we run the bank. Many things have changed over time, but our values never go out of style, and today they are more important than ever. In 2020, we took initiative to take our work on CSR and sustainability to an even higher strategic level with even more ambitious objectives towards 2025.

Today, Arbejdernes Landsbank has 70 branches across Denmark and more than 333,000 customers. The Bank's total lending and credit services amount to approx. DKK 82 bn. We manage and invest almost DKK 23 bn. on behalf of our owners and customers. And the Bank has a deposits surplus of DKK 28 bn. These considerable sums come with a special responsibility to ensure that they are administered responsibly and sustainably. We are very much aware of this responsibility, and we're happy to take it on. Because accountability and responsibility are fundamental to how we run our bank – for our customers, society, the environment and the climate. Global warming and climate change are some of the biggest challenges for our society, and realising the government's ambition for a 70% CO₂ reduction by 2030 is a shared responsibility for everyone in Denmark. As a major Danish bank, we have a special responsibility to contribute to sustainable development in society, and, building on our fundamental values and the way we run our bank, we therefore took our strategic work on corporate social responsibility and sustainability to a higher level in 2020.

The coronavirus pandemic is an **opportunity to build back better**

In many ways, 2020 was an extraordinary year, and for many it was also particularly difficult. In a very short time, the lives of all Danes were turned upside down in early 2020 by the rapid spread of the coronavirus/COVID-19 in society, and naturally, the situation gave rise to great concern and anxiety among our customers and Danes in general – in relation to their health, well-being and financial situation. Arbejdernes Landsbank was ready to provide additional support to customers who were, and still are, affected financially by the situation.

But in the midst of the pressing human and financial challenges, the coronavirus pandemic has also provided new opportunities to implement major structural societal change. Because even though the crisis is far from over, it has already demonstrated how a whole society can unite behind a common goal, and that people at all levels of society can and will do whatever it takes to curb the crisis. What we have been able to accomplish together as a society in very short time is just amazing. This is exactly the kind of awareness and action we need to find solutions to global climate issues, and at Arbejdernes Landsbank, we have an ambition to lead the way in the sector and make proactive contributions to a sustainable transition where we build back better.



We've acceded to UN international principles

The UN Principles for Responsible Banking, Principles for Responsible Investment and Global Compact define and frame how the financial sector can feed into sustainable development and make a positive contribution to society. Among other things, the principles require banks to set clear goals and to report on their impact on society in order to strengthen the commitment of the banking sector to achieving the targets of the Paris Agreement and the UN Sustainable Development Goals.

In 2019, Finance Denmark signed the UN Principles for Responsible Banking and acceded to the UN Principles for Responsible Investment on behalf of the Danish financial sector. In doing so, Finance Denmark took the necessary steps regarding the transition of the Danish economy, and at the same time called on the entire sector to follow suit.

In 2020, we at Arbejdernes Landsbank thought about how we can and will contribute to a sustainable transition in the banking sector and in society as a whole. Fundamentally, we are convinced that commercial value creation and responsibility go hand in hand, and that sound business development and sustainability will be mutually dependent in the future. Furthermore, the Bank has an ambition to work more strategically with responsibility and sustainability to ensure cohesion between global and societal goals and the commercial development of the Bank.

On this basis, we decided to sign the UN Principles for Responsible Banking, the UN Principles for Responsible Investment and the UN Global Compact. This is how we want to show the world that we take our corporate social responsibility seriously, and that our approach to and work on sustainability are based on internationally recognised standards.

By acceding to the UN principles, we're entering a global community of companies and banks which have voluntarily committed themselves to implementing the principles in their business. The principles are important for Arbejdernes Landsbank because they will guide our work on corporate social responsibility and sustainability in relation to our customers, our cooperation partners and our suppliers. Moreover, they place an obligation on the Bank to report regularly on initiatives.

Signatory of:



Signatory of:



WE SUPPORT



Gert R. Jonassen

CEO of Arbejdernes Landsbank

Business model building on **sound values**

At Arbejdernes Landsbank, we have built our business on the sound values of Integrity, Community, Openness and Corporate Responsibility for our almost 333,000 customers, our 1,065 employees, and in the various initiatives we launch. We offer relevant and competitive financial products and services combined with competent advisory services for private individuals, associations and small and medium-sized enterprises.

Our business model is based on our customers' needs, and we make an effort to understand our customers so that we can offer the best and most relevant customer experience. We want to ensure that our advisory services create value for our customers, and that our level of service is one of the highest in Denmark. With these core values, we operate a stable bank, with solid finances and with profound respect for our customers' time and money.

The strategic goal of the Bank towards 2025 is more customers and more satisfied customers. In 2020, the Bank grew by approx. 14,300 customers, and for the 12th consecutive year, the Bank was lauded as "Danes' preferred bank".



Sustainable development

Designing products, services, processes and concepts that support customers' growing expectations, needs and wishes is an essential and necessary prerequisite for the Bank to continue to be able to attract new customers and improve customer satisfaction. This is why we systematically follow up on input from customers.

When developing new products and services at the Bank, we actively address, and try to minimise, the risks of negative impacts on human rights, the environment, the climate, money laundering and corruption. We believe that the ability to offer customers responsible and sustainable products and services will be one of the most important competitive elements in the future.



Contributions to achieving Sustainable Development Goals

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

Selection of the individual goals is based on an assessment of where we have the greatest impact on the environment and the world around us, where we have potential to further improve our efforts, and where we can make the most significant contributions.

SUSTAINABLE DEVELOPMENT GOALS



Quality education

As a bank, we want to improve Danes' financial understanding and make knowledge and tools available to help people get a better overview of their personal finances and make important legal decisions.



Gender equality

As a bank, we want to be a diverse workplace, reflecting the composition of the population in general, at all management levels.



Affordable and clean energy

As a bank, we want to focus on using green energy in our operations and core business in order to reduce our climate footprint.



Decent work and economic growth

We arrange financial services that make it possible for private individuals, companies and associations to access financing for housing, business activities, investment and savings solutions, etc. Furthermore, we work actively to create a workplace with high job satisfaction and good working conditions for our employees.



Sustainable cities and communities

As a bank, we want to contribute to the common good and show community spirit. We do this by providing capital when specific needs arise, and by sponsoring and supporting sport and culture in Denmark.



Responsible consumption and production

As a bank, 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.



Climate action

We want to offer products and solutions that make it easier for our customers and Danes in general to make sustainable choices. We also make demands on our suppliers, and we focus on reducing our own consumption.



Peace, justice and strong institutions

To help ensure that the framework of our society is not undermined and that the Bank is not used for money laundering or terrorism, we stay close to our customers, and we systematically monitor transactions and report any suspicious behaviour to the authorities.



Partnerships for the goals

We believe that joining forces is key to making sustainable change at the Bank and in society. Therefore, we have gone into several strategic partnerships with sector organisations, banks and other stakeholders to coordinate efforts together.

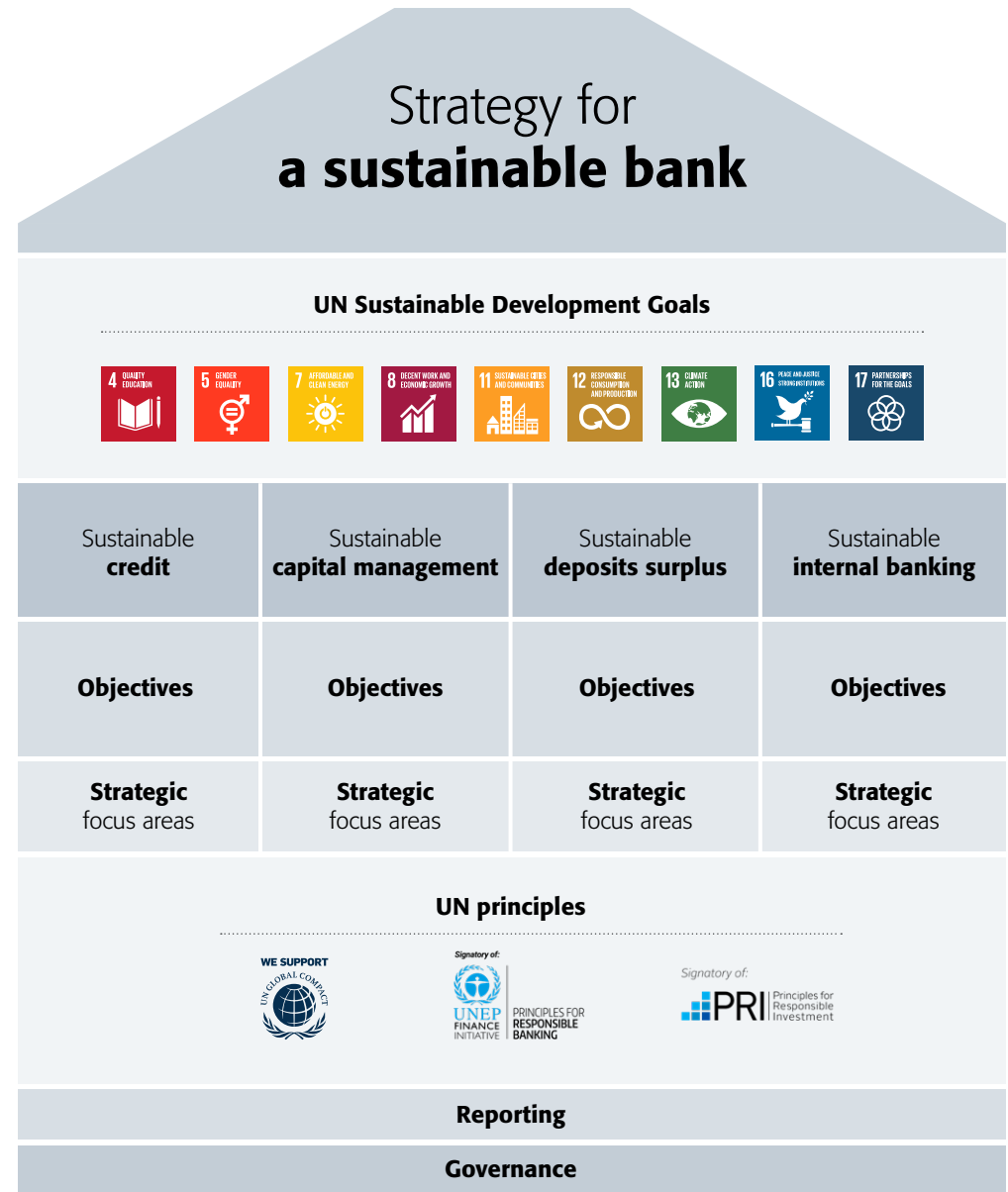
New sustainability strategy

Requirements and expectations from the outside world and from the authorities for banks to behave responsibly have grown considerably in recent years, and today corporate social responsibility and sustainability are much more than just vague statements of an intention to do something good for society. Today, initiatives should be measurable and their results should be documented, and this has been key in our new strategy.

On the basis of the UN Principles for Responsible Banking, in 2020 the Bank launched a survey of the current status of compliance by Arbejdernes Landsbank with the UN principles. The survey was conducted by the EY accountancy firm. Following the survey, the Bank received a number of recommendations for how we can strengthen our work on corporate social responsibility and sustainability.

Among other things, the survey revealed a gap between the expectations of our customers and Danes in general for us as a responsible bank and the Bank's actual initiatives in this area. Therefore, the Bank launched a cross-cutting project aimed at building a new and strong strategic foundation for corporate social responsibility and sustainability, ensuring cohesion between global and societal goals and Arbejdernes Landsbank's commercial objectives and efforts.

In 2020, the new strategy was presented to and approved by the Board of Directors, and the Bank's policy on corporate social responsibility and sustainability was updated accordingly. The strategy will form the basis for work on corporate social responsibility and sustainability up to 2025.



Strategic course towards 2025

Global warming and climate change are some of the biggest challenges facing society, and the financial sector plays a key role in transitioning to a greener economy. Consequently, we want to continue our work to reduce our own negative impact on the environment, and we have an ambition to make an even greater effort to incorporate sustainability into our core business.

We have special focus on credit, capital management, deposits surplus and internal banking, because these are the areas in which the Bank has the greatest potential to support even more sustainable development in society. Within these areas, we have drawn up a number of overall strategic initiatives up to 2025.



Strategic focus areas

Sustainable credit

Incorporating a method to measure our climate footprint based on loans provided by the Bank in order to set reduction targets.

Sustainable capital management

Implementing investment processes in which sustainability is a key element in investment policies underlying the Bank's discretionary mandates.

Sustainable deposits surplus

Implementing a sustainable strategy for the part of the Bank's deposits surplus, where conversion of investments is possible.

Sustainable internal banking

Implementing a strategy for people, infrastructure, culture and responsible management of the world's resources contributes to reducing climate impact.

New Sustainability Committee

The internal management structure is crucial to running and developing a socially responsible and sustainable bank. Consequently, the Bank has set up a new Sustainability Committee with management responsibility for the strategy and implementation of the social responsibility and sustainability policy.

The Sustainability Committee is anchored in senior management, and this gives it a clear mandate to make decisions that help to ensure implementation of the sustainability strategy across different units and functions at the Bank, as well as allocation of new initiatives to relevant business areas and functions of the Bank which can develop concepts and put them into practice.

Members of the Sustainability Committee include the Executive Management, Deputy Bank Directors, the Chief Risk Officer and the Chief Sustainability Officer of the Bank, who meet every quarter to discuss the status of initiatives and relevant areas for attention.

Annual cycle

Meeting structure for the Sustainability Committee



We measure **ESG metrics** for 2020 and onwards

In order to obtain a greater understanding of the Bank's situation, we will map our impact on the outside world, society and the environment. Our point of departure is that if we can measure it, we can change it. Consequently, in 2020 and onwards, we will report on far more ESG metrics than before in order to be even more transparent about the Bank's current situation and goals, and to document our initiatives and results.

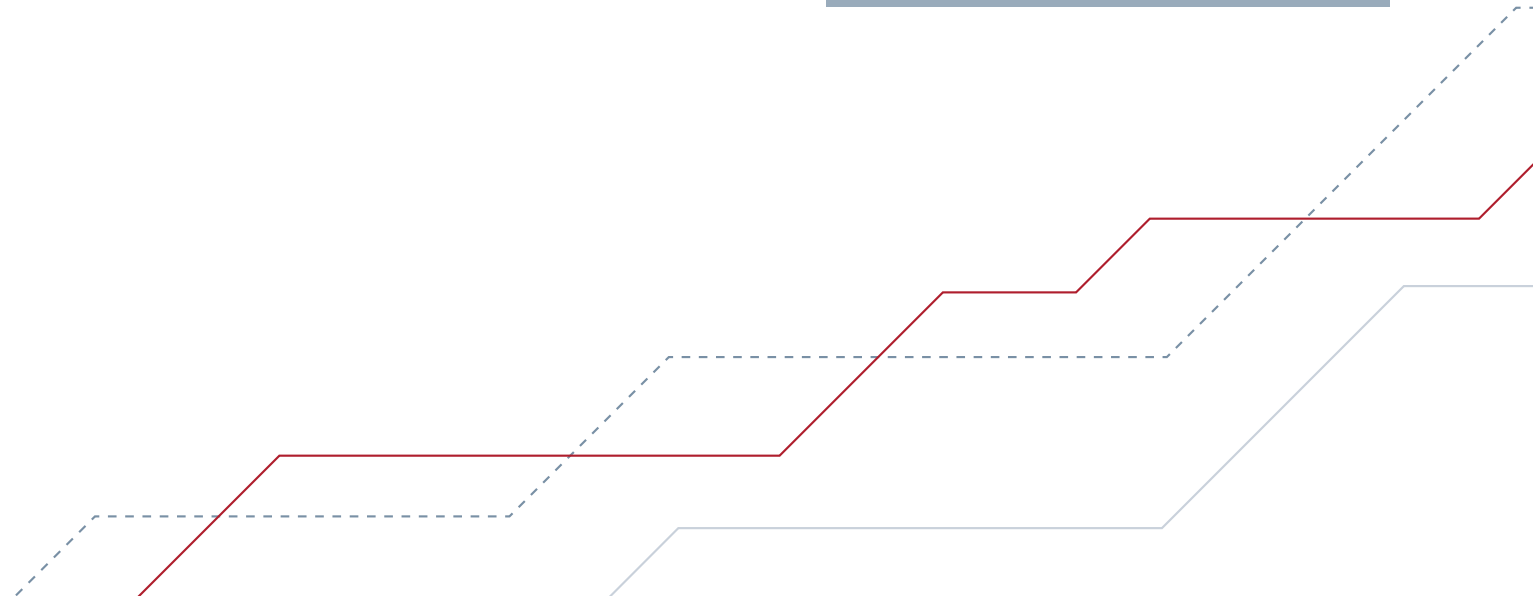
In 2020, we took the first steps towards gaining an overview of the magnitude of the challenge, and this year's report contains the ESG metrics we have initially assessed to be the most significant and those we have been able to obtain and report on this year.

ESG, including the ESG reporting standards, is a highly complex area. Consequently, our reporting of ESG metrics for 2020 should be viewed as a starting point from where we will further develop and refine our data and calculations in the years to come.

We believe that with this new, ambitious initiative will be able to focus the Bank's social responsibility and sustainability efforts in areas where we can be of most benefit. Furthermore, we will set ambitious targets for individual strategic action areas towards 2025, all sharing the common purpose to push the Bank, its customers, society and the outside world in a more sustainable direction.

Facts: What is ESG?

ESG stands for Environmental, Social and Governance, and refers to the three most important factors in measuring the social impact and sustainability of companies. In practice, ESG identifies risks that may affect the future financial results of the company, because there tends to be a link between sustainability and financial performance.



How we report ESG metrics

Financial sustainability

Read more on page 16

Environmental sustainability

Read more on page 27

Social sustainability

Read more on page 39

Sustainable management

Read more on page 55

ESG metrics



- Loans & credits
- Investments

Financial sustainability



- Core business climate footprint
- Banking climate footprint

Environmental sustainability

Social sustainability

- Employees
- Customers
- Society



Sustainable management

- Anti-money laundering
- Corporate governance
- Culture and equal opportunities



Financial sustainability



The global climate crisis is one of the biggest challenges facing our society, and realising the government's ambition for a 70% CO₂ reduction by 2030 is a shared responsibility for everyone in Denmark. The financial sector plays a key role in transitioning to a greener economy, and as one of Denmark's largest banks, we want to contribute to this transition through the Bank's core business – to benefit the climate as well as our business.



Sustainable loans and credits

Arbejdernes Landsbank's total lending amounts to approx. DKK 82 bn. The Bank lends money to private individuals as well as a large number of small and medium-sized, primarily owner-managed, enterprises. Moreover, the Bank provides loans and credits to trade unions and social housing organisations, which are included in the business segment.

Climate loan for Danish homeowners

40% of total Danish energy consumption arises from buildings, and of this, approx. 40% arises from the private housing stock. Consequently, energy renovation of private homes is an important element in the sustainable transition of society. In 2019, we launched a new cost-free and interest-free climate loan that will make it even more simple and attractive for Danish homeowners to make energy improvements in their homes.

The climate loan means that Danes and our customers can borrow up to DKK 50,000 for five years without having to pay interest and costs. The loan is earmarked for climate-friendly home improvements and is perfectly suited for minor, but highly energy-efficient home improvements that many people may not make if they don't have the money readily available.

In 2020, the Bank issued a total of 537 climate loans, and our total volume of these loans now amounts to approx. DKK 20 mill. This is a good start, but there is still great potential to increase the volume considerably.

Energy loan for major energy improvements

If an energy renovation of a residential property costs more than DKK 50,000, we offer *AL-Energilån* (energy loan) on favourable terms. Together with the government's helping hand, offering a tax allowance for labour costs for certain household and renovation services (*håndværkerfradrag*), an energy loan makes it even more attractive to invest in energy improvements.

The green energy loan mean that the Bank's customers, and particularly homeowners, can borrow up to DKK 200,000 for ecofriendly home improvements. The loan may be spent on installing energy-efficient windows, solar panels, geothermal heating pumps and similar. In 2020, the Bank granted a total of 85 energy loans, and our total volume of these loans now amounts to approx. DKK 4 mill.

ESG has been integrated into credit policy

In 2020, the Bank included a section on ESG in its credit policy, and now societal goals are incorporated in the policy. The policy has been discussed and approved by the Board of Directors. This marks the start of getting even closer to the Bank's business customers, acquiring knowledge and experience about ESG and developing a data basis.



” Climate loans
make it possible to
finance **home energy
improvements**
– at no cost

Read more on
al-bank.dk/klimalån



More electric cars on the Danish roads with the green car loan

In December 2020, the Danish government and its supporting parties concluded an agreement on the overall vehicle fleet of the future. The aim is 775,000 green cars on the roads by 2030. Arbejdernes Landsbank wants to contribute to this objective and offers an attractive green car loan to finance electric cars and plug-in hybrid cars. These vehicles have the smallest climate footprint compared with cars that run on fossil fuels.

In 2020, 2,086 new green car loans were issued, bringing the total volume to DKK 637 mill. as at 31 December 2020, corresponding to an increase of 957% compared to 2019. The loan is offered in cooperation with AL Finans.

” **Green car loans**
make it more financially
attractive to finance an
electric or plug-in hybrid car

*Read more on
al-bank.dk/grøntbillån*



Home loans throughout Denmark

The housing market is booming in Copenhagen, Aarhus and other Danish cities, and good and cheap financing of your dream home is practically a formality in most cases. But outside the big cities things are different. Especially the rural areas, and small village communities are facing serious challenges in the housing market, with falling property prices and high turnover times, and this makes it very difficult for home buyers to finance their dream home. This also applies to potential home buyers with sound finance, who nevertheless find it difficult to finance their home purchases.

As a responsible bank, we want to help people buy their dream home across all of Denmark, also in areas where mortgage-credit loans are not always possible. Therefore, for many years, we have offered alternative home financing solutions that make it possible to finance a home purchase, no matter where in Denmark your dream home is located. Loans can either be financed through the Bank's Mortgage-Credit Department or the via the Bank's special *ProvinsKlar* loan. In 2020, the volume of this type of financing totalled approx. DKK 1.2 bn.

Some of the strongest home financing solutions on the market

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

- **Recommended loans**

In 2020, for the second consecutive year, Totalkredit received the 'Recommended' stamp from the Danish Consumer Council's magazine 'Think Money' in the test of mortgage-credit loans and additional loans.

- **KundeKroner**

Discount on charges every quarter in the form of *KundeKroner* (money for customers). In 2020, the Bank's customers receive a total discount of approx. DKK 78 mill. This means that customers with a loan in Totalkredit at the end of 2020 were offered the lowest charges on the market for the most common loan types.

- **BoligBonus**

Every year, Arbejdernes Landsbank pays a *BoligBonus* to customers with a Totalkredit mortgage-credit loan in the Bank. In 2020, we also paid a *BoligBonus* to customers with loans similar to mortgage-credit loans in the Bank. The Bank paid approx. DKK 66 mill. in *BoligBonus* to approx. 66,000 homeowner customers in 2020, corresponding to each customer receiving almost DKK 1,000 on average.

Overall, homeowner customers of Arbejdernes Landsbank have some of the very strongest home financing solutions on the market – and for some loan types also the cheapest.



Key figures for loans and credits



Policy

Our financial services have always been based on the needs, wishes and financial situation of our customers. We want to make it easier for customers to make responsible and sustainable choices, and advising customers on financing solutions that benefit the customer as well as society and the environment is an integral part of our advisory responsibility.



Risks

With considerable lending activity and credit services, there is a risk that some of the Bank's financed activities may impact the climate and the environment negatively or violate human rights. This also applies to derived effects of financed assets, such as the climate footprint from homes and properties, pollution from cars or breaches of labour rights by the Bank's corporate customers.

	Unit	2020
Loans and credits		
Total lending and credit services for private customers and business customers, including bank loans, mortgage-credit loans, car loans and leasing	DKK bn.	81.6
Climate loans granted in 2020	Number	537
Climate loans total volume	DKK mill.	20
Climate loan volume increase	%	177
Energy loans granted in 2020	Number	85
Energy loans total volume	DKK mill.	4
Energy loan volume decrease	%	-21
ProvinsKlar loans granted in 2020	Number	12
ProvinsKlar loans total volume	DKK mill.	13.8
Mortgage deeds total volume	DKK mill.	1,204
Loans and credits – Arbejdernes Landsbank		
Total car loans and leasing services	DKK mill.	78.3
Loans and credits – AL Finans		
Total car loans and leasing services	DKK mill.	3,089
Share of car loans and leasing services which is green	%	24
Green car loans granted	Number	2,086
Green car loans total volume	DKK mill.	637
Green car loan volume increase	%	957

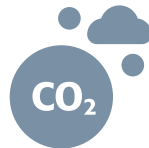
Objectives for 2021



Greater volume on green car loans

In 2020, a total of 14,221 electric cars and 18,242 hybrid cars were sold in Denmark. This is 158% and 370% more electric and hybrid cars than in 2019, respectively. However, it is worth mentioning that the starting point was low. In fact, these types of cars only constituted around one-sixth of total car sales in 2020, and looking at the total number of passenger cars in Denmark, the number of electric cars and hybrid cars is relatively low. In September 2020, Statistics Denmark calculated that the total number of electric cars constitutes 0.8% of the total number of passenger cars. In other words, there is still a huge potential to increase the number of Danes opting for green cars.

In order to contribute to Denmark's ambitious objectives for this area, we want to increase the proportion of green car financing by the Bank. Specifically, our objective is to increase the balance-sheet figure for green car loans by almost 60%, which will bring the total figure for green car loans up to almost DKK 1 bn. at the end of 2021. We will achieve this goal by attracting new customers and by motivating existing customers about to replace their car to make more sustainable choices. With green car loans, we will make it cheaper and more attractive for Danes to choose a green and ecofriendly car, as price and terms and conditions for this type of loan are currently better and cheaper than for a regular car loan.



Examining the possibilities for CO₂ offset for car financing

Looking at the total number of cars in Denmark, electric cars and hybrid cars only account for approx. 2-3%, and by far the majority of Danes still drive a petrol or diesel car. Even though we want to motivate our customers to invest in green cars, in the coming years it will still be necessary to meet the needs of those of our customers who choose differently. Therefore, we want to examine the possibilities to climate offset the part of our total car financing that is not green to reduce impacts on the environment and the climate.



Training business advisors in ESG

Integrating ESG in credit policy only creates value when applied in practice. Therefore, in 2021 we want to increase knowledge and competences regarding the concept of ESG among the Bank's business advisors to prepare them for dialogue with corporate customers on these issues and to enable them to make an assessment themselves. Training will be under Finanssektorens Uddannelsescenter. Overall, this initiative will help us gain more knowledge about the Bank's customers in relation to ESG, so that the Bank can build a data basis which will ultimately help provide an overview of the derived effects of the financing of the individual company.

Sustainable investments

Arbejdernes Landsbank manages and invests almost DKK 23 bn. on behalf of our owners and customers. The Bank has a deposits surplus of DKK 28 bn. These considerable sums come with a special responsibility to ensure that they are invested responsibly, and not least because this is one of the business areas in which we have the greatest potential to push society in a more sustainable direction.

Increased focus on sustainable investment products

At Arbejdernes Landsbank, our asset-management products (*AL-LetInvest*, *AL-FormueInvest* and *AL-PuljeInvest*) are all invested responsibly. This means that the investment associations we work with and use in our asset management products have committed to the UN Principles for Responsible Investment (UN PRI) and regularly screen investments for violation of the principles described in the UN Global Compact.

A strategic focus at the Bank is to implement investment processes in which sustainability is a key element in the investment policies underlying the Bank's discretionary mandates. We are therefore determined to increase the Bank's portfolio of sustainable investment products so that we can offer our customers a complete range of products. This applies to the Bank's own products as well as to the products we distribute from our cooperation partners. The Bank's objective is that all the Bank's asset-management products can be classified as sustainable by the end of 2025.

Green investment of deposits surplus

The Bank's total deposits surplus amounted to DKK 28 bn. at the end of 2020. We want to implement a sustainable strategy for the part of the deposits surplus in which investments can be converted. Currently, DKK 315 mill. of the deposits surplus is invested in green bonds, and we are looking into the possibilities of increasing this share in the coming years.

The Bank's investment association has been awarded the Nordic Ecolabel (the Swan)

For the Bank's capital management customers specifically, we have offered responsible investments in equities through our own investment association, *AL Invest Udenlandske Aktier Etisk*, for more than 20 years. In spring 2020, in collaboration with BankInvest, we changed the investment strategy for the investment association as part of a strategic focus to make the Bank's investment products even more sustainable.

This means that investments now meet a series of ambitious conditions and specific requirements, all of which are intended to contribute to the UN Sustainable Development Goals and take the climate in a greener direction. In autumn 2020, the investment association was awarded the most widely used and well-known ecolabel in Denmark and the Nordic countries: the Nordic Ecolabel. This is a guarantee that the Bank manages investments in a particularly responsible and sustainable manner.



Facts about: Arbejdernes Landsbank's ecolabelled investment association

AL Invest Udenlandske Aktier Etisk invests in companies that:

- contribute actively to the UN Sustainable Development Goals
- have CO₂ emissions at least 50% lower than a corresponding investment in the world market index.
- have a high ESG score (environmental, social and corporate governance).

AL Invest Udenlandske Aktier Etisk does not invest in companies that:

- violate international principles and conventions.
- have considerable revenues from weapons, tobacco and fossil fuels.

Moreover, we exercise active ownership in the companies we invest in so that we can influence them and help them develop in an even more sustainable direction.

Ecolabelled investment association for capital-management customers

Arbejdernes Landsbank's investment association for capital-management customers has been awarded the Nordic Ecolabel. This means that the investment association meets a series of ambitious conditions and specific requirements, all of which are intended to contribute to the UN Sustainable Development Goals and take the climate in a greener direction.

 Arbejdernes Landsbank



Key figures for investments



Policy

We always make investments on the basis of the individual customer's investment profile. Moreover, we want to integrate ESG into the Bank's investment policies and practices, and impose requirements on our cooperation partners for responsibility in investment practices. Advising customers on the possibilities of having their money work to benefit society through their investments is also an integral part of our advisory services.



Risks

When the Bank carries out investments on behalf of customers, owners or the Bank itself, there is always a risk of financial loss, although only to an extent that matches the investment profile. Moreover, there is a risk that some of the invested funds will be placed in companies that violate international principles and conventions, including on human rights, labour rights as well as on the environment and the climate. The Bank therefore integrates environmental, social and corporate governance into investment analysis and decision-making processes.

	Unit	2020
Investment and capital management		
Total AUM (total volume of the Bank's discretionary investment agreements)	DKK Bn.	23
Share of total ESG-screened AUM *)	%	83
Share of total AUM invested according to sustainable strategy	%	18
Deposits surplus		
The Bank's total deposits surplus	DKK Bn.	28
Green investments	DKK Mill.	315

*) For 2020, we have recognised Danish self-managed bonds under ESG, whereas we have kept self-managed individual shares and single credits out of ESG. Shares and credits will await implementation of a formal internal process.

What is a **discretionary** investment management agreement?

With a discretionary investment management agreement, the Bank's experienced portfolio managers and cooperation partners put together an investment solution for the customer based on the customer's expectations of returns as well as risk profile and time

frame. *AL-LetInvest*, *AL-FormueInvest* and *AL-PuljeInvest* are all discretionary investment management agreements that allow customers to leave their investments and regular monitoring to the Bank.

Objectives for 2021



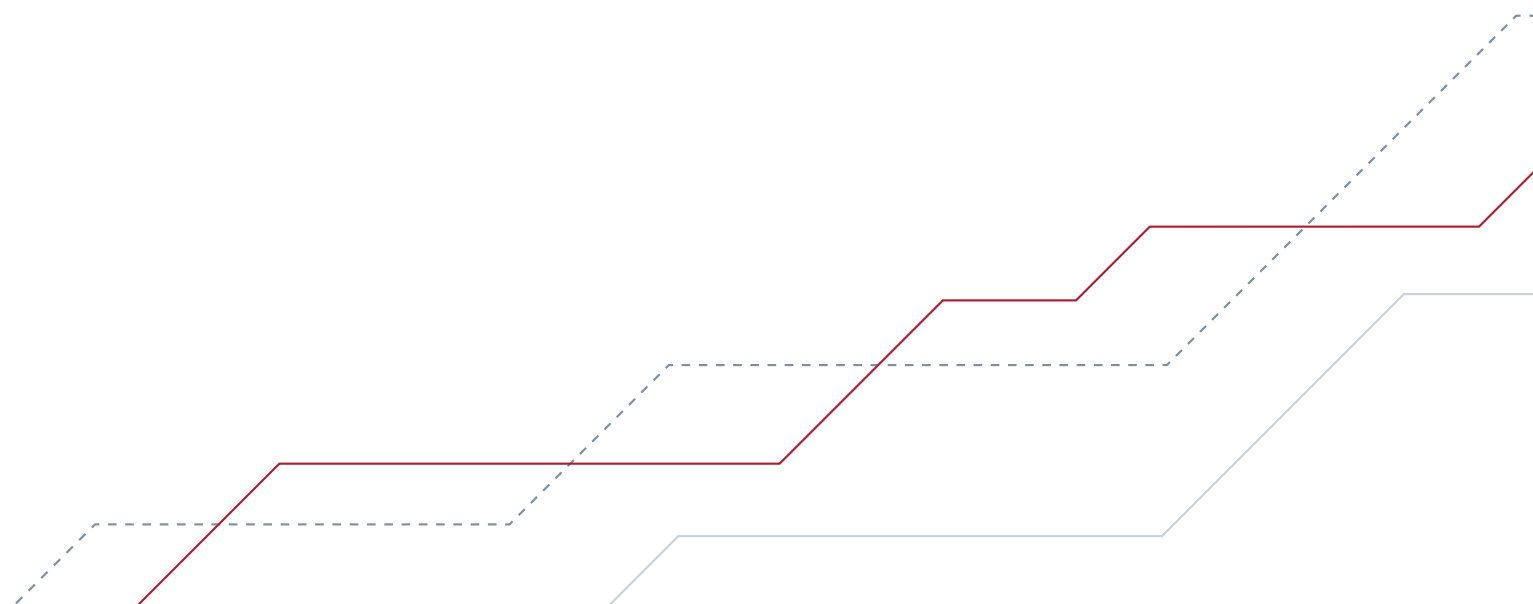
Implementing UN Principles for Responsible Investment

Arbejdernes Landsbank believes that the demand for responsible and sustainable investments will increase in all customer groups, and that our commitment to the UN Principles for Responsible Investment will help us develop attractive solutions to benefit our reputation and business. We will therefore implement these principles in the Bank's own investment practice, for example by examining ESG performance, by integrating ESG in investment analysis and in decision-making processes, and by reporting on ESG.



Setup for ESG screening

Arbejdernes Landsbank only cooperates with investment associations with formalised and integrated screening processes. This means that by far the majority of the Bank's investments are screened automatically for violation of UN principles. In addition, the Bank wants to establish a formal screening process for the investments that are currently not screened, and this applies both in terms of single issuers and the Bank's own holdings.



Environmental sustainability



As a supplier of financial services, the environment and the climate are impacted considerably through the Bank's lending and investment activities. However, with approx. 1,065 employees, 70 branches and several offices and properties throughout Denmark, the environmental impact from internal operations is not insignificant, and limiting this impact is an important part of running a sustainable workplace.

Arbejdernes Landsbank should be recognised – both by its words and actions – as a company that takes its responsibility for the climate and the environment seriously. We are conscious of our responsibility for the environment, and we focus on reducing our energy consumption and CO₂ emissions and on achieving efficient and sustainable utilisation of our shared resources. We are already well underway and have launched several climate-related initiatives.

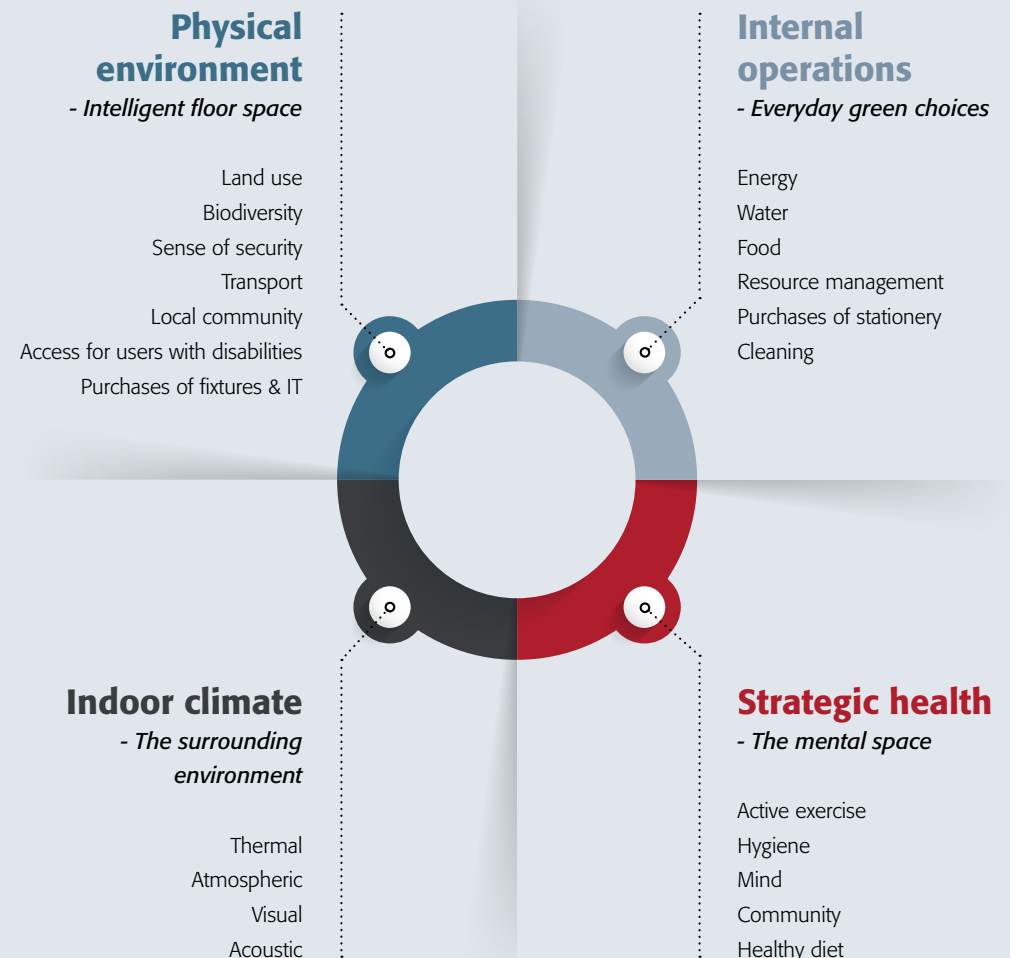
In 2020, for the first time ever we will report on the Bank's climate footprint in connection with internal operations. Our goal is also to report on the climate footprint for the Bank's loans, credits and investments over the coming years, and work to mature data and establish correct accounting policies for this will commence in 2021. Data is a prerequisite for the Bank to be able to fully measure and report on its climate footprint, and to set ambitious reduction targets up to 2025.

New action areas for sustainable banking

In 2020, we drew up a new sustainable strategy for internal banking to support the Bank's overall strategy for sustainability. The success of the strategy not only depends on running and maintaining the Bank. It is just as much about understanding people, culture, development and infrastructure; about creating value for customers and employees and about responsible management of our planet's resources.

We want to create a physical and mental environment internally in the Bank that inspires, motivates and helps employees to acquire more sustainable behaviour – both inside and outside the workplace. We will do this by setting new standards for our physical environment, internal operations, indoor climate and strategic health and prevention measures. Within each action area, we have identified 33 specific focus areas in which we want to assess the social, environmental and financial impacts of developing specific visions for the future, and to define qualitative and quantitative targets.

Focus areas for sustainable internal banking



Mapping the climate impact of banking

In 2020, we developed accounting policies for the Bank's climate reporting regarding internal banking. Our aim was to be more transparent about the Bank's actual climate impact. Introduction of these accounting policies will provide us with a good basis for working more strategically on the individual focus areas to ensure efficient use of resources with maximum benefit for the environment.

The accounting policies build on international Global Reporting Initiative (GRI) standards, and we calculate the climate footprint of climate impacts in terms of CO₂e. This means that a number of different greenhouse gases are stated in terms of one coherent unit. This is still a relatively new unit of account and can be difficult to relate to. Nonetheless, this type of reporting can help ensure maximum transparency, credibility and comparability between the Bank's ESG data and data on the rest of the sector.

In 2020, we identified the areas in which banking has a climate impact, and in which we were able to gather a sufficient data basis. In 2020, emissions of CO₂ equivalents from banking operations were approx. 564 tonnes CO₂e, corresponding to approx. 0.53 tonnes of CO₂e per full-time employee. The following tables show the individual key figures for climate and the underlying data forming the basis for the calculations.



Key figures for the climate

The key figures only relate to internal banking operations. In 2021, work on establishing accounting policies to calculate climate data in relation to the Bank's loans, credits and investments will begin.

Data	Unit	2020
Scope 1 (Direct impacts)	Tonnes of CO₂e	47.91
Heating – Oil	Tonnes of CO ₂ e	11.71
Company car travel	Tonnes of CO ₂ e	36.20
Scope 2 (Indirect impacts)	Tonnes of CO₂e	376.06
Electricity	Tonnes of CO ₂ e	-
Heating – District heating & Natural gas	Tonnes of CO ₂ e	376.06
Other indirect impacts	Tonnes of CO₂e	140.76
Resource management	Tonnes of CO ₂ e	11.39
Canteen operation	Tonnes of CO ₂ e	92.23
Public transport	Tonnes of CO ₂ e	0.32
Air travel	Tonnes of CO ₂ e	2.23
Travel in private cars during working hours	Tonnes of CO ₂ e	34.59
Total CO₂e consumption (indirect and direct)	Tonnes of CO₂e	564.73
CO₂e per employee (internal banking)	kg/FTE	0.53



” Since 2019, the Bank’s **electricity consumption has been climate-neutral**

– through the Bank’s climate partnership with Ørsted

Key figures for energy

The Bank has long been working on reducing electricity and heating consumption, and entered into a climate agreement with Ørsted to supply renewable energy from Anholt Offshore Wind Farm from 1 January 2018. As a result, the Bank's electricity consumption has been climate-neutral since 2019. Furthermore, in 2020 the Bank entered into a strategic partnership with Ento Labs, on a digital tool to help reduce the Bank's electricity consumption.

In addition, in 2020 we converted two of the Bank's largest heating systems into district heating. In connection with the conversion, the Bank had to use an oil-fired boiler for a short period. The Bank reports about the climate footprint of this oil-fired boiler in the section on 'Key figures for the climate'.

Data	Unit	2020
Renewable share of electricity consumption	%	100
Own production of electricity	MWh	40.5
Electricity consumption from supplier	MWh	4,241
Total electricity consumption	MWh	4,281
Types of heating consumption	Litres (temporary oil-fired boiler)	4,868
	m ³ (natural gas)	53,408
Total heating consumption	MWh (district heating)	4,165
	MWh	4,802
Total energy consumption	MWh	9,083
Electricity consumption per employee	kWh/FTE	4,020
Electricity consumption per square metre	kWh/m ²	69.72
Heating consumption per employee	kWh/FTE	4,509
Heating consumption per square metre	kWh/m ²	78.20
Energy consumption per employee	kWh/FTE	8,529
Energy consumption per square metre	kWh/m ²	147.92

Key figures for transport

Transport generally accounts for a significant part of total impacts on the climate, and concerns planes, cars, busses, trains or bicycles. Air travel and car travel have the greatest climate impact, whereas public transport and bicycles have the least climate impact. Lowering emissions of CO₂ equivalents is therefore about flying and using cars less, and cycling and using public transport more.

2020 was a strange year in many ways, including how employees commute to work. COVID-19 has changed our work patterns, and this has had an impact on the number of kilometres travelled by employees. However, in the past employees have had to go from A to B in everyday life, and they will also have to do so in the future. We therefore expect an increase in the number of kilometres travelled in 2021.

Data	Unit	2020
Vehicle types in the AL vehicle fleet	% (petrol)	12
	% (diesel)	60
	% (hybrid)	28
	% (electric)	0
Number of kilometres by public transport	km	6,506
Number of kilometres by air	km	6,938
Number of kilometres by car in AL context	km	606,327
Number of kilometres by car per branch	km	8,540
Shared transport (bicycles, electric bikes, electric cars & business travel cards (<i>Rejsekort Corporate</i>))	Number of (bicycles)	5
	Number of business travel cards (<i>Rejsekort Corporate</i>)	241
Share of hybrid and electric cars in internal vehicle fleet	%	28
Average emissions per kilometre travelled in AL vehicle fleet	grams of CO ₂ e/KM	103.2

Key figures for canteen operation

According to calculations from Concito, 3 out of an annual total of around 19 tonnes of CO₂e caused by an individual Dane comes from food consumption. For the same reason, the flow of resources in day-to-day canteen operation is high compared with the remaining flows in Arbejdernes Landsbank, and climate-friendly food habits are key in managing the Bank's future CO₂e reductions.

We want to take climate responsibility for our total greenhouse gas emissions. We have therefore decided to include canteen operation in our climate accounts.

Data	Unit	2020
Organic products in the canteen	%	57.4
Distribution of purchases	Meat	22.2
	Dairy	6.6
	Butter	0.5
	Fish	8.1
	Vegetables	33.9
	Fruit	20.2
	Cereals	7.7
	Sugar	0.9
Climate footprint per meal	Kg CO ₂ e	2.8
Climate footprint distribution by food categories	Meat	74.3
	Dairy	8.5
	Butter	1.2
	Fish	5.5
	Vegetables	4.4
	Fruit	2.6
	Cereals	3
Sugar	0.4	

Note: Our calculations are based on the list of food's carbon footprint from the Department of Agroecology at Aarhus University. The list includes food categories and their estimated CO₂ emissions per kg, and this provides an idea of the foods that have the greatest impact on the climate and therefore should be limited.

Key figures for resource management

Extraction and processing of raw materials for pure and usable materials require energy and time, and since there is a limited amount of resources on our planet, Arbejdernes Landsbank is also working to reduce the amount of resources sent for recycling and incineration by the Bank.

Data	Unit	2020
Resource management	Tonnes	414.50
Resource waste source-separation rate	%	46.19
Resources per employee	kg/FTE	389.20

Key figures for water

Water is scarce in many parts of the world, and even though we are fortunate in Denmark to have plenty of clean groundwater at our disposal, we must focus on reducing the Bank's water consumption. Moreover, we want to contribute to preserving our groundwater and its purity through various indirect parameters.

Data	Unit	2020
Water	m ₃	31,449
Water consumption per employee	m ₃ /FTE	29.53

Key figures for purchases

Purchases of physical materials constitute a significant part of our resource consumption for Arbejdernes Landsbank. Paper for printing, disposable cups, pens, tissues and disposable plastic bottles account for a significant fraction of the materials the Bank is responsible for in purchases.



Policy

We want to contribute actively to a sustainable transition of society, and we are striving to become one of the most sustainable banks in Denmark. Therefore, the Bank prepares and publishes climate accounts and specific environmental data. The Bank wants to reduce its climate footprint and other environmental impacts from the Bank's financial products and internal banking through a strategic approach and initiatives across business areas and units at the Bank.

Data	Unit	2020
Share of ecolabelled purchases approved at AL	Cleaning	97
	Textiles	91
	Fixtures and equipment	75
	Printed materials	91
	IT	97
	Stationery	74.7
Share of purchases labelled according to the Nordic Ecolabel or EU Ecolabel	Cleaning	97
	Printed materials	100
	Stationery	28.2



Risks

The Bank's products are associated with significant environmental risks, as these will impact society directly and indirectly if derived effects can impact the climate and the environment negatively. The Bank's internal banking is also associated with a risk, in which the Bank's energy consumption, transport, purchases, resource management, water consumption and canteen operation may have negative impacts on the Bank's climate footprint.

Objectives for 2021



Method of calculating the climate footprint of lending activities

In recent years, there have been efforts to find methods to calculate the climate footprint of loans, credits, investments, etc., and in late 2020, Finance Denmark presented a specific tool for this purpose. In 2021, the Bank will continue its work on providing an overview of the specific content and possibilities of the tool. Together with *Landsdækkende Banker*, and others, we will design a method to calculate the climate footprint of the Bank's lending activities – including arranging mortgage credit, home financing, car financing, etc.



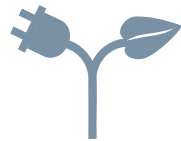
Method of calculating the climate footprint of investments

Like in the loan and credit area, we will also work with Finance Denmark's tool to calculate the climate footprint of the investment area. In 2021, the Bank will work to establish accounting policies to calculate greenhouse gas emissions for the Bank's asset-management products, capital management and deposits surplus.



Setting specific targets for the climate footprint of banking in 2025

Arbejdernes Landsbank wants to minimise the negative impacts of banking on the climate and the environment as much as possible. As part of the overall strategy for sustainability at the Bank, we want to set a specific target for the total climate footprint of banking operations in 2025. We will do this on the basis of an assessment of the possibilities to lower the Bank's consumption.



New indoor climate standard will reduce energy consumption by 6%

Work on implementing the Bank's new indoor climate policy will begin in 2021. The aim of the policy is to reduce the Bank's heating and electricity consumption, whilst increasing employee well-being and satisfaction with the indoor climate. This means that the Bank will set goals for the four specific focus areas within indoor climate: Thermal, Atmospheric, Visual and Acoustic.

Objectives for 2021 (continued)



Vegetarian meals will reduce the climate footprint by 15% per meal

When looking at the share of foods purchased in the Bank's canteens, approx. 22% of our meals was meat. This corresponds to approx. 74% of the foods' total CO₂ equivalent emissions. Therefore, in 2021 we will give employees of the Bank the choice between a vegetarian meal based on a good nutritional content of protein from plants, cheese and eggs, and a meal based on meat. Overall, this initiative is assessed to be able to reduce the share of meat purchased by the canteens by approx. 20%.



Resource stations at main offices will contribute with a waste source-separation rate of 55%

In 2020, we tested with employees in staff functions which fractions would be a good idea to separate. The result of this test showed that it would be a good idea to separate waste into several fractions according to employees' movement patterns. We will therefore implement new central resource stations in 2021.



Purchasing policy and a new purchasing portal will increase the level of ecolabelled purchases and the quality of data

In 2020, we worked on a new purchasing portal and we have streamlined the range in our stocks. Moreover, we are drawing up a new purchasing policy, which will make even higher demands for the environmental responsibility of products.

Social sustainability



Arbejdernes Landsbank is the bank for approx. 333,000 customers – including private customers, small and medium-sized enterprises as well as trade unions and associations – and the workplace for approx. 1,065 employees. In addition, we are present locally via our 70 branches throughout Denmark and have many years of experience in being an active part of society via our nationwide sponsorships within sport and culture.



Customers

In the past 12 years, Arbejdernes Landsbank has seen a considerable influx of customers, and we gained more than 14,000 new customers in 2020. By far the majority of new customers are private individuals, but small and medium-sized enterprises have also joined. Even though the Bank has gained more than 100,000 new customers over the past 12 years, service remains high, and the Bank was lauded as Danes' preferred bank for the 12th consecutive year. Maintaining and developing this unique position is a strategic goal.

Ready with additional support for customers during COVID-19

In very short time, the lives of all Danes were turned upside down because of the rapid spread of COVID-19. It was – and still is – an extraordinary situation for society, and very naturally it gives rise to great concern and anxiety for many Danes, including our customers.

The vast majority of the Bank's customers have been and remain robust to withstand the financial challenges they have been faced with. We have helped customers who have been particularly financially affected by the crisis by granting deferral of loan payments for a period, credit to pay rent or new advice about their financial situation. Furthermore, the Bank's customers could receive their holiday allowance from the Bank months before the official payment date – on favourable terms. We did this to support the government's intention to put the holiday allowance into circulation to benefit the business community, jobs and society in general.

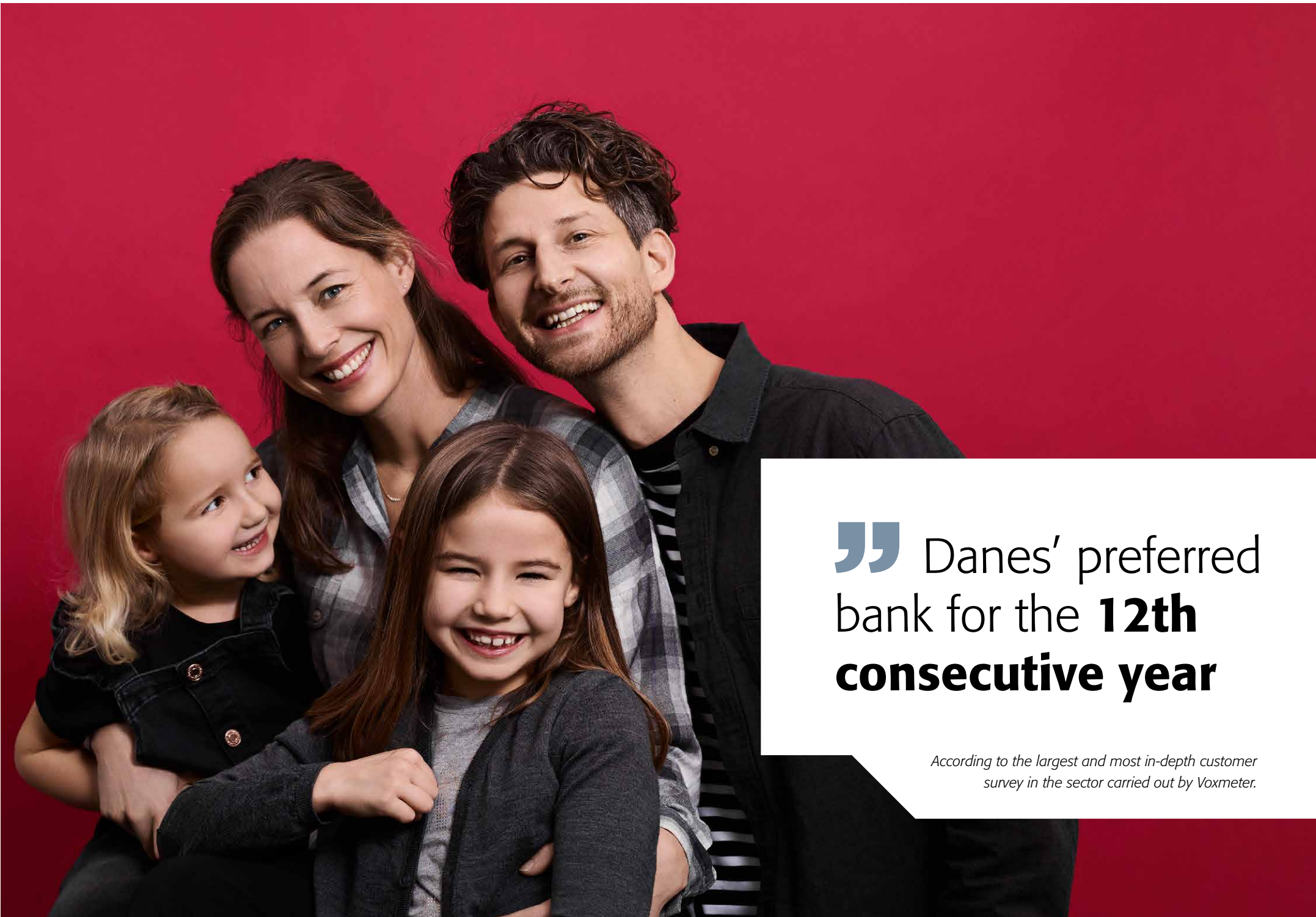
In 2020, the Bank granted support credit to approx. 1,600 customers – and naturally we are still ready to help our customers based on the individual's specific financial challenges.

Danes' preferred bank for the 12th consecutive year

Virtually all companies market themselves on their customer focus. However, not many companies are able to translate their great intentions into action which customers can actually feel in their everyday lives and in their interaction with their bank. Historically, Arbejdernes Landsbank has been, and still is, good at meeting our customers' high expectations. The annual and independent survey by Voxmeter is by far the largest and most in-depth customer survey in Denmark. It is one of the only customer satisfaction surveys on the market, and it is carried out among approx. 60,000 randomly selected customers of the 20 largest banks in Denmark.

In this survey, Arbejdernes Landsbank was Danes' preferred bank for the 12th consecutive year. We have worked hard to earn this title. Our level of activity was high in 2020, and despite extraordinarily difficult conditions due to COVID-19, we were able to welcome thousands of new good customers, whilst maintaining our focus on providing responsible, attentive and simple advice and doing what is necessary to satisfy ALL customers.





” Danes’ preferred bank for the **12th consecutive year**

According to the largest and most in-depth customer survey in the sector carried out by Voxmeter.

Key figures for customers



Policy

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

- offering all our customers personal advisory services adapted to the individual customer's needs.
- ensuring that our level of service is one of the highest in Denmark through systematic follow-up on feedback from customers.
- treating all customers professionally, with respect and concern for their individual needs.
- ensuring that our customers understand their financial situation and the products we offer.
- ensuring in particular that no customer leaves a meeting without having understood our advice.

Data	Unit	2020
Customer satisfaction, Voxmeter, annual	Rank	1
Customer satisfaction, Voxmeter, annual	CEM score	7,525
Customer satisfaction after meeting, Net Promoter Score	NPS score	76
Total customers	Number	332,866
- of whom private customers	Number	304,281
- of whom corporate customer	Number	16,081
- of which housing associations, associations and organisations	Number	12,504
Influx of customers	Number	14,347
Customer retention	%	94



Risks

When we advise and meet our customers, there is a risk that customers will not get the advice, service and experience they expect from us. We are trying to minimise this risk through internal checks and systematic follow-up on feedback from our customers.

Objectives for 2021



Maintaining our position as Danes' preferred bank

For the 12th consecutive year, Arbejdernes Landsbank was lauded Danes' preferred bank. This position and trust does not come automatically, but through a high level of professionalism, good service and hard work. Naturally, we will and must continue with this. We will therefore continue our strategic and focused work towards attracting more customers and ensuring more satisfied customers. And we have a specific target that in 2021 we will maintain the Bank's unique first place in the annual survey by Voxmeter, whilst improving the Bank's CEM score. For us, it is not only important to raise the trophy, it is just as important to keep striving to become a better bank for our customers.



Ensuring a high NPS score

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

Employees

At Arbejdernes Landsbank, we consider employees our most important asset. Therefore, we want to create attractive conditions of work that engage employees to contribute to the Bank's strategic and commercial goals. We work actively to ensure the best possible conditions for our employees, with a healthy and inspirational physical and psychological working environment. Everyone should be able to see career and development opportunities, and diversity in our workforce and good management are natural and expected.

COVID-19 has turned our conditions of work upside down

Like so many other workplaces, COVID-19 turned work upside down for employees at the Bank in the beginning of the year due to the lockdown and the subsequent restrictions, recommendations and urgent requests. In other words, COVID-19 changed working life for most people – and in many different ways. While some employees took to new technologies and virtual meeting platforms like fish to water, others needed more time to adjust to the situation. COVID-19 also challenged the normal close day-do-day contact between individual teams and managers, who have had to manage at a distance.

Many employees have been comfortable with self-management, while others have needed more contact – also with colleagues. At Arbejdernes Landsbank, we have established our own COVID-19 response measures to meet the many different needs and local challenges, whilst customers have been able to receive advisory services and be served by cashiers.

In 2020, the average absenteeism due to sickness among employees dropped by approx. two days compared with the year before. We assess that this drop may primarily be due to COVID-19, as employees generally have been less exposed to infection with cold and flu, and have had greater flexibility in relation to working from home – which is positive. In addition, we must of course help to prevent employees from experiencing physical and mental discomfort as a consequence of a long period of working from home.

MeToo has made the Bank revisit its policy for the area

We have used the current MeToo debate as an opportunity to revisit and update our bullying and harassment policy. We want to promote a culture and a tone of communication at the Bank based on respect and equality. A culture that does not tolerate offensive behaviour, and that entails quick action at all levels if offensive behaviour does happen.

A strong cultural narrative will maintain and develop the Bank's unique position

Since January 2016 and up to the end of 2020, we have welcomed 733 new colleagues to the Bank. New forces and new ways of working benefit the Bank and the workplace. At the same time, our healthy culture must also be cemented in our new colleagues. The Bank's culture is crucial in maintaining and developing the Bank's unique position – both in relation to our customers and in relation to being an attractive workplace. Furthermore, our corporate culture is key to realising the Bank's business strategy in the years to come.



FROM 2016 TO 2020

**733 NEW
COLLEAGUES**

We care about retaining and developing the Bank's unique culture – so that it also measures up to future expectations and demands for a sustainable workplace. Therefore, we have defined a common cultural narrative with four key values – Integrity, Openness, Corporate Responsibility and Community – and we have launched a number of initiatives to make visible and anchor the culture throughout the Bank.

New ambitious health and prevention strategy focuses on the whole person

In 2020, the Bank prepared a new and ambitious health and prevention strategy. The main focus of the strategy is "prevention rather than treatment", and we will continue our work on a working environment that contributes to a healthy working life. Our ambition is that, by 2025, we will have implemented the full strategy and verbalised the value of exercise, physical activity and an active lifestyle as opposed to sedentary work. In 2020, we focused on themes such as ergonomics, exercise and well-being.

Employing finance students and finance trainees

Arbejdernes Landsbank has a long history of hiring finance students and finance trainees, because we want to assume social responsibility, and because we have a good track record of young people contributing new knowledge and inspiration; something from which the Bank can benefit greatly. In 2020, we welcomed a total of 27 finance students and finance trainees, and this brings us close to our target of a total of 28 finance students and finance trainees.



Key figures for employees

Data	Unit	2020
Full-time workforce	FTE	1,065
- of whom women	FTE	552
- of whom men	FTE	513
Gender diversity among full-time employees	% women	52
	% men	48
Students and finance trainees	FTE	27
(branch director, branch manager, deputy manager, heads of department, deputy heads of department)	% women	35
	% men	65
Pay difference between genders	Times larger	1.2
Average seniority	Years	11
Staff turnover rate	%	11
Absenteeism due to sickness per employee	Days/FTE	6



Policy

At Arbejdernes Landsbank, we want to create a strong and inclusive culture as well as a diverse workforce with an equal gender distribution at all levels. This is important so that we can continue to attract and retain talent and ensure high performance, good customer experiences and profitable results.

The Bank wants to offer attractive conditions of work that engage employees to make efforts that contribute to the Bank's strategic and commercial goals. We do this by:

- Creating career and development opportunities for employees at all levels in the Bank.
- Focusing on the development of the individual employee to support the employee's own ambitions and wishes as well as the commercial ambitions of the Bank.
- Ensuring that no managers or other employees receive a bonus solely on account of individual performance such as personal sales activities.
- Offering flexible working hours which allow employees to create a good work-life balance.
- Ensuring a healthy physical and psychological working environment, and caring for employees who suffer from stress or illness.
- Preventing and establishing clear guidelines for handling serious situations such as robbery, violence and threats.

Policies regarding employees:

- Policy on absenteeism due to sickness
- Policy on stress
- Policy on drug and alcohol abuse
- Policy on care
- Policy on senior employees
- Policy on prevention and management of bullying and harassment
- Policy on pay
- Policy on the under-represented gender, diversity and suitability
- Policy on a sound corporate culture



Risks

Like in any other workplace with a high level of ambition and activity, there is a risk that employees experience an inordinately large workload that could potentially lead to discontent, stress or illness. We are implementing preventive measures to ensure that work does not lead to poor health as a result of bullying, stress, threatening customers or poor indoor climate, for example.

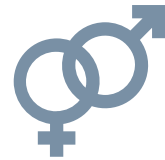
Unequal distribution of gender and pay differences between genders may indicate that there is a risk of more general inequality at the workplace and associated problems with attracting female talent.

Objectives for 2021



Converting a common cultural narrative into behaviour

The Bank's common cultural narrative is based on the values of Integrity, Openness, Corporate Responsibility and Community. These are four strong but also wide-ranging concepts and they will be operationalised in 2021. But what do they mean, and how will they be noticed in everyday situations? Overall, everyone in the Bank will be working with these values, and with what they mean for collaboration, meetings with customers, management, etc. Both local and central initiatives will be launched in the first quarter of 2021. We will regularly evaluate the initiatives to ensure that they support the Bank's culture, strategy and ambitions.



More gender equality at management level

At Arbejdernes Landsbank, we recognise the importance of gender equality, as diversity has proven to have a positive impact on the bottom line and it results in better decisions and more innovation – to mention but a few benefits. Currently, women constitute 52% of the total work force of the Bank, and men constitute 48%. However, the Bank is far from having gender equality in all parts of the organisation. At management level, the distribution is 35% women and 65% men.

The Bank has a policy to increase the percentage of the under-represented gender at management levels, where the aim is an equal distribution. In practice, this is a target of a percentage distribution of at least 40/60. Since it has historically been difficult to achieve this target, also in recent years, in 2021 the Bank will initiate work to identify possible explanations. This work is expected to lead to initiatives to promote a more equal distribution and representation of men and women at management levels.



Dialogue to promote a culture based on respect and equality

The Bank has always had a zero tolerance approach to any type of offensive behaviour, and over the years the Bank has had very few cases of bullying or harassment. However, there may have been incidents that we do not know about. Therefore, we believe that it is important to highlight this theme. Among other things, in 2021 we will help all managers to engage in dialogue with their employees about this theme. At the same time, we will follow up with specific questions in our well-being and management survey to reveal any challenges.

Objectives for 2021 (continued)



Implementing the health and prevention strategy

To achieve our ambition to focus on the whole person, during 2021 we will implement the Bank's new health and prevention strategy. Particularly with regard to the challenges caused by COVID-19, we will increase focus on exercise and breaks for the colleagues working from home.



Increasing knowledge about the Bank's sustainability strategy among employees

If the Bank's new strategy for sustainability is to succeed, all employees must gain basic knowledge and understanding of what the strategy is about, and how it can be translated into day-to-day work.

The objective for 2021 is for all employees to be introduced to the Bank's strategy and goals up to 2025, what sustainability means at the Bank, and to what initiatives the Bank has given priority in this area. Training is expected to be carried out as an e-learning programme, supplemented by expert opinions from relevant specialist fields in the Bank.

Society

Arbejdernes Landsbank is geographically present throughout Denmark via our nationwide branch network, and we want to engage actively in the local communities we are part of. Consequently, the Bank is engaged in strategic collaboration and business-developing communities that contribute to the continued development of the Bank and meet a number of societal goals. In 2020, a survey from Voxmeter showed that Arbejdernes Landsbank has the best image of the sector for the second consecutive year.

Best image of the sector – for the second consecutive year

We are totally dependent on customers, politicians, authorities, etc. having confidence in the way in which we run our business, because like any bank our survival and success is built on the goodwill and trust of society. Everything from products and services to the way in which the Bank is managed may affect image and reputation. While it can take a long time to build a strong brand that customers trust, things can turn around very quickly if expectations burst and confidence is damaged. We therefore work strategically with our image and to protect our reputation.

Arbejdernes Landsbank is locally present at 70 locations throughout Denmark, and engage actively in the local communities we are part of. This is through strategic collaboration and business-developing communities that support our business, and which also contribute to meeting societal goals. In 2020, Arbejdernes Landsbank was commended as the Bank with the best image of the sector by Voxmeter, and this confirms that cohesion

between commercial goals and societal goals is in sync with expectations from customers and the outside world of us as a bank.

Contributions to solving societal problems with TestaViva

Many Danes have not decided what to do with their wealth and their assets when they pass away. Together with TestaViva, we have made it simple for Danes and our customers to draw up a will, marriage contract and other legal documents online. Since 2017 and up to 2020, TestaViva and drawing up legal documents have been free of charge for the Bank's customers, and our advisors have made huge efforts to integrate TestaViva into our overall advisory services to spread awareness and use of TestaViva and drawing up legal documents.

Up to the end of 2020, a total of 35,000 Danes, of whom approx. 10,000 are Bank customers, had used TestaViva and drawn up one or more legal documents. In 2020, Nordea and Topdanmark bought into TestaViva, so now three strong financial players will build on the concept together. This will undoubtedly benefit our customers, TestaViva and the three companies behind TestaViva.

Football sponsorships to benefit the Bank, the public and the elite

Football is an effective tool to bring Danes together. This is why the Bank's sponsorships are an important element in our overall branding and communication strategy, and a tool that creates visibility, raises awareness of the Bank's brand and supports our business strategy by attracting new customers and retaining existing customers. In recent



35,000
DANES HAVE
USED TESTAVIVA

years, Arbejdernes Landsbank has gathered extensive experience as a partner and a sponsor of the Danish Football Association for the Men's National Football Team and Women's National Football Team and the Superliga football clubs Brøndby IF, FC Nordsjælland, AGF and Vejle Boldklub. The sponsorships contribute to the strong community around the clubs where everyone, ordinary people as well as the elite, is committed and passionate about football for the benefit and joy of all.

In summer 2020, Arbejdernes Landsbank and FC Midtjylland entered into a four-year main sponsorship agreement. This agreement is based on mutual values and a clear ambition to make a difference and create experiences for the many fans, followers and businesses that are part of FC Midtjylland. Most recently, we have contributed to the FCM Samfund project to give Christmas presents to 275 families in need.

Logo space for Save the Children Denmark

For several years, Arbejdernes Landsbank has been the main sponsor of Brøndby IF, and from 1 August 2020 to 31 December 2020 the Bank donated its logo space on Brøndby IF's t-shirts to Save the Children Denmark. We did this to support a good cause and give something back to the people, clubs and organisations that make a difference for others. The many volunteers at Save the Children Denmark make a huge effort throughout Denmark to help vulnerable children gain access to recreational communities.

A tribute to Denmark's volunteer football heroes

As the main sponsor for both the Women's National Football Team and the Men's National Football Team, Arbejdernes Landsbank organised the Hele Danmarks frivillige fodboldhelte (Denmark's volunteer football heroes) campaign in collaboration with the Danish Football Association. The aim was to pay tribute to the 126,000 volunteers at Danish football clubs who make a special effort to ensure that we

all have a place to play football. Among the nominees, 50 volunteers were selected and each of them received a sponsorship of DKK 15,000 for their club.

Protective equipment for volunteer distributors of surplus food

Before Christmas and New Year in 2020, in collaboration with Partnership, the Bank donated protective equipment for more than 4,000 volunteers from the non-profit organisation Stop Spild Lokalt, who collect and distribute surplus food to socially vulnerable children, homeless people, institutions, etc.

MotorikMagi for families with young children

In 2020, we once more joined forces with the magazine and online universe *Vores Børn* (Our Children) and bOBles to increase focus on motor skills in families. In collaboration with *Vores Børn* and bOBles, we invited families to events – which were converted into online events due to COVID-19 – with good ideas for children aged 1-6 years and their parents



about how to bring more play and physical activity into their lives. Approx. 13,200 parents and children took part in MotorikMagi in 2020.

Art in Kanalbyen in Fredericia

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

Local collaboration with Frederiksberg museums

Frederiksberg museums has a special ability to make room for visitors to engage in one another and in the surrounding world. As a main sponsor, we want to support the many engaging and cultural activities offered by Frederiksberg museums. The keywords for this collaboration are local commitment and physical presence, which were challenged in 2020 by the COVID-19 restrictions and the lockdown.

Foundation strengthens Danish society through knowledge

Arbejdernes Landsbanks Fond is a foundation aiming at strengthening Danish society through education and knowledge. The foundation was established in 1957 and is operated as an independent institution. Specifically, the foundation funds further education and continuing training, primarily for schools, education institutions and other institutions with links to education in general. In a few cases, the foundation provides support for individuals under education or training. In 2020, the foundation provided support totalling approx. DKK 725,000.

Supporting aid organisations

Every year, we support a range of aid organisations and charitable projects. We have chosen to support Dansk Folkehjælp (a charity for marginalised groups in Denmark and abroad), for whom CEO Gert Jonassen is an ambassador. In addition, we have supported the Danish Cancer Society and Børn, Unge & Sorg (an association, which helps children and young persons who witness their parents or siblings falling seriously ill or dying). Overall, the Bank provided financial support to charitable causes totalling approx. DKK 929,000 in 2020.



Policy

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

- helping give the public, and young people in particular, a better understanding of their personal finances.
- helping encourage more people to make important financial decisions that will strengthen their position today and throughout life.
- getting involved in the local community and contributing to developing culture and recreational activities.
- supporting humanitarian work through Danish and international relief organisations.
- establishing sponsorship collaboration with sports clubs and non-profit organisations.



Risks

When supporting several causes and projects in society as Arbejdernes Landsbank does, there is always a risk that the money we donate is not paid in full to the specific cause or project we want to support. We try to minimise this risk as far as possible by carefully selecting the institutions, businesses and organisations we work with, and by making demands on them, including long-term relationships.





” Best image
of the sector –
for the **second
consecutive year**

According to Voxmeter 2020

Objectives for 2021



Young Money will help children understand money

The younger generation today is growing up in a virtually cashless society, and it can be difficult for parents to teach children about the value of money. Research indicates that children form their financial habits at a young age. In 2021, Arbejdernes Landsbank's new digital pocket money and savings universe will help young customers of the Bank to understand the concepts of money and savings. Our goal is to help our customers and others aged 7-17 years to gain a better overview of their personal finances and consumption via a smart app.



Decathlon with the Danish Cancer Society

Research shows that four out of ten cancer cases can be prevented. Actually, it only takes a little bit of effort to live a healthier, and longer, life. In 2021, Arbejdernes Landsbank will be the main sponsor for the Danish Cancer Society campaign *10-kampen* (decathlon). The purpose of the campaign is to make it fun for Danes to live a healthy life. The decathlon is therefore not a strict diet, a quick fix or a hard marathon. In the decathlon, participants go through an evidence-based programme, and the research results are presented in a format that easily translates into healthy everyday habits and specific tools for a healthier life.

Sustainable management

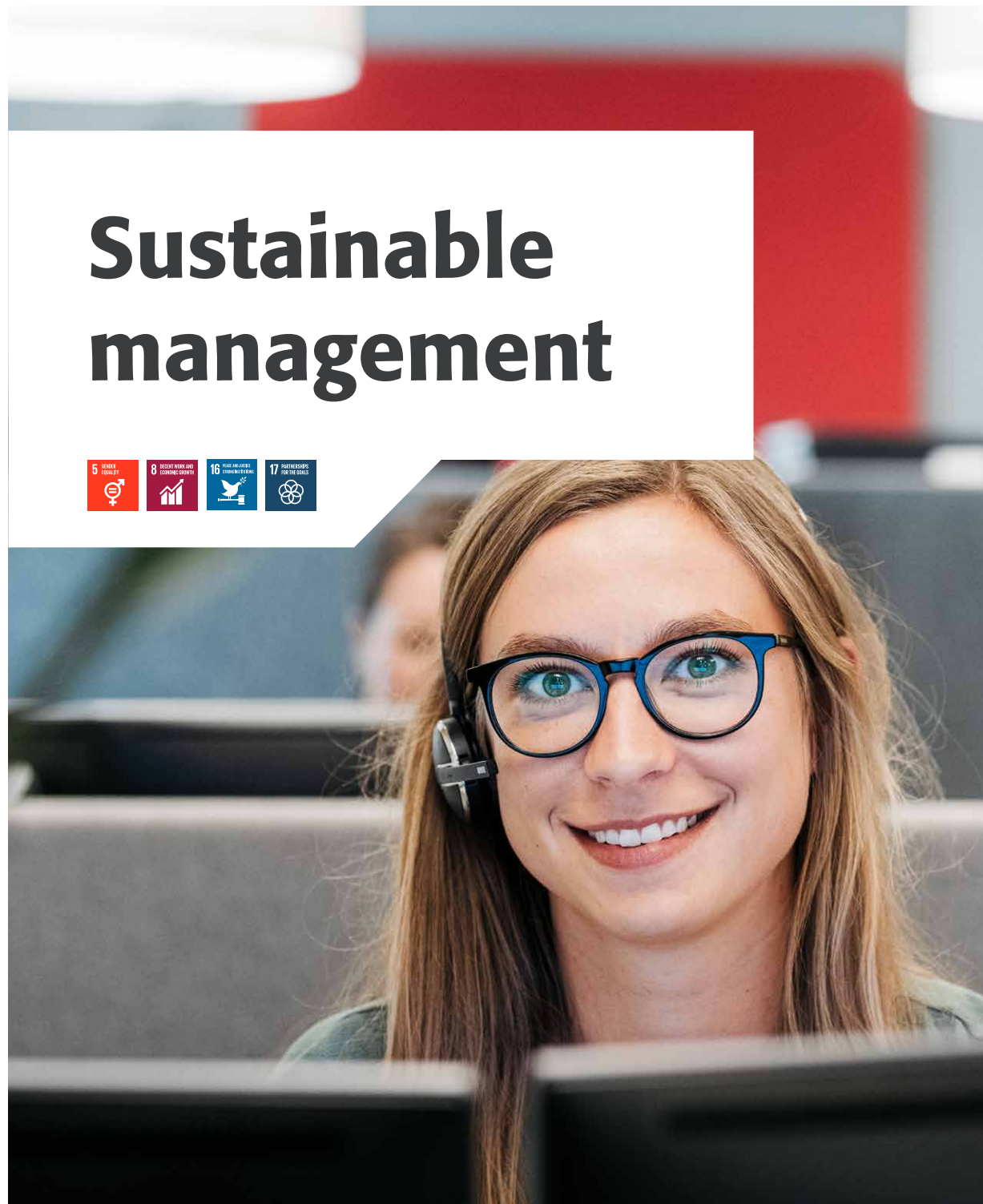


Sustainable management is crucial to running and developing a socially responsible bank that complies with the increasing demands and expectations from authorities and the outside world. At Arbejdernes Landsbank, we perceive corporate governance as an integral precondition for the Bank's operation, and we are open about the Bank's framework, rules and guidelines in relation to this. In addition, this year we are reporting on a number of key figures in the area – all of which create maximum transparency about management and managing risk.

Policy and working group for a sound corporate culture

A sound corporate culture is very important for the way in which employees at Arbejdernes Landsbank meet customers and society. In 2019, Arbejdernes Landsbank prepared a policy for a sound corporate culture. The policy is to help ensure that the important role of the financial sector in society is clarified and specified in connection with operation of the Bank. The aim of the policy is to help prevent individual businesses from violating the financial legislation or from being used for money laundering, terrorist financing and other economic crime.

The Bank's policy for a sound corporate culture reflects the Board of Directors' opinion regarding the behaviour expected of the Bank's employees in relation to supporting a sound corporate culture based on the Bank's values and social responsibility, and in relation to treatment of the Group's customers. The Board of Directors safeguards the fundamental values of the Group – responsibility and integrity – which are some of the cornerstones of the Group culture. Therefore, the Board of Directors has a low risk appetite in terms of jeopardising the sound corporate culture.



To help anchor the policy in the Bank, in 2020 a working group was set up at management level across business areas and risk units to increase awareness of the risks associated with Arbejdernes Landsbank's culture, and to identify and formulate the desired cultural profile.

Mandatory anti-money laundering training for all employees

Arbejdernes Landsbank has an important social responsibility to ensure that the Bank is not used for money laundering, financing of terrorism or breaches of financial sanctions. All employees of the Bank undergo anti-money laundering training to ensure adequate attention and focus in this area. The training activities are mandatory for all relevant new employees and for existing employees at fixed intervals.

In addition, selected and targeted departments and/or groups of employees receive specialist training in the area. For instance, in 2020 Arbejdernes Landsbank established a central department to monitor transactions. The employees at this department receive specialist training and work closely with relevant authorities.

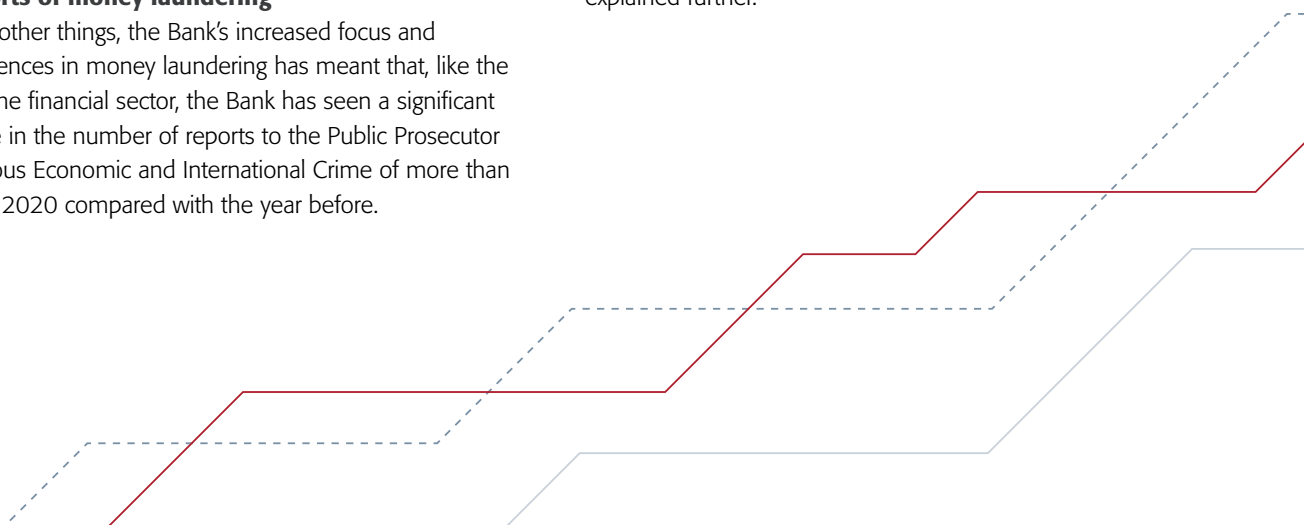
Significant increase in the number of reports of money laundering

Among other things, the Bank's increased focus and competences in money laundering has meant that, like the rest of the financial sector, the Bank has seen a significant increase in the number of reports to the Public Prosecutor for Serious Economic and International Crime of more than 30% in 2020 compared with the year before.

In 2020, Arbejdernes Landsbank structured risk assessment, policy and risk tolerance, so that these are consistent across Group companies. The Group works actively to identify the products, customers, delivery channels, etc. with an unacceptably high risk for the Bank that are therefore considered to be outside the risk tolerance. As a consequence of increased regulatory requirements from the authorities that more customers must be approved by the person responsible for the money laundering area – for example customers residing/based in EU-designated high-risk third countries – the amount of other cases processed by the Bank's Anti-Money Laundering (AML) Department increased by more than 45% in 2020 compared with the year before.

Code of Conduct training for new employees

The Bank's Code of Conduct is a set of rules reflecting attitudes and guidelines to help employees in their daily work. Employees must adhere to the Code of Conduct. The rules contain guidelines for the behaviour expected by the Bank from its employees in their dealings with customers, suppliers and the authorities. Each individual manager is responsible for ensuring that employees know and conform to the rules, and the manager is furthermore responsible for assessing whether the rules need to be explained further.





The Bank's Compliance Department has developed a training programme for the Code of Conduct. In 2020, the training programme consisted of four courses held as part of the introduction programme for new employees. Among other things, the purpose is to ensure that employees know and are aware of the Code of Conduct and the Bank's social responsibility regarding compliance.

Continued small pay gap between CEO and employees

The pay gap between average employees and chief executives in Danish listed companies is generally growing – and in some companies this growth is steep. Arbejdernes Landsbank has always focused on paying the Executive Management of the

Bank a salary that makes it possible to attract and retain the managerial competences and profiles the Bank needs. At the same time, the Bank's policy is that the difference in pay must not undermine the Bank's licence to operate on the basis of societal considerations.

In 2019, we reported a pay differences between the Bank's CEO and employees for the first time. Back then the figure was low and below average for the largest banks in Denmark based on the most recent publicly available data from 2018. In 2020, the pay difference remains at a stable low level with a slight decrease from 6.7 in 2019 to 6.3 in 2020.

The Executive Management is not covered by any bonus scheme

No managers or other employees receive a bonus solely on account of individual performance such as personal sales activities. The Bank's bonus schemes are paid on the basis of performance by the Bank, branch/department and the individual employee, as well as the employee's adherence to the Bank's values.

Emoluments of the Executive Management solely comprise a fixed salary, pension and company car, and these are published in the Bank's annual report. The Executive Management is not covered by bonus schemes or other incentive programmes.

Key figures for sustainable management

Data	Unit	2020
Pay gap between the CEO and employees	Times larger	6.3
Gender diversity among directors (Executive Management and Deputy Director)	% women	0
	% men	100
Gender diversity in the Board of Directors	% women	36
	% men	64
Attendance at Board of Directors meetings	%	94
Share of employees who have completed "anti-money laundering/terrorism" certification	%	100
Change in number of reports on money laundering	%	>30



Policy

The Bank has defined a series of frameworks, rules and guidelines to ensure corporate governance:

Policy on a sound corporate culture:

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

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

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

The Bank's whistleblower scheme:

- is to ensure that employees can notify any violations of the financial legislation they become aware of in their daily work.
- enables employees to notify matters anonymously.
- sets clear guidelines as to who can gain access to whistleblower notifications.
- the Bank's Compliance Department handles whistleblower notifications.
- matters regarding the Compliance Department or the Bank's senior management are handled by an external law firm.

Other policies and committees:

- Policy on corporate social responsibility and sustainability.
- The Bank has considered and follows the majority of recommendations for corporate governance.
- The Bank follows all recommendations in the management code of conduct issued by the Danish Bankers' Association.
- The Bank's Code of Conduct defines a set of rules that must be applied by all employees when dealing with customers, suppliers and authorities.
- Policy on diversity and the under-represented gender.
- Remuneration policy.
- Nomination and Remuneration Committee.
- Audit and Risk Committee.
- Advisory Board of Representatives.



Risks

Money laundering, tax evasion and other forms of economic crime take place in all parts of society, and a basic condition for everyone in the sector is that a bank can be used for financial fraud – both on a large or small scale. This is a global risk, and we must therefore constantly be vigilant that the Bank does not contribute to business that can negatively impact the Bank's operations, reputation, business relations or result in a financial loss.

Arbejdernes Landsbank is a Danish bank that only has branches in Denmark and primarily targets customers residing in Denmark. Denmark ranks as one of the least corrupt countries in the world according to the corruption index. However, even though the risk of corruption is low, it is essential that we maintain constant focus on this area. Corruption and bribery often start on a small scale with gifts, dinners, favours among friends and small amounts, which could result in not all customers,

suppliers and cooperation partners being treated equally.

Arbejdernes Landsbank offers all types of financial services, advisory services and products. However, the Bank does not offer complex and individually designed products of a speculative nature. The Bank provides long-term personal advisory services to customers, and this gives us in-depth knowledge about our customers and their business with the Bank.

Nevertheless, money laundering, including tax evasion, takes place in all parts of society, both on a small and a large scale, and the Bank must constantly be vigilant.

The Bank only wants to establish and maintain customer relationships that we understand, and that we consider transparent and safe. Where it cannot be ruled out that a customer relationship is suspicious, notification will be sent to the authorities.

Objectives for 2021



An even stronger corporate culture

Arbejdernes Landsbank wants all employees at the Bank to have knowledge of specific and operational ways in which the individual employee can support the desired culture. Therefore, work on a sound corporate culture will be part of the Group's strategic initiatives up to 2025. This policy will be anchored through specific and operational requirements for the behaviour of managers and employees. This is crucial to safeguard Group values and to strengthen areas that pose an inappropriately high risk.

In order to strengthen implementation, work on a sound corporate culture is part of the Bank's strategic initiatives, and we ensure that new employees are familiar with the policy on a sound corporate culture. In 2021, the Bank will identify two-three action areas to strengthen the corporate culture. Follow-up on compliance with the policy will be through relevant measuring points in the Bank's well-being and management survey.



Making money laundering management more simple and transparent for customers

In 2021, the Bank will continue to work structurally to ensure compliance with Arbejdernes Landsbank's risk-based approach through risk assessment, policies, risk tolerance as well as the processes and procedures to ensure compliance. In addition, the controls will continuously be made more effective to combat money laundering and terrorist financing actively as criminals develop new methods.

The vast majority of Arbejdernes Landsbank's customers have never been involved in money laundering and/or terrorist financing, and it is crucial that customers experience simple and understandable processes, for example when having to account for how they use the Bank. As part of this, Arbejdernes Landsbank will launch a new website on money laundering and terrorist financing in 2021. The website is to increase transparency in the area for customers and society.

Objectives for 2021 (continued)



Training employees in anti-money laundering

The Bank strives for continued strong initiatives to combat money laundering, financing of terrorism and breaches of financial sanctions. As criminals constantly find new ways to launder money or finance terrorism, this requires constant upgrading of knowledge and competences in this area. In 2020, the Bank's AML Department, which is responsible for ensuring targeted training programmes for employees across the Bank, and for departments with special training needs, will raise individual employees' awareness and understanding of situations in which the Bank is at risk of being used for money laundering, financing of terrorism or breaches of financial sanctions.



Training employees in anti-corruption and business ethics

We will carry out compliance training in selected departments and branches according to a prioritised plan to increase awareness among individual employees of the Bank's social responsibility with regard to compliance, including anti-corruption and business ethics. The training will increase employees' awareness in this area and give each employee a better understanding of situations in which employees have to pay special attention. The Bank's Compliance Department is responsible for planning and carrying out the training.

Sustainable course towards 2025

A complete overview of the Bank's strategic direction as well as overall action areas and initiatives towards 2025:

Action area	Initiatives completed in 2020	Initiatives planned for 2021	Goals in 2025
Accession to UN principles	Arbejdernes Landsbank has signed the UN Global Compact, UN PRI and UN PRB.	Implement principles at the Bank.	The Bank has implemented the principles in its business and reports to the UN.
Strategy for corporate social responsibility and sustainability	Arbejdernes Landsbank has formulated an overall strategy for corporate social responsibility and sustainability towards 2025.	Continue implementation of strategy across business areas and units at the Bank.	The Bank has implemented the strategy in the core business and in other relevant units at the Bank.
Strategic goals within the Bank's primary areas of influence	Arbejdernes Landsbank has defined a number of strategic goals up to 2025 within each of the Bank's primary areas of influence.	Identify tactical and operational goals within each of the Bank's primary areas of influence.	The Bank has reached its strategic, tactical and operational objectives.
Effective governance structure	Arbejdernes Landsbank has established a Sustainability Committee anchored in senior management.	Ensure attendance and completion of meetings of the Sustainability Committee.	The Bank has ensured cohesion between decisions made in the Sustainability Committee and the Bank's commercial goal and activities.
Reporting ESG metrics	Arbejdernes Landsbank has reported ESG metrics within each of the Bank's primary areas of influence.	Further develop data reporting and maturity within the Bank's primary areas of influence.	The Bank reports on data within all the primary areas of influence.
Calculation of the Bank's total climate footprint	The Bank has reported on its climate footprint as regards internal banking.	Work on Finance Denmark's tool and commence generation of more data on the area.	The Bank reports fully on CO ₂ scope 1, scope 2 and scope 3, and has set a reduction target within each of these.
Sustainable financing	The Bank has increased its volume of climate loans and green car loans.	Increase green loan volume and examine the possibilities for CO ₂ compensation model.	Incorporate a method for measuring the climate footprint based on loans provided by the Bank in order to set a reduction target.
Sustainable capital management	The Bank's investment association <i>AL Invest Udenlandske Aktier Etisk</i> has been awarded the Nordic Ecolabel.	Increase the share of sustainable investments in the Bank's asset-management products <i>AL-LetInvest</i> , <i>AL-FormueInvest</i> and <i>AL-PuljeInvest</i> .	The Bank's objective is that all the Bank's assetmanagement products can be classified as sustainable by the end of 2025.
Sustainable deposits surplus	The Bank has mapped the possibilities to increase the share of sustainable investments.	Develop a set-up for screening investments of the deposits surplus.	Implement a sustainable strategy for the part of the Bank's deposits surplus in which conversion of investments is possible.
Sustainable internal banking	The Bank has developed a strategy for sustainable facility management and has identified specific focus areas.	Reduce the Bank's climate footprint by approx. 5% and set specific targets for the climate footprint up to 2025.	Reach the Bank's climate footprint target. Specific goal pending analysis.

Reporting principles

Report on corporate social responsibility and sustainability 2020 covers Arbejdernes Landsbank, and the majority of the ESG metrics cover the period from and including 1 January 2020 up to and including 31 December 2020. Individual figures cover the Bank's subsidiary AL Finans, including figures for green car loans. A few ESG metrics cover a staggered period, for example canteen operation and ecolabelled purchases. In our opinion, this report provides a true and fair view of the Bank's results within financial, environmental, social and corporate-governance sustainability.

In connection with the Bank's new reporting on ESG metrics, we have decided to build on elements from ESG financial and operating data and financial ratios as recommended by the CFA Society Denmark, the Institute of State Authorized Public Accountants in Denmark and Nasdaq Copenhagen with help from the Center for ESG Research. In addition, we have decided to report on a series of other key figures of strategic significance to the Bank, for example customer satisfaction.

ESG metrics and descriptions of accounting policies are anchored with the Bank's CFO, who makes sure that data is reported in accordance with the definitions, and that there is consistency how the Bank calculates its ESG data.

Key figure	Unit	Description	Calculation
Environmental data			
CO ₂ e scope 1	Tonnes of CO ₂ e	Scope 1 emissions are direct emissions from the Bank's own fuel combustion.	<p>Greenhouse gases (GHG) are calculated on the basis of each individual type of fuel – for example: CH₄ = (type of fuel used in tonnes * CH₄ conversion factor per type of fuel) per type of fuel.</p> <p>After all emissions have been calculated, they are normalised to CO₂ equivalents (CO₂e): CO₂e = CO₂ + (25*CH₄) + (298*N₂O) + (22,800*SF₆) + (GWP factor*HFC) + (GWP factor*PFC) + (17,200*NF₃).</p>
CO ₂ e scope 2	Tonnes of CO ₂ e	Scope 2 emissions are indirect emissions from the energy used to produce the electricity and district heating purchased by Arbejdernes Landsbank for the company's own consumption.	<p>Scope 2 emissions are calculated per purchased MWh of electricity and district heating – for example: CH₄ = (purchased MWh or GJ * CH₄ conversion factor per country) per country. When all emissions have been calculated, they are normalised to CO₂e: CO₂e = CO₂ + (25*CH₄) + (298*N₂O).</p>
Energy consumption	MWh	Like emissions, energy is typically calculated on the basis of fuel consumption multiplied by conversion factors. The energy consumed is based on energy from scope 1 and 2 sources as well as energy from renewable sources.	<p>Energy consumption = (type of fuel used (t) * energy factor per type of fuel) per type of fuel + (electricity used (incl. renewable energy) (MWh)) + (district heating used incl. renewable energy sources for heating (GJ/3.6)).</p>
Renewable energy share	%	How much of the total energy consumed comes from renewable sources. Sometimes this is also measured as renewable energy vs non-renewable energy, but this key figure would be impossible to calculate in cases in which all energy is from renewable sources.	<p>Renewable energy share = (Renewable energy/Energy consumption) * 100.</p>
Water consumption	m ³	The sum of all water consumed from all sources such as surface water, groundwater, rainwater or municipal water. Water consumption is calculated as gross consumption, and if the company also needed treatment of wastewater or similar, this cannot be subtracted, but can of course be reported separately.	<p>Water consumption = Sum of all water consumption – gross.</p>
Resource management	Tonnes	Extraction and processing of raw materials for pure and usable materials require energy and time, and since there is a limited amount of resources on our planet, Arbejdernes Landsbank is also working to reduce the amount of resources sent for recycling and incineration by the Bank.	<p>Resource management = Sum of all waste in metric tonnes.</p>

Key figure	Unit	Description	Calculation
Social data			
Customer satisfaction	CEM score	<p>Each year, the independent analysis institute Voxmeter carries out the customer satisfaction survey, CEM Bank Intelligence, among thousands of randomly selected Danish bank customers of the 20 largest banks in Denmark.</p> <p>The maximum CEM score is 11,000. The CEM score is an important tool to identify the weaknesses and strengths of the Bank. With regard to meeting the demands and expectations of customers, with regard to building a strong image, and with regard to communication that is received positively and with the greatest possible strength.</p>	Voxmeter's report for 2020 includes 61,966 individuals who completed 14 short questionnaires in randomised order.
Full-time workforce	FTE	<p>Calculated to be able to measure the full-time workforce required to carry out the work that has generated the financial key ratios.</p> <p>This requires both the statutory calculation of the average number of employees (FTEs) (i.e. full-time employees + compensated overtime pay + recalculated hourly paid staff) plus temporary staff recalculated to full-time equivalents.</p>	Full-time workforce = FTEs + temporary labour. This figure is applicable from 31 December 2020 and covers the Bank alone, i.e. without AL Finans.
Gender diversity among full-time employees	%	Gender diversity is calculated for both FTEs and for temporary employees – and subsequently totalled to show any gender diversity imbalanced per type of contract and for the entire workforce.	Gender diversity = ((Female FTEs + Female temporary employees)/(Full-time workforce)) * 100. This figure is calculated for the Bank alone, i.e. without AL Finans.
Gender diversity among managers	%	According to the Financial Statements Act, the Bank itself can choose what layers to include. We have chosen to include branch directors, branch managers, deputy managers, heads of department and deputy heads of department.	Gender diversity for managers = ((Female managers)/(All managers)) * 100. This figure is calculated for the Bank alone, i.e. without AL Finans.
Pay difference between genders	Times larger	Equality of pay – including bonuses, pension, etc. How many times can the female median salary be covered by the male median salary. Medians are used rather than averages in order not to distort the key figure with extremely expensive and/or extremely cheap employees.	Pay difference between genders = Median male salary/Median female salary. This figure is calculated for the Bank alone, i.e. without AL Finans.

Key figure	Unit	Description	Calculation
Social data (continued)			
Staff turnover rate	%	Staff turnover rate is calculated for employees leaving voluntarily and involuntarily. Retirements are part of the employees leaving involuntarily. This key figure only covers the Bank's FTEs.	Staff turnover rate = $((\text{FTEs leaving voluntarily} + \text{involuntarily}) / \text{FTEs}) * 100$. This figure is calculated for the Bank alone, i.e. without AL Finans.
Absenteeism due to sickness	Days/FTE	Number of full days that all bank employees are ill, and therefore are not at work compared with the total number of FTEs. Maternity/paternity leave have not been included.	Absenteeism due to sickness = $(\text{Number of sick days for all own FTEs in the period}) / (\text{Total FTEs})$. This figure is calculated for the Bank alone, i.e. without AL Finans.
Customer retention	%	Number of retained customers from one period to the next.	Retention of customers: $((\text{Number of customers at the end of the period}) - (\text{New customers that have joined the Bank in the period})) / (\text{Number of customers at the beginning of the period}) * 100$. This figure is calculated for the Bank alone, i.e. without AL Finans.
Management data			
Pay difference between the CEO and the employees	Times larger	How many times can the employees' median salary be covered by the CEO compensation as an expression of social equality. Median salary is used rather than the average in order not to distort the key figure with extremely expensive and/or extremely cheap employees.	Pay difference between the CEO and the employees = $\text{CEO compensation} / \text{Median employee salary}$.
Gender diversity in the Executive Management	%	We have included the Bank's Executive Management and deputy directors.	Gender diversity for managers = $((\text{Female managers}) / (\text{All managers})) * 100$. This figure is calculated for the Bank alone, i.e. without AL Finans.
Gender diversity in the Board of Directors	%	Gender diversity in the full Board of Directors, except politically appointed members.	Gender diversity in the Board of Directors = $((\text{Female members of the Board of Directors elected at the Annual General Meeting}) / (\text{All members of the Board of Directors elected at the Annual General Meeting})) * 100$.
Attendance at Board of Directors meetings	%	Measures the level of activity for the Bank's members of the Board of Directors	Attendance at Board of Directors meetings = $((\text{Number of Board of Directors meetings at which a member has been present}) / (\text{Number of Board of Directors meetings} * \text{Number of members of the Board of Directors})) * 100$.