

# Sustainability and social responsibility

ESG report 2022



Ringkjøbing  
Landbobank

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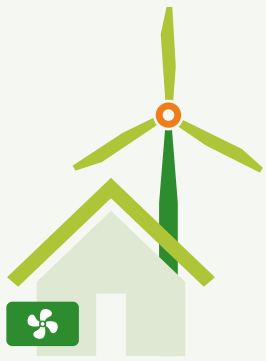
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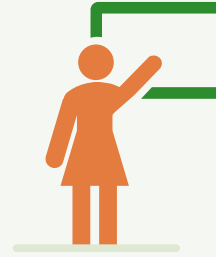
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The bank's annual report for 2022 contains a reference to the ESG report, which covers the financial reporting period 1 January to 31 December 2022. The ESG report is also the statutory statement on corporate social responsibility and prepared in accordance with the provisions of sections 135 and 135b of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc.

The ESG report also contains the information required under the Taxonomy Regulation and an extract from the bank's Communication on Progress (CoP) for 2022. The full CoP will be published on the UN Global Compact website between 1 March and 30 June 2023.

As a supplement to the annual ESG report, the bank prepares an ESG Fact Book which is available at [landbobanken.dk/en/ir\\_english/thebank/esgen](https://landbobanken.dk/en/ir_english/thebank/esgen). The ESG Fact Book presents data in a compact and clear form, beyond the scope of the ESG report, and is updated continually.

Disclaimer: This document is a translation of an original document in Danish. The original Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish wording shall be applicable.

*Photo on cover: From a repowering project for Sdr. Bork Vind K/S. Five new Vestas V162-6.2 MW wind turbines replace 19 smaller turbines that had been standing there for around 25 years. The five new turbines are expected to generate at least five times as much electricity as the 19 old ones.*

**WE SUPPORT**



Ringkjøbing Landbobank has joined the UN Global Compact and supports the Ten Principles of responsible business operation in the areas of human rights, labour, environment and anti-corruption.



# Ringkjøbing Landbobank

## ESG report 2022

John Fisker, CEO of  
Ringkjøbing Landbobank.

Ringkjøbing Landbobank is a customer-focused relationship bank which endeavours daily to act competently, responsibly and properly towards our four principal stakeholders:

- Customers
- Employees
- Society
- Shareholders

2022 was a challenging year. At the start of the year covid-19 was still in the picture. On 24 February, war broke out in Europe – something we thought was a thing of the past. Prices had already started to rise, and the price increases of energy and food in particular accelerated during the year, which meant that the inflation in Denmark, the USA and most of Europe reached a 40-year high in 2022. This forced both the European Central Bank and the US Federal Reserve to raise interest rates at an unheard-of speed and Danmarks Nationalbank followed suit. This of course impacted on the bank's deposit and lending rates.

In times of challenge it is important to have a solid bank which is ready to back up its customers when they need it:

- In May, the rating agency Moody's upgraded Ringkjøbing Landbobank's Long Term Issuer Rating to Aa3 with stable outlook. This reflects that the bank is judged to have an earning capacity and credit profile which indicate that the bank will continue to meet current macroeconomic challenges. The bank's Long Term Bank Deposit Rating was already Aa3 with stable outlook. No other Danish bank has a better rating at Moody's
- In June Ringkjøbing Landbobank was awarded the accolade Bank of the Year among large and medium-sized banks for the seventh consecutive year. The prize is awarded by FinansWatch and EY





- Finally, for the second consecutive year, Ringkjøbing Landbobank had the best image of banks in Denmark in the Voxmeter survey in September. The Nordjyske Bank brand advanced one place and is now number three in the survey

Ringkjøbing Landbobank thus has the strength to support both individuals and businesses in challenging times.

The bank also made progress in the area of ESG. In July, MSCI upgraded the bank's rating from BBB to A.

## Customers

In Ringkjøbing Landbobank we continue to focus closely on implementing the Forum for Sustainable Finance's recommendations on how the financial sector can accelerate the sustainable transition of the economy. This applies especially in the area of investments and loans. For the second time, we publish portfolio-level carbon emissions from portfolio management schemes, including pooled schemes and the bank's own securities portfolio, in this report, and for the first time we publish portfolio-level carbon emissions from the bank's loans. Both statements were made at 31 December 2022.

Strong drivers of the bank's green transition work are the business opportunities deriving from this work despite increasing competition. Since 1995, we have successfully cultivated niches that fit well into the green agenda. The distinctive feature of a niche in Ringkjøbing Landbobank is that we have studied the area in detail. This enables us to show responsiveness, integrity and expertise in our advice. Initially we financed wind turbines, which have ever since been an important business area for the bank and account for a handsome part of our total loans. Later we built expertise in and financed solar cell and biogas plants. This includes financing green utilisation of the rather large carbon dioxide emissions which have so far been associated with biogas production. This solution will increase the production of biogas by 60% with the same input of biomass.

We also provide loans for personal customers' energy efficiency improvement of housing and purchases of sustainable vehicles. Sustainability is increasingly becoming a part of our advice to personal customers, where we place a strong emphasis on improvement of energy efficiency. Not least in our home ownership advice and other contact with our customers, we are aware that the high energy prices make many projects profitable that were perhaps too expensive to carry out earlier.

Another significant niche for the bank is private banking, which was strengthened significantly in the Copenhagen area in particular when we entered into a strategic partnership with SEB in spring 2022. Ringkjøbing Landbobank took over the relationships with SEB's Danish private banking clients, who thereby gained access to a wider product range including mortgage credit, pension products and everything else that serves the day-to-day banking needs of personal customers. At the same time, Ringkjøbing Landbobank's private banking clients got access to an extensive range of research, analyses, new investment opportunities, international financing and, not least, a large global network in SEB, which is today present in more than 20 countries.

In the area of investments, Ringkjøbing Landbobank works closely with BankInvest, of which we own 21%. BankInvest has a total of DKK 127 billion under management. BankInvest has joined the Net Zero Asset Managers initiative, under which asset managers commit to working towards neutralising greenhouse gas emissions from the companies invested in by 2050. This will be of great importance to BankInvest's work with sustainable investments in future.

**Ringkjøbing Landbobank sees a great need for promoting the sustainable transition in businesses with a large environmental footprint and we want to help finance this.**

The bank thus does not want to invest in and provide financing only to those businesses that emit least carbon.

## Employees

Once again, the bank is pleased with a very satisfactory employee survey. The survey comprises 20 questions and all answers showed increased satisfaction, even though the level was also high in 2021. The employees are asked to express their satisfaction on a scale from 1 to 10, where 1 is "I fully disagree" and 10 is "I fully agree".

**For example, we ask our employees every year to consider the statement "I thrive in the bank". Here, the average answer increased from 8 to 8.7. The good results were achieved even though covid-19 was hardly over when we conducted the survey in the spring. On top of that we were really busy in the bank at the time.**

As a bank we experience constantly shifting needs and requirements for our advice. It is wise, therefore, that one of the Forum for Sustainable Finance's 20 recommendations is that we should focus on education and training in the finance sector. This has always been a high priority in Ringkjøbing Landbobank. We offer our employees education and training in our own academy and in collaboration with Aalborg and Aarhus Universities, Finanssektorens Uddannelsescenter (the Financial Sector's Training Centre) and local business academies. In 2022, we placed extra emphasis on education and training in investment advice, profiling of our customers' sustainability preferences and IT awareness.

We also give several young employees an education every year. At the end of 2022, we were training 31 apprentices and trainees, whom we are pleased to offer good opportunities in their local areas. This is a necessity for the bank. It can be difficult to attract trained employees to our strong market areas in West, Central and North Jutland, which is why we have chosen to provide our own training to employees.



It is thus a great satisfaction to us that the two-year finance programme for young people with a general upper secondary education has been made permanent, strongly assisted by the Financial Services Union and the Financial Sector's Training Centre etc.

## Society

Ringkjøbing Landbobank's goal is to be carbon-neutral. We own Sæbygård Skov forest, in which the annual growth captures more carbon dioxide than the bank emits. However, carbon sequestration in forestry is only accepted in carbon accounting if the forest is certified under a UN-approved standard. We have therefore decided also to offset our CO<sub>2</sub> scope 1 and scope 2 emissions by buying climate credits, and we make an effort to reduce our own emissions as much as possible to minimise the need for offsetting through climate credits.

We have outsourced our IT development and operations to Bankdata, which in turn has outsourced the energy-hungry IT operations to JN Data. Bankdata and JN Data have entered into a long-term Power Purchase Agreement (PPA) with Better Energy, which has built a solar energy park as part of the agreement. From 2023, the bank's entire indirect electricity consumption for IT operations is thus balanced by the production of green electricity.

**As a strong local bank in West, Central and North Jutland, we are of great importance to local communities. We provide finance to personal customers' purchases of housing, vehicles etc. and to local business development and are proud to support more than 1,100 local clubs, associations, initiatives and events.**

Ringkjøbing Landbobank expends substantial resources on combating money-laundering and financing of terrorism, on data security and on preventing cyber crime. We are also one

of Denmark's top 50 taxpayers (fiscal year 2020) and contribute free of charge to society by handling a range of other imposed tasks, e.g. in tax reporting and digitalisation. From 2023 we are also required to pay a surtax to finance the so-called Arne pension although we have no responsibility for and no influence whatsoever on whether or not "Arne" is able to work until the general pensionable age. From now on we and the rest of the financial sector must pay a higher income tax rate than other private-sector businesses.

## Shareholders

Ringkjøbing Landbobank's business model must be robust and sustainable for all stakeholders. This is a precondition for generating a satisfactory return on our shareholders' investments.

## Reporting

Ringkjøbing Landbobank supports the 15 ESG key figures defined by Nasdaq Copenhagen, the Danish Finance Society and FSR – Danish Auditors to make data comparable across industries and sectors.

You will find the status of these key figures, and much more about sustainable banking operations, on the following pages. This report is Ringkjøbing Landbobank's ESG report and includes an extract of the bank's reporting on the UN Sustainable Development Goals and the Ten Principles of the UN Global Compact.

Happy reading!

John Fisker



CEO, Ringkjøbing Landbobank A/S

# Ringkjøbing Landbobank's business model

Ringkjøbing Landbobank's business model is based on the values competent, responsive and proper, on close relationships with our customers and responsible lending combined with efficient business processes.

We focus both on being a local bank in West, Central and North Jutland and on being a niche bank serving selected customer groups throughout Denmark.

The bank has a two-brand strategy with a joint logo: a flaming torch and two monograms: "Nordjyske Bank" in North Jutland and "Ringkjøbing Landbobank" in the rest of Denmark.




In accordance with our social responsibility policy, our other policies, our endorsement of the UN Global Compact and our support of the UN Sustainable Development Goals, we want to be a responsible and value-creating bank that shows social responsibility. We do this by creating good, long-term results for our shareholders and by working towards a sustainable society. In doing so we focus on customers, employees, climate and the environment, locally as well as nationally.

As a relationship bank, we see it as our responsibility to provide competent and attentive advice to personal as well as business customers – irrespective of distance. Our distance customer concept is based on close relationships maintained by video, phone and email. We strive to ensure that our distance customers experience the same attentiveness from their personal adviser as local customers, and feel the same sense of connection.



# Facts / Ringkjøbing Landbobank key statistics on 31 December 2022


**23**   
branches

  
**207,240**  
customers

  
Loans **48.3** billion

**31.1%**   
cost/income ratio

  
**50,554**  
shareholders

  
Deposits including pooled schemes **48.7** billion

  
**55.6**  
scope 1

  
**129.7**  
scope 2

  
Equity **9.3** billion

  
**641**  
full-time employees

  
Funds in custody accounts etc. **88.4** billion

  
Mortgage loans arranged **55.5** billion

# Environment

Ringkjøbing Landbobank **sees a big need** for **environmental action**.

This will continue to characterise the bank's activities. Ringkjøbing Landbobank has helped finance the Danish expansion of wind power since 1995 and today also helps finance Danish investors' purchases of wind turbines abroad. Loans for wind turbines are one of the bank's strong, nationwide niches together with loans for solar energy and biogas plants.

Ringkjøbing Landbobank has the lowest cost/income ratio in the sector, in part because optimal utilisation of only the necessary resources is part of our culture. It is natural for the bank to continually carry out profitable energy renovation projects, and the extension of the bank's head office in Ringkjøbing is more sustainable than prescribed in the otherwise strict energy requirements for new buildings.

The bank's environmental work is also based on our policies – including the social responsibility and responsible purchasing policies.

In addition, the bank supports the UN Sustainable Development Goals and has joined the UN Global Compact with its Ten Principles for responsible business operation.

In accordance with the bank's business goals and policies, the UN Global Compact's three environmental principles and Sustainable Development Goals 7, 12 and 13, the bank strives to:

- **Grant loans for production of renewable energy and for climate-friendly production**
- **Grant loans for the energy improvements of private individuals** – including energy efficiency improvement of housing and purchases of sustainable vehicles
- **Market and advise on** and contribute to developing sustainable investment products
- **Reduce our own** negative impact on the environment as far as possible – including by buying electricity from renewable energy sources
- **Increase our employees' environmental awareness**

Our social responsibility, responsible purchasing and other policies are available at [landbobanken.dk/en/ir\\_english/the-bank/policies](https://landbobanken.dk/en/ir_english/the-bank/policies)





# Environment

## Main results 2022

Carbon emissions from the bank's loans were stated for the first time at the end of 2022, when they totalled 330,432 tonnes of CO<sub>2</sub>e, equivalent to 7.39 tonnes of CO<sub>2</sub>e per DKK million lent. See more on page 10.

Emissions from the end-of-period portfolio of Ringkjøbing Landbobank's investments on its own and its customers' behalf were 58,255 tonnes of CO<sub>2</sub>e in 2022, equivalent to 3.12 tonnes of CO<sub>2</sub>e per DKK million invested. The corresponding figures for 2021 were 99,817 tonnes of CO<sub>2</sub>e, equivalent to 5.49 tonnes of CO<sub>2</sub>e per DKK million invested. See more on pages 16–17.

Ringkjøbing Landbobank sees a big need for promoting the sustainable transition in businesses which enable more sustainable production and consumption and/or are industry leaders in promoting the green transition. These businesses do not necessarily have low carbon emissions, but they need financing for their green transition to reduce their direct and indirect emissions, and the bank wants to involve itself in this. See the articles on Nature Energy on page 11 and on VM Tarm on pages 12–13.

The bank contributes to promoting sustainable investments via its partnership with BankInvest etc. BankInvest has joined the Net Zero Asset Managers initiative and thereby commits to neutralising greenhouse gas emissions from the companies

invested in by 2050. As a sub-target, BankInvest has committed to achieving a 55% reduction of carbon emissions from the portfolios by 2030. As part of this work, in spring 2023, BankInvest expects to launch new Nordic Swan Ecolabelled funds with a sustainable objective – referred to in the taxonomy as article 9 funds.

Since 2 August 2022, the bank has incorporated sustainability preferences into the statutory investment profiling of customers which already took account of risk profile and timeframe. The aim of profiling is to ensure harmony between the customer's investment needs and the investment product offered to the customer as the conclusion of advisory services.

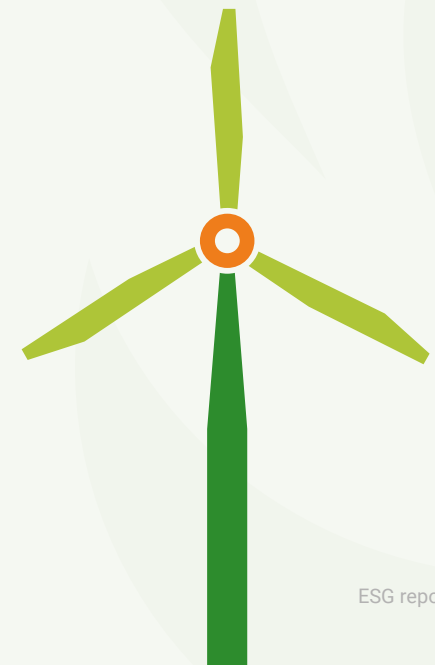
### Our own emissions

The bank's CO<sub>2</sub> scope 1 emissions were 55.6 tonnes and its CO<sub>2</sub> scope 2 emissions 129.7 tonnes in 2022. The figures for 2021 were 57.9 and 177.5 tonnes respectively. The bank only buys green electricity from wind turbines, which means that the electricity consumption contributes 0 emissions to scope 2. Carbon emissions from district heating have generally decreased. This has reduced the bank's scope 2 emissions, since district heating is its primary source of heating.

The bank's indirect carbon emissions are also at a low level because JN Data, which is a subsupplier to Bankdata and responsible for the bank's energy-hungry IT operations, bought 100% green electricity from Danish wind turbines throughout the year.

The bank's target is to be carbon-neutral (regarding scope 1 and 2 emissions), which we have been from 2020 – both by having our own forest and by buying climate credits.

For detailed environmental reporting please see pages 38–41.



# Carbon footprint from loans

In December 2019, the Forum for Sustainable Finance launched a number of recommendations to the financial sector on how to accelerate the sustainable transition of the economy.

One of the recommendations is that all banks should present an annual calculation of the financed carbon emissions and an action plan for reduction of the carbon footprint of loans, starting with the annual report for 2022 at the latest. Specifically, the Forum for Sustainable Finance recommends that banks publish:

- 1 Total carbon emissions in tonnes of CO<sub>2</sub>e (CO<sub>2</sub> equivalents)
- 2 Carbon footprint in tonnes of CO<sub>2</sub>e per DKK million lent (emission intensity)

The bank’s method of calculating carbon emissions from loans is described on page 57.

Carbon emissions from the bank’s total loans are calculated at 330,432 tonnes of CO<sub>2</sub>e, the equivalent of emission intensity of 7.39 tonnes of CO<sub>2</sub>e per DKK million lent.

Loans to business customers contributed 307,561 tonnes of CO<sub>2</sub>e or an intensity of 9.20 tonnes of CO<sub>2</sub>e per DKK million lent, which is equivalent to 93.3% of the total financed emissions. The biggest contribution is related to agriculture with just over one-third of total emissions, corresponding to an intensity of 29.9 tonnes of CO<sub>2</sub> per DKK million lent.

With an average emission of 32.6 tonnes of CO<sub>2</sub> per DKK million lent, the “Transport, hotels and restaurants” industry has the highest intensity, but loans to the industry only amount to approx. DKK 800 million, which means that the significance for the total statement of emissions is limited.

## Carbon emissions (CO<sub>2</sub>e) from the bank’s loans on 31 December 2022 for the 2022 reporting year

	Balance sheet loans, DKK million	Share of loans, %	CO <sub>2</sub> e emissions, tonnes	CO <sub>2</sub> e per DKK million lent (emission intensity)	Share of emissions, %
<b>Personal customers</b>	<b>11,280*</b>	<b>25.2</b>	<b>22,871</b>	<b>2.03</b>	<b>6.9</b>
Housing	10,250	22.9	8,259	0.81	2.5
Cars	1,030	2.3	14,612	14.19	4.4
<b>Business customers</b>	<b>33,425</b>	<b>74.8</b>	<b>307,561</b>	<b>9.20</b>	<b>93.1</b>
<b>Total</b>	<b>44,705</b>	<b>100.0</b>	<b>330,432</b>	<b>7.39</b>	<b>100.0</b>

\* In addition, the bank has provided loans totalling DKK 3,905 million to personal customers for which a purpose cannot be determined. These loans are not included in the statement.

## Action plan

The statement on this page is the bank’s first reporting of carbon emissions from loans and the bank wants to have more experience and better data before setting specific reduction targets. The bank’s goal is to work to reduce emission intensity, which the bank expects to do over time. One reason for this is that many initiatives are being launched to reduce emissions from businesses and this trend is expected to intensify, as a carbon tax is likely to be imposed on them. The bank will also continue to focus on renewable energy financing and other initiatives fostering the green transition.

In addition, rising customer demand for electric cars will reduce the emission intensity for car loans and the general transition in the supply of heating to district heating etc. will reduce the emission intensity for housing loans.

Going forward, the bank will focus on collecting individual data from business customers to replace standard data based on industry norms as the quality of individual data is obviously higher. This will make the statement more accurate over time. The possibilities of improving data collection for agriculture in particular in the very near future are judged to be good.



# 60% higher yield from the same amount of biomass

The very high gas prices have sparked innovation at Nature Energy. The greatest potential lies in better utilisation of the existing biomass. When a traditional biogas plant makes gas, two gases are produced: CO<sub>2</sub> and methane. Methane is the gas injected into the gas network and used in industry and for heating, but first, the CO<sub>2</sub> has to be separated. Until now, most plants have been emitting it into the air. This is environmentally neutral in a one-year cycle because the amount of CO<sub>2</sub> in question would have been released anyway if the biomass had decomposed naturally.

Nature Energy has worked for a long time toward utilising the excess CO<sub>2</sub>. CEO Ole Hvelplund says that they now have a plant at Korskro filling gas cylinders with CO<sub>2</sub> which is sold for food production.

- We all know the bubbles in beer and soft drinks. They are what our plant at Korskro can supply.

However, Nature Energy and energy company Anel are now investing in an entirely new plant which will utilise green electricity to convert the excess CO<sub>2</sub> into methane.

- It's called a PtX plant. It splits ordinary water into oxygen and hydrogen using electricity generated by wind turbines. Our excess CO<sub>2</sub> attaches to the hydrogen and the result is methane which can be injected directly into the gas network. In 2014, we gave ourselves 10 years to develop the solution, which we have tested successfully in the laboratory and at a test plant in Holsted. Our yield is 60% higher with the same amount of biomass, and that really makes a difference to both the green transition and lessening our dependence on Russian gas, says Ole Hvelplund.

The plant must be ready in summer 2023 and is financed by equity from Anel and Nature Energy, the Danish Green Investment Fund and Ringkjøbing Landbobank.

Ole Hvelplund,  
CEO of  
Nature Energy.



Thorsø Biogas.

## Case

## Biogas plants

# Gas consumption optimised

**Several of Denmark's other biogas plants** are busy trying to inject more gas into the grid. Jørgen Juhl Nielsen, chairman of Thorsø Biogas, says that Thorsø District Heating uses waste heat from the biogas plant.

- When it's cold, the waste heat is not enough and Thorsø District Heating therefore usually tops up by buying gas, but they bought less than usual in 2022. Earlier, they used gas to produce electricity but that's no longer worthwhile for them and they have found other solutions, which leaves us with more gas to inject into the grid.

**Other biogas plants** have switched their own heating from gas to electrically driven heat pumps, which means they also have more gas for injection into the grid.



# Action rather than certification



VM Tarm produces customised tankers.

- There are many easy-to-make improvements in industry. A number of businesses can go a long way quickly if they prioritise the effort. And it doesn't have to be expensive. There may even be savings.

So says Holger Ross Lauritsen, CEO of VM Tarm a/s and co-owner of the company with his father. And he knows what he is talking about. A couple of years ago, he sensed that the time was ripe, internally and externally, for intensifying their sustainability work. The work then started for real.

- Our priority from the start was to accomplish something. We have always wanted to run our business as unbureaucratically as possible, so we started analysing where our biggest challenges lay and then did something about them.

Holger Ross Lauritsen categorises the sustainability initiatives into three groups:

- Initiatives generating savings
- Neutral initiatives
- Initiatives involving expenses

VM Tarm has implemented a range of energy-saving initiatives in the first category. They were probably profitable all the time, but originally driven mainly by idealism. Given the current energy prices, however, the savings are DKK 1.6 million annually, giving a far better business case than expected and hoped.

Holger Ross Lauritsen stresses that the initiatives involving expenses have not made production significantly more expensive but make a difference to the employees and their surroundings.



- So far we have implemented three initiatives involving expenses:

- 1 We have improved our waste sorting and now actually have to pay for removal of some of our sorted waste that was free of charge before
- 2 We buy all our energy with green certificates
- 3 In our tankers we use an insulating material comparable to hard foam rubber. It is supplied with grooves to make it turnable and there were lots of fragments (microplastic) in the grooves. These fragments were always lying around on the site. Now we have asked our supplier to vacuum clean before delivery and that also involves a cost

Holger Ross Lauritsen says that the initiatives mean more to recruitment than to sales:

- Our customers certainly look kindly on the initiatives but so far sustainability has not been an important criterion for their choices. It probably won't be until sustainability can be used as an argument in relation to consumers, and that could be difficult because VM Tarm is so far back in the supply chain. But who knows what will happen?



Holger Ross Lauritsen, CEO of VM Tarm.

- An exception is weight optimisation. The interest in this is increasing steadily, perhaps because the sustainability agenda directly influences our customers' operating economy, and our competitors are also working with it. However, we are ahead because seven or eight years ago, we carried out a successful project on a weight-optimised tanker in partnership with the Danish Environmental Protection Agency. This included introducing a stronger steel type which allows us to use thinner plates.

Holger Ross Lauritsen does not rule out that environmental and other certifications – e.g. ISO certifications – may become necessary in the future to create a basis for comparing businesses.

- For now, we perform carbon accounting and that's not really very difficult. Here, we calculate our scope 1 and scope 2 emissions. We have also started calculating our indirect impact in the form of scope 3. That will be a bigger challenge but we have accepted it because we received a customer enquiry about it, so in this case sustainability may prove to be an important criterion for their choice after all.

VM Tarm is a customer of Ringkjøbing Landbobank and the bank is pleased that the company has taken the lead in calculating and publishing its scope 1 and scope 2 emissions.

- Starting already this year, we are required to publish emissions from our loan portfolio. They are model calculations, however, based on average figures from different industries, says department manager Jakob Jermiin Nielsen, who is responsible for this area in Ringkjøbing Landbobank.

- Only when all businesses calculate and publish exact figures, which VM Tarm is already doing now, will our reporting be accurate too, concludes Jakob Jermiin Nielsen.

## Facts:

# VM Tarm

VM Tarm currently has **almost 300 employees** engaged in manufacturing tankers for transportation of milk, beer, slurry, sludge, fish, oil/petrol, chemicals etc. The business was **established in 1962** by Holger Ross Lauritsen's grandfather and is owned today by Holger Ross Lauritsen and his father Knud Lauritsen.

All of the business's functions are **located in the town of Tarm** and its hallmark is customised solutions. This is why VM Tarm is able to compete, on domestic and export markets, with similar businesses in Spain, Germany, France and Turkey, all of which have lower wage costs than Denmark.

**The export share is approx. 50%.** The management of VM Tarm is responsible for the sustainability work, which is run by a sustainability group chaired by Holger Ross Lauritsen himself. There are no employees dedicated to this task only.

Manufacturing of  
**tankers**





Almost  
**300**  
employees



# Local ownership ensures support for new wind turbines

It took nine years to obtain the necessary permits to replace the 19 old Vestas V44-600 kW turbines in Bork Mærsk Enge near Sdr. Bork in West Jutland with five new modern Vestas V162-6.2 MW turbines. This was despite positive local support throughout.

So says Henning Ahle, who is one of the founders of the limited partnership Sdr. Bork Vind K/S:

- We held some public meetings with people here and told them about the project even before we had the permits. At least 80% of the turbine owners have roots in the local area. In addition, we had voluntarily reserved 10% of the ownership to locals in the neighbouring area, all of which was fully subscribed. We also agreed that we will pay at least DKK 100,000 every year for use by local associations. I think that people in other places can learn something from the way we encouraged involvement and co-ownership throughout the process.

Steen Andersen is also one of the founders of the company and a member of its board of directors. He says that part of the reason for the long processing time was a desire for turbine testing sites in Ringkøbing-Skjern Municipality:

- Ringkøbing-Skjern Municipality has worked hard to ensure that the turbine manufacturers have sites for testing large new turbines. This meant that we stepped back a little in the queue, pending administrative processing of other turbine projects, including near Stauning Airport.

The five new wind turbines will contribute significantly to the green transition. Just over five times more electricity will be generated than from the 19 old turbines.

The old turbines were designed with expected lives of 20 years but have been working without any problems since 1997-98. They have been disassembled carefully and can either be installed on other sites or used as spare parts.

- Six of the turbines have already been re-installed in Northern Ireland and three have gone to Spain, where they are expected to function for an additional 20 years. And the old concrete foundations have been recycled in the area's new roads, says Steen Andersen.

The good experience with the old turbines creates optimism for the new ones. Their expected lifetimes are at least 30 years and a 25-year service contract has been entered into. The turbines were delivered by Vestas and several parts were manufactured locally in Ringkøbing. The remaining parts come from various Vestas factories in Belgium, Turkey, Spain etc.

The construction budget for the total project was more than DKK 350 million, with just over half relating to the actual turbines. The rest went in particular to putting infrastructure in place.

- The old turbines had to be dismantled from the concrete, the existing transformers removed, a new shared transformer station established, a 20 kV grid in the area between the turbines and the transformer station and a 60 kV high voltage line almost 6 km long had to be built to the town of Nørre Nebel, where the electricity is delivered, and fibre-optic connections for communication between the turbines and to the surrounding world had to be made, says Steen Andersen. He continues:

- It was also necessary to reinforce the existing roads and we had to build new roads and remove some of the existing ones between the old turbines. On top of that we had to renovate and partly rebuild a bridge that would bring the heavy goods consignments out here. We believe the new bridge can benefit many others too for the next 50 years.

The cable work was carried out by local contractors and the concrete was also produced locally, says Henning Ahle.

- Firms from Dejbjerg and Stauning were in charge of a lot of the heavy construction work and the concrete was mixed in Varde and Skjern.

Financing is also local. The majority comes from Ringkøbing Landbobank.

- We are in Ringkøbing-Skjern Municipality, remember, and we have a lot of wind turbines here. Ringkøbing Landbobank finances many wind turbines both here and in the rest of Denmark, and in other countries too, for that matter. Many of us were or became customers of the bank when we first bought wind turbines 25 years ago, so it has played its part from the early start and financed most of us. Ringkøbing Landbobank has extensive know-how and their wind turbine department is so big and so close to the credit department that they made all decisions on financing and guarantees in just a few days. They were also willing to proceed before the last permits were completely in place. It was helpful that they were firm in their support in that way, concludes Henning Ahle.



Steen Andersen (left) and Henning Ahle.

## Facts:

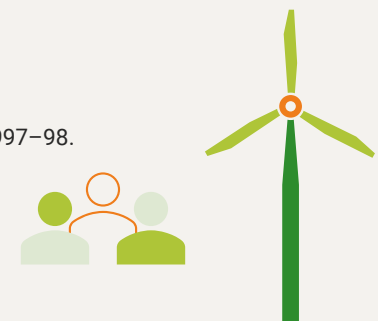
### Sdr. Bork Vind K/S

The wind farm comprises five Vestas V162 – 6.2 MW turbines, which replaced 19 Vestas V44 – 600 kW turbines that had been standing there since 1997–98.

**90%** of the limited partnership is owned by **22 shareholders**, of whom the great majority are locals.

Sdr. Bork Vind K/S chose to offer **10%** of all shares to **locals in the neighbouring area**. This was a success as all shares were fully subscribed.

The **five new turbines** are expected to generate **more than five times as much electricity** as the 19 old ones.



# Carbon footprint from investments

In December 2019, the Forum for Sustainable Finance launched a number of recommendations to the financial sector on how to accelerate the sustainable transition of the economy.

One of the recommendations is that all banks should present an annual action plan for reduction of the carbon footprint of investment products when presenting the annual report, starting with the report for 2021 at the latest.

This action plan is Ringkjøbing Landbobank's response to the recommendation and the bank now publishes its second statement of the carbon footprint of investment products and an action plan for reducing it.

Specifically, the Forum for Sustainable Finance recommends that banks publish:

- Total carbon emissions in tonnes of CO<sub>2</sub>e (CO<sub>2</sub> equivalents)
- Carbon footprint in tonnes of CO<sub>2</sub>e per DKK million invested (emission intensity)

## Knowledge about carbon emissions is part of investment advice

Ringkjøbing Landbobank offers attractive investment solutions adapted to the individual customer's personal timeframe, risk preferences and sustainability preferences. Now, for the second time, we quantify the carbon emissions from the investments we make on behalf of our customers and from the bank's own portfolio. This adds new insight to our investment advice and to how we invest our own portfolio, for example in relation to the investment products we recommend and use.

The data are improving as more and more businesses are calculating their carbon footprint, but data on some assets are still missing, which leaves room for improvement of the quality of emission data also for this year's report.

## Carbon emissions (CO<sub>2</sub>e) from the holding of investment products on 31 December 2022 for the 2022 reporting year

	Market value of investments, DKK million	Share of investments, %	CO <sub>2</sub> e emissions, tonnes	CO <sub>2</sub> e, tonnes per DKK million invested (emission intensity)	Share of emissions, %
Asset management	12,704	68.0	38,102	3.00	65.4
Pooled scheme	4,870	26.0	20,100	4.13	34.5
The bank's own portfolio	1,114	6.0	53	0.05	0.1
<b>Total in 2022</b>	<b>18,688</b>	<b>100.0</b>	<b>58,255</b>	<b>3.12</b>	<b>100.0</b>
Total in 2021	18,187	100.0	99,817	5.49	100.0

The bank's method of calculating carbon emissions from investments is described on page 58.



The bank's investments on behalf of customers are made through asset management products and the bank's pooled scheme etc.

Total emissions from the bank's asset management products and pooled scheme for 2022 are calculated at 58,202 tonnes of CO<sub>2</sub>e, which is equivalent to an emission intensity of 3.31 tonnes of CO<sub>2</sub>e per DKK million invested compared to 5.85 tonnes of CO<sub>2</sub>e per DKK million invested at the end of 2021. The asset management products accounted for 38,102 tonnes of the total and the pooled scheme for the remaining 20,100 tonnes.

Emissions from the bank's own portfolio are calculated at 53 tonnes of CO<sub>2</sub>e, which is equivalent to an emission intensity of 0.05 tonnes of CO<sub>2</sub>e per DKK million invested compared to 0.16 tonnes of CO<sub>2</sub>e per DKK million invested at the end of 2021. The vast majority of the bank's own portfolio is placed in bank bonds with low emissions.

Total emissions from the portfolio at the end of 2022 amounted to 58,255 tonnes of CO<sub>2</sub>e, which is equivalent to an emission intensity of 3.12 tonnes of CO<sub>2</sub>e per DKK million invested compared to 5.49 tonnes of CO<sub>2</sub>e per DKK million invested at the end of 2021. The sectors transport/shipping and materials production in particular contribute to the emissions from share investments.

Compared to the end of 2021, the total carbon footprint has been reduced by 2.37 tonnes per DKK million invested. The reduced carbon footprint results from a changed composition of assets. One example of this is that the two BankInvest funds with the highest emissions at 31 December 2021 are no longer part of the bank's asset management products. Emissions from BankInvest's funds in general have also been reduced.

The model used to calculate the carbon footprint expressed as tonnes of CO<sub>2</sub> per DKK million invested is based on the investments' current market value. The value of assets under management consequently changes with fluctuations in market prices.

## Action plan

Ringkjøbing Landbobank regards this second statement of carbon emissions from investment activities as the first of several steps towards achieving the bank's goal of reducing carbon emissions. As in 2021, we will use this year's statement as a point of departure for the continuous work of identifying possibilities of decreasing negative and increasing positive effects.

The bank focuses in particular on asset management products and the bank's pooled scheme because our investments on behalf of customers account for the vast majority of the carbon emissions.

Since August 2022, the bank's advisers have carried out the statutory sustainability profiling as part of the general profiling of investment customers. On this basis the advisers have efficiently helped the customers select investments matching the individual customer's preferences in terms of sustainability.

### Initiatives via the collaboration with BankInvest

The bank's efforts in reducing carbon emissions from our investments are primarily made in concert with BankInvest. One of several criteria for choosing BankInvest as the bank's preferred investment partner was an assessment of their ability to reduce carbon emissions from their investment products. As a signatory to the Net Zero Asset Managers initiative, BankInvest is committed to working towards neutralising greenhouse gas emissions from the companies invested in by 2050. In the short term, BankInvest commits to

reducing carbon emissions from the portfolios by 55% by 2030. Ringkjøbing Landbobank supports these targets.

When BankInvest probably launches Nordic Swan Ecolabelled funds with a sustainable objective – so-called article 9 funds – in spring 2023, the bank expects it to be even easier for customers to select investment products matching their sustainability preferences. BankInvest already offers some of the market's most sustainable funds, including Nordic Swan Ecolabelled funds for global shares, global bonds and Danish shares.

As a distributor, the bank thus has a broad portfolio of sustainable products available within global shares, global bonds and Danish shares, which means the bank already has a solid range to choose from when investing on behalf of its customers.



# Major changes in BankInvest's work with sustainable investments

2022 was a landmark year for BankInvest's work with sustainable investments. In 2021, BankInvest signed the Net Zero Asset Managers initiative, under which investment managers undertake to work towards neutralising greenhouse gas emissions from the invested companies by 2050. This became very important for the sustainability work in 2022.

As a sub-target on the path towards climate neutrality, BankInvest has committed to achieving a 55% reduction of carbon emissions from the portfolios by 2030. The target currently applies to around 43% of BankInvest's total assets, which is the proportion for which usable carbon data are available.

Since 2020, BankInvest has also offered investments in Nordic Swan Ecolabelled funds focusing on the companies' carbon emissions and with the goal of reducing the carbon footprint from investments in the fund. In spring 2023, BankInvest expects to launch new Nordic Swan Ecolabelled funds with a sustainable objective – also referred to as article 9 funds.

The new funds are expected to be Nordic Swan Ecolabelled, but the exact requirements are either still being specified or awaiting approval. Therefore, it is not yet possible to quantify how climate ambitious the new funds will be but the sustainability bar will be set higher than for any previous product from BankInvest.

Lars Bo Bertram, CEO of BankInvest.





- Our aim is to be as ambitious as the data allow us to be. With Net Zero we have set concrete carbon goals for the part of our assets for which reliable data are broadly available, says BankInvest's CEO Lars Bo Bertram. He continues:

- We invest in companies which take responsibility for the green transition from a broad perspective and that in itself is a step in the right direction. At the same time, the data are getting better and we can include more of our assets in our objectives and consequently set a higher target for reducing carbon emissions. Whether our new article 9 funds will pursue a carbon goal or other goals fostering sustainable transition, we'll know during spring 2023. But they will definitely be the most sustainable funds we have, says Lars Bo Bertram.

## Facts:

# Net Zero Asset Managers

- **The Net Zero Asset Manager initiative** has the support of 291 investment managers from all over the world, who collectively represent around half of the world's managed assets
- **Among the founders are the UN PRI** (the UN-backed principles for responsible investment) and CDP, the world's biggest collaboration on emissions measurement. BankInvest is a member of both
- **Via the Net Zero Asset Managers initiative** and in line with the Paris agreement, BankInvest has committed to both achieving a 55% reduction of carbon emissions from the portfolios by 2030 and to neutralising carbon emissions from the investments by 2050 or sooner. The target applies to that part of BankInvest's total assets, for which usable carbon data are available, i.e. at the moment around 43% of total assets

## BankInvest Focus on its own ESG efforts

Concurrently with phasing out the carbon credits, BankInvest has chosen to dedicate more resources to its own ESG efforts:

- **Strengthening BankInvest's ESG department** which has grown from 1 to 5 employees. This includes a new head of ESG and extra resources in the form of ESG specialists in shares and bonds
- **Taking part in more international investor partnerships** to strengthen BankInvest's ESG work
- **Developing e-learning modules** focusing on sustainable legislation and investment in collaboration with the Financial Sector's Training Centre
- **Product development and adaptation** – most recently on the implementation of MiFID II ESG and its requirement for screening of customers' sustainability preferences from 2 August 2022
- **Implementing and meeting** the concrete climate goals of Net Zero Asset Managers
- **Actively participate in Finance Denmark's** working groups on sustainable legislation, carbon calculation methods and targets
- **Collecting and processing data** for use in ESG reporting and services provided to partners

# Sustainable footprint

BankInvest publishes a quarterly sustainable footprint for 41 out of 48 public funds. The data are provided by MSCI ESG, which analyses enterprises based on their approach to responsibility: A sustainability impact report is made for all funds for which MSCI ESG has data for at least 65% of its assets.

The sustainable footprint measures the sustainability of the individual funds in terms of carbon emission, ESG score and contribution to meeting the UN Sustainable Development Goals. The impact report is designed as a two-page summary of each fund and can be found at [bankinvest.com](http://bankinvest.com)

At the end of 2022, 90.6% of the capital invested in investment fund certificates in the bank's pooled and asset management schemes was placed in BankInvest funds with a sustainable footprint, compared to 64.5% at the end of 2019.

Page 1 of a sustainable footprint.



# Profiling of investment customers' sustainability preferences is on track

Since 2 August 2022, asking customers about their preferences in terms of sustainability has been a mandatory part of profiling them before any investment advice may be given. The customers were already profiled in terms of risk and timeframe.

Sustainability preferences are now an added layer in the form of two questions:

- 1 How important is sustainability to your financial choices?
- 2 How much do you want your investment to focus on solving climate challenges?

- Ringkjøbing Landbobank finds that the tool and the dialogue sparked by these questions are well received by our customers, says Sten Erlandsen, finance manager at Ringkjøbing Landbobank. He continues:

- The outcome of identifying customers' sustainability preferences is that they can have a low, medium or high preference for sustainability. To meet the need for investing sustainably, Ringkjøbing Landbobank offers several solutions classified as article 8 under its asset management product FormuePleje and pooled scheme Puljeinvestering Bankvalg. These products promote environmental characteristics.

In addition, the bank now has access to actual article 9 products via its partnership with SEB and, in spring 2023, BankInvest is also expected to offer article 9 products. Preparing an investment profile of the customer which takes into account risk, timeframe and sustainability preferences ensures harmony between the customer's investment needs and the investment product offered to the customer as the conclusion of advisory services.

## Facts:

### Articles 6, 8 and 9

Ringkjøbing Landbobank primarily distributes investment products from BankInvest, which classifies its funds in accordance with the Disclosure Regulation:

- **Article 6 funds**  
are financial products with no particular environmental or social characteristics
- **Article 8 funds**  
promote environmental and social characteristics and integrate them into the investment decision
- **Article 9 funds**  
have a sustainable investment objective

With the expected launch of the new article 9 funds during spring 2023, BankInvest will have article 8 and 9 funds only.

Sten Erlandsen,  
finance manager at Ringkjøbing Landbobank.





## Climate-friendly annuity via Letpension is more than wind turbines and solar energy

Ringkjøbing Landbobank is one of the banks which, via Letpension, arranges annuity pension and insurance cover of illness and death for its personal customers. The pension company PFA supplies the pension and insurance products and is also responsible for investing the savings.

Since 2021, customers of Ringkjøbing Landbobank have had the option of investing part of their annuity savings in a particularly climate-friendly product – without modifying their investment profile and risk level.

- Pension companies play an important role in nudging society and businesses in a more climate-friendly direction and, via PFA and the particularly climate-friendly investment product Klima, Letpension contributes to the green transition by following several different paths to the goal, says Letpension's CEO Lars Stouge.

Climate-friendly investments may be wind turbines and solar energy, but industries with a large footprint have great potential for reducing their climate footprint by investing in low-carbon emitting technologies. That is why PFA invests in Solution leaders, Transition leaders and Carbon leaders in the particularly climate-friendly investment product Klima:

- **Solution leaders:**  
Companies producing products and solutions enabling consumers and businesses to consume and produce in greener ways
- **Transition leaders:**  
Companies that are industry leaders in promoting the green transition
- **Carbon leaders:**  
Companies with a low carbon footprint relative to their revenue, typically tech and finance businesses

According to Lars Stouge, the ambition for the particularly climate-friendly product Klima is to achieve carbon neutrality by 2025 and carbon negativity by 2030.

- The easiest way for PFA to achieve the carbon targets for the product would be to invest in Carbon leaders only. However, to help foster the green transition in all phases and industries, PFA also invests in Solution leaders and Transition leaders.

Lars Stouge, CEO of Letpension.



# Sustainable furniture in a sustainable building



Karsten N. Rasmussen, CEO of Design Solutions  
and Mette Haubjerg, IT manager of Ringkjøbing Landbobank.

Toward the end of 2022, almost 100 employees moved into a newly built extension of the bank's head office in Ringkjøbing. The building naturally meets the strict energy requirements applicable to new buildings. In addition, the bank decided not to have any north-facing windows which can cause a large loss of heat, and on the south side protection from sunlight has been installed to reduce the need for air-conditioning.

The furniture provided in the premises is among the most sustainable on the market. All furniture was supplied by the local firm Design Solutions. The firm's CEO, Karsten N. Rasmussen, says that the firm's task of supplying furniture to Naturkraft five years ago has given the business a head start on the market.

- The requirement then was that the furniture must be 100% sustainable but there was only one chair and one lamp on the market and I think people laughed a little at us. They don't any more. Now, most customers demand sustainable furniture and some even ask to have it delivered without packaging.

- We quickly agreed with Karsten from Design Solutions that the time was ripe for sustainable choices and we were very pleased with the good range of sustainable furniture to choose from, says Mette Haubjerg, who is Ringkjøbing Landbobank's IT manager and responsible for its buildings.

The conference chair Mood from Randers+Radius was chosen for the bank's new extension. It is made of 100% recycled plastic and upholstered with sustainable fabric from Gabriel.

The desks and conference tables are of certified MDF boards, which are made from compressed wood chips, and the soft seating is oak fully upholstered with a sustainable fabric – also from Gabriel. All frames are black and powder coated, which is a more sustainable option than the usual aluminium coating.

## Totalkredit

# Many customers have replaced gas and oil burners and more will follow

Many of the bank's customers benefited from Totalkredit's DKK 10,000 grant to its customers for replacing their gas or oil burner by a heat pump in 2022. Totalkredit is Ringkjøbing Landbobank's partner when a customer needs a mortgage loan, but borrowing money for the replacement was not a condition for receiving the grant.

The scheme continues for the time being. During 2023, Totalkredit will decide whether the scheme should continue as a supplement to or as a replacement for the "pension off your burner" partnership between the former government and Finance Denmark.

The partnership is aimed at home owners to whom district heating is not available and offers favourable terms for replacing oil and gas burners with a green heating source – e.g. a heat pump – to lessen our dependence on Russian gas and oil as quickly as possible. The government waives registration fees for new loans and Finance Denmark's members contribute cheap loans and waive their set-up fees.

In addition to reducing dependence on Russian gas and oil, the replacement of oil and gas burners also makes a good contribution to the green transition. The average carbon dioxide saving by switching to a heat pump is 66%.





# Charging points for electric cars

Many Danes are concerned about the range of electric cars. This is highlighted by a survey conducted for the energy company AURA by the Danish research institute Megafon in November 2022. The concern is also whether enough charging points will be available when you reach your destination – a concern that may be justified, for example in the centre of older, Danish provincial towns.

In Ringkøbing, Ringkøbing Landbobank has shared in the responsibility for improving the infrastructure for electric cars. Since June 2022, electric car users have been able to charge their cars at the bank's car park in the town centre. Here, the bank has installed six charging points, naturally with the motive that more and more customers and employees are going to drive electric cars, but the charging points are for everyone to use.



Sten Erlandsen, finance manager at Ringkøbing Landbobank.

## Ringkøbing Landbobank Ready to issue green bonds

In August 2022, Ringkøbing Landbobank published a green bond programme called the Green Bond Framework. The research business Sustainalytics has issued a second-party opinion as security that the programme complies with the required Green Bond Principles. The programme enables Ringkøbing Landbobank to issue green bonds under the EMTN bond programme already listed by the bank on the stock exchange Euronext Dublin in Ireland.

The proceeds from green bonds must be used to finance renewable energy, sustainable buildings, sustainable vehicles and/or sustainable utilisation of natural resources, i.e. organic farming, sustainable fisheries and sustainable forestry. The bank's financing of sustainable objectives must always exceed the proceeds from the green bonds – however, the proceeds may be placed in cash and green bonds if, for a short time, the proceeds are greater than the bank's financing of approved purposes.

Ringkøbing Landbobank's department manager Jakob Jermiin Nielsen and chief of staff Lars Hindø were responsible for preparing the green bond programme. They agree that it is natural for the bank to offer green bonds.

- Ringkøbing Landbobank has provided considerable loans for financing wind turbines, solar energy plants and biogas plants in particular which meet the financing objectives for the bonds and we look forward to offering investors the opportunity to invest in our green bonds, says Jakob Jermiin Nielsen.

Ringkøbing Landbobank is ready to issue the first green bonds as soon as the need arises. Once the first bonds have been issued, the bank is obliged to publish annually how the proceeds were used and the estimated effect of this use.

## Ringkøbing Landbobank The bank's ESG rating upgraded

In 2022, MSCI upgraded the bank's ESG rating from BBB to A, which is the third highest on MSCI's 7-point rating scale. MSCI is one of the world's largest and most used ESG rating agencies and the rating expresses a range of environmental, social and governance aspects.

- We are pleased that our rating has been upgraded and take it as an acknowledgement of our work on various ESG aspects based on our core values competent, responsive and, in particular, proper. Because basically, ESG is very much about proper behaviour, says chief of staff Lars Hindø.

Impressive almost 80-metre Vestas turbine blades owned by Sdr. Bork Vind K/S and ready for installation in Bork Mærsk Enge in West Jutland. See the article on Sdr. Bork Vind K/S on pages 14–15.

Almost  
**80-metre**  
turbine blades





# Indirect energy consumption gets greener

Ringkjøbing Landbobank's indirect energy consumption primarily results from IT development and operations being outsourced to Bankdata, which in turn has outsourced the energy-hungry IT operations to JN Data.

- Since 2021, we have bought green electricity in the form of wind certificates covering the entire consumption, says CEO of Bankdata Esben Kolind Lastrup.

- But in August 2021, Bankdata and JN Data decided to enter into an overall Power Purchase Agreement (PPA) with the energy company Better Energy, and as part of the agreement, Better Energy has built a solar energy park. The agreement entered into force on 1 January 2023, after which our entire energy consumption will be balanced by production of green energy from the solar energy park. We entered into the agreement for climate reasons but the subsequent development in energy prices means that it was also a sound decision financially.

Even though the energy consumption is covered 100% by production of green electricity, JN Data continues to generate waste heat and this heat is still sent into Silkeborg Forsyning's district heating network, where it meets the annual heating requirements of 4-500 households.

Esben Kolind Lastrup,  
CEO of Bankdata.



## Bankdata

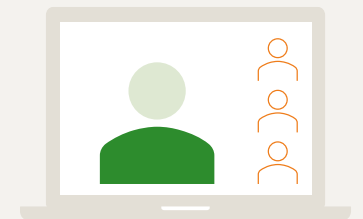
### Other initiatives in 2022

- 1 Bankdata provides charging points for its employees' electric cars. However, the employees are buying electric cars at such a rate that the charging points can hardly keep up and additional points will therefore be established in 2023
- 2 A range of minor initiatives like replacing disposable tableware with reusable products, reducing food waste, sorting and gasification of food waste and meatless days in the canteen have been implemented or agreed
- 3 The number of digital meetings is now at a new level which is higher than before covid-19 but lower than during the lockdowns

- Driving to internal meetings at our locations in Fredericia, Aarhus and Silkeborg has been reduced in favour of digital meetings. Employees still work from home when a task requires concentration. But when we need to talk, we meet, and that's also what the employees want. Because there's also a dimension of sustainability in enjoying being at the workplace with your colleagues, concludes Esben Kolind Lastrup.

## Reduction

of driving to internal meetings



# Social aspects

Ringkjøbing Landbobank and Nordjyske Bank are **important players** in the local communities, **we serve.**

The bank takes pride in making a positive contribution to the development of Denmark and Danish society. We now have customers throughout Denmark but we are also a local bank with deep roots and a special responsibility in West, Central and North Jutland. We have always been conscious of our significance here and are proud that our support helps maintain activities in more than 1,100 clubs, associations, initiatives and events.

It is part of the bank's DNA to finance investments in local business development and private individuals' purchases of homes, cars etc., and we generate a substantial number of knowledge-based jobs in our local areas.

As one of Denmark's top 50 taxpayers (fiscal year 2020), the bank also contributes considerably to our common national economy.

The bank supports the Danish model of cooperation between employer and employee. The bank thus complies with the standard collective agreement between the Danish Employers' Association for the Financial Sector and Financial Services Union Denmark. The bank and the Financial Services Union have entered into a local workplace agreement, and we look forward to both agreements being renewed during 2023.

Ringkjøbing Landbobank's work in the social area is also based on our policies – including the social responsibility policy, code of conduct, policy for a sound corporate culture and tax policy.

In addition, the bank supports the UN Sustainable Development Goals and has joined the UN Global Compact with its Ten Principles for responsible business operation.

In accordance with the bank's tradition of contributing to local community and development, with our policies, the UN Global Compact's four principles regarding labour and Sustainable Development Goals 3, 4, 8 and 11, the bank' strives to:

- **Respect and comply with employee rights**
- **Ensure good health and continued wellbeing at the workplace**
- **Offer our employees quality education if desired and needed**
- **Make our expertise in financial matters available to the surrounding community**
- **Contribute positively to the continued development of society – at local and national levels**

Our social responsibility policy, code of conduct, policy for a sound corporate culture, tax policy and other policies are available at [landbobanken.dk/en/ir\\_english/thebank/policies](https://landbobanken.dk/en/ir_english/thebank/policies)





# Social aspects

## Main results 2022

It is of key importance for the bank's strategy that financial advisers should be able to advise on all aspects of the customer's finances. It creates an overview for both the customer and the adviser, but it requires the advisers to have a broad range of competences when advising on home ownership, pensions and investments. The bank, therefore, has no actual training budget, but allocates funds for training when necessary. More details on page 30–31.

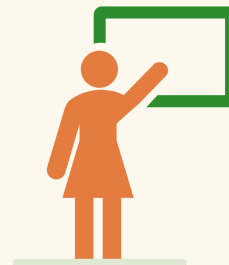
For many years it has been the bank's strategy to employ a number of apprentices, interns and trainees, as we want to ensure our basis for recruitment by educating our own future employees. We are therefore very pleased that the financial education for young people with a general upper secondary education was rescued in the autumn of 2022. More details on page 31.

In the bank's experience, it is not necessarily those who write the best job applications and handle themselves well in an interview who make the best potential employees. Therefore, in 2022, the bank started to offer free job applicant and interview training. The applicant training is available for anyone – the interview training is offered whenever a potential employee is invited to a job interview at the bank. More details on page 29.

The bank employed 641.1 FTEs in 2022, compared to 618.8 FTEs at the end of in 2021. Overall, gender distribution was even. Staff turnover rate was stable at 10.4% compared to 10.5% in 2021.

The employees state that they are thriving at the bank. In the annual staff survey the statement "I thrive in the bank" had an average rating of 8.7 on a scale from 1 to 10 where 1 is "I fully disagree" and 10 is "I fully agree". In 2021, the figure was 8.0, and in 2020 it was 7.9. More details on page 28.

For a detailed report on social issues please see pages 42–47.



# High activity and well-being go together

Every year, the bank’s managers have in-depth interviews with each employee to discuss all aspects that concern the employee’s daily life. This is when the employee and manager look back on the past year, but also forward to the new objectives and tasks in the time to come.

As an important input to the interview the employee completes in advance a questionnaire that deals with “Collaboration and Well-being”. The answers are used in a constructive dialogue between the manager and employee – and also form the basis for a measurement of well-being in the departments and in the whole bank.

Ringkjøbing Landbobank’s employee survey takes place in the spring, and the spring of 2022 was particularly busy for the bank, says deputy manager Mogens Olesen.

- We still had the after-effects of covid-19, and everywhere in the bank there was a very high level of activity: for example, many customers were eager to find out if they could re-mortgage.

Despite this, the responses to all 20 questions in the annual survey were more positive than the previous year. Take, for example, the central statement: “I thrive in the bank”. This average rose from a previously good level of 8.0 out of 10 to 8.7, which in plain English counts as: ‘Good job!’

- The bank changed the employee survey supplier in 2021. At the same time, the scale was fine-tuned. We have changed from a 5-point scale to 10, but the questions remain the same as before. And we have asked the external supplier to adjust the previous years’ results, so that the basis for comparison is in order, says Mogens Olesen.

- It’s good news for the bank that the latest Voxmeter survey of the bank’s reputation among banking customers in Denmark shows the Ringkjøbing Landbobank brand commendably in first place, with the Nordjyske Bank brand in third place. So we can safely conclude that customer satisfaction, high activity and employee well-being go hand in hand, says Mogens Olesen.

## I thrive in the bank

Average on a scale from 1 to 10

1 = fully disagree

10 = fully agree



Mogens Olesen,  
deputy manager of  
Ringkjøbing Landbobank.

# Offer of job applicant and interview training

In 2022 Ringkjøbing Landbobank has used both well-known and new methods to grab the attention of potential employees.

One of the better-known techniques uses seven videos in which various employees are asked what it is like to work in the bank. The employees did not know in advance what questions they would be asked, so the answers are as authentic as possible. The videos are available at [landbobanken.dk/banken/karriere/arbejdsplads](http://landbobanken.dk/banken/karriere/arbejdsplads)

**As something completely new, the bank offers free job applicant and interview training, and the applicant training is not limited to those who are already interested in working at Ringkjøbing Landbobank. As Berit Nørskou Pedersen, Head of HR at the bank, says:**

- In our careers portal we have given everybody access to free applicant training. You just click on a link to receive the digital training materials from an external collaboration partner – you are anonymous as far as the bank is concerned and all the data are deleted after 28 days. We do this because we would like to get hold of the best employees, who are not necessarily those who are good at writing job applications. It takes half an hour to complete the training and we hope that the material is also used by applicants who aren't currently interested in working for us.

The initiative is new, but the bank can already see that the number of users is increasing, and quite a number of good job applications have resulted from the training materials. In the same way, an applicant who is invited to an interview is provided with interview training. The interview training is not open to the public.

Berit Nørskou Pedersen says that the bank is also doing a lot locally to improve its visibility and create interest in the bank as a place of work:

- At the end of 2022, we were training 31 apprentices and trainees, but we also bring in a number of interns as a part of their education. We get them primarily from the business academies in our local areas. We accept approx. 10 interns per year, and they are roughly equally divided between Finance Economists and Bachelors of Finance. It is no secret that we are very selective, since we would like to offer as many of them as possible a trainee placement when they have completed their education. But the internship with us is first and foremost a stage in their business academy education.

The bank is often to be seen with a display and sometimes, a presentation at various careers exhibitions. The bank's door is also open to upper secondary school pupils and possibly those from the 10th grade who want to know about the bank's work. In the same vein, Ringkjøbing Landbobank offers to teach pupils in the 9th and 10th grades how to plan a budget. Finally, the bank's employees teach 20 students following the Economics and Finances curriculum at the Higher Commercial Examination College Ringkjøbing (UCRS) 7-8 times a year, of which three lectures are held at the bank.

**Free of charge**  
online  
applicant training



Berit Nørskou Pedersen,  
head of HR at  
Ringkjøbing Landbobank.



# Comprehensive advice and safe conduct requires a lot of education

Ringkjøbing Landbobank has chosen to offer its customers comprehensive advice. This means that the bank's advisers must be able to give advice on home ownership, pensions and investment. There is an advantage for the customer in having an adviser who knows the customer's economic situation in detail, and it is an advantage for the adviser who has a good overview of the customer's finances. But it requires a lot of education. This is what Mogens Olesen, deputy manager of Ringkjøbing Landbobank, believes.

- We are experiencing increasing – and different – demands of our employees in many areas. Therefore, we have chosen not to set a limit to our education budget. At Ringkjøbing Landbobank, we provide whatever education is necessary to give an employee the abilities to do his job competently. The initiative for the education may come from several sources: the bank, the employee's manager or the employee. In many cases it is a combination, as the employee and manager agree to define together what education is needed as part of the annual employee interview.

The legally required certifications are part of the education. The certifications are documentation to prove that the advisers have the necessary knowledge of the products and are competent to advise on the customers' finances. If an employee does not attain certification at the first attempt, the bank follows up with remedial education.

## The bank's employees have achieved the following certifications:

Area	Target group	Completed*
Home ownership advice (Mortgage Credit Directive)	All personal, business and private banking advisers as well as credit and product services staff	<b>98.6%</b>
Investment advice regarding simple investment products (those products which were previously called yellow and green) – including e-learning about market abuse	All personal, business, private banking and investment advisers	<b>100.0%</b>
Investment advice regarding complex investment products (those products which were previously called red)	All investment and currency advisers	<b>100.0%</b>
Sustainability in the financial sector	All personal, business, private banking and investment advisers	<b>99.5%</b>
IDD (Insurance Distribution Directive)	All personal, business, private banking and pensions advisers, employees in Customer Services and Hotline as well as other employees who provide independent insurance in connection with MasterCard.	<b>99.8%</b>

\*Completion percentage as of 1 December 2022 among employees in the target group.

In another large part of their education, employees are trained in IT awareness and appropriate conduct to prevent money laundering, data abuse and cyber crime.

- Ringkjøbing Landbobank has a keen focus on preventing abuse of data and crime against customers, employees and the bank, says deputy manager Mogens Olesen. He continues:

For instance, it is necessary for the bank's employees to be very aware of the pitfalls that exist in the digital world, while it is the bank's task to create the framework for good conduct. Therefore, we collaborate with an external firm every other month, with on-line education and training of all the bank's employees on a specific topic, and we also carry out quarterly in-house tests to check that our on-line conduct matches our expectations.



**In the area of conduct and awareness the bank's employees have completed the following training and educations:**

Area	Target group	Completed*
Code of conduct	All employees	99.9%
Awareness training regarding market abuse	All investment advisers	97.5%
E-learning regarding market abuse	All back office employees plus other selected employees	100.0%
Prevention of money laundering and financing of terrorism (required by law)	All employees	100.0%
Processing of personal data	All employees	99.9%
IT awareness	All employees	97.3%

\*Completion percentage as of 1 December 2022 among employees in the target group.

## Ringkjøbing Landbobank Financial education rescued

Just before prime minister Mette Frederiksen called the general election, Ringkjøbing Landbobank received some good news. Deputy manager Mogens Olesen explains:

- Eight years' uncertainty about the financial education for young people with a general upper secondary education was brought to a close with a political agreement that retains the education in its current form. This means a lot for Ringkjøbing Landbobank and Nordjyske Bank. The majority of our employees are in West, Central and North Jutland, where it can be difficult in certain areas to recruit new staff.

Therefore, we educate many of our employees ourselves, and the financial education is an attractive offer for many young people locally.

The financial education programme for young people with a general upper secondary education was under threat of being halved from two years to one from August 2022, which would have meant students having to become competent enough to advise personal customers about such essential choices as home ownership, pensions and life insurance in just one year.

- Granted, our finance students are clever, but it's not possible to learn it all in half the time. Therefore, we would have had to look at other solutions if the education were unable to continue as it is, says Mogens Olesen.

The minimum precondition for embarking on a financial education at the bank is the upper secondary school leaving certificate, after which the bank educates the finance student up to bachelor level. Besides these, the bank employs finance economists and bachelors of finance, who are taken on as trainees.

With its own education academy – combined with business academies and universities – the bank thus has a relatively large number of young employees in education. At the end of 2022, this figure was 18 finance students and 13 trainees. Ringkjøbing Landbobank / Nordjyske Bank is one of the largest employers of finance students in the financial sector.





**More than 1,100** associations, clubs and other communities **are supported by** Ringkjøbing Landbobank and Nordjyske Bank





# Ringkjøbing Landbobank and Nordjyske Bank support local enthusiasts

We are proud to help and support communities, good ideas and the many people who make a difference to others every day through voluntary work.



## Three winners of Nordjyske Bank's Associations Award 2022

Activity took off when the North Jutlanders nominated local associations for Nordjyske Bank's Associations Award. In 2022, 99 different associations were nominated and competition for the votes was intense. The judges found the three winners among the many nominated associations. They chose Jerup Civic Association, Stenhuset Bowling Club and Solhjem Activity Hall in Bjergby-Mygdal.



## Entrepreneur of the Year and Entrepreneurship Challenge in Ringkjøbing-Skjern Municipality

Small, aspiring businesses and those which have made a good start. No matter what the level of the business, many deserve a pat on the back and a little additional good fortune. This is why Ringkjøbing Landbobank sponsors two events celebrating the entrepreneurial environment in Ringkjøbing-Skjern Municipality. Ringkjøbing-Skjern Business Council elects the Entrepreneur of the Year and holds the Entrepreneurship Challenge. In March 2022, Twenty Twenty Coffee won the Entrepreneur of the Year prize. In November 2022, Bjarne Brixen from EasyGain won the Entrepreneurship Challenge.



## North Jutlanders of the year

With gold confetti raining down on them, the Bangsbo Freja U17 boys won the award of North Jutlanders of the Year in October 2022. The team's 30 football players had collected DKK 800,000 for children having a difficult time. In addition to the boys, there were four other nominees: Michael Christophersen, Knut Arild Gulbrandsen, Kim Kolditz and Anette Rolighed Nielsen. Nordjyske Bank sponsors the DKK 50,000 award.



## Six winners of Association of the Year 2022 in West Jutland

41 nominees. 12,500 votes. Six winners. In 2022, Ringkjøbing Landbobank's associations award was presented for the second time. The prize is awarded to six different clubs and associations in West Jutland and the newspaper Dagbladet Ringkjøbing Skjern and Ringkjøbing Landbobank are behind it. An enjoyable event in the bank's premises in March celebrated the six winners: Højmark Gymnastics Association, Ulfborg Karate Club, West Jutland Gliding Club, Furniture Station Tarm, live music venue Remisen Skjern and Holmsland Parish Association.

# Governance

The bank's values **"competent, responsive and proper"** set the framework for our **governance work**.

And this is well received by people around us. The bank has more than 50,000 shareholders, 625 employees and 200,000 customers. In a Voxmeter survey, Ringkjøbing Landbobank has the sector's best reputation for the second consecutive year and Nordjyske Bank advanced one place to third place.

The bank supports justice and strong institutions by protecting customers, society and the bank itself from money laundering, data abuse and cyber crime and by working closely with the Danish authorities to ensure financial stability, create transparency and facilitate public tasks within tax reporting and digitalisation.

Combating money laundering and financing of terrorism is a task for all employees in Ringkjøbing Landbobank. They are supported by a central department, which investigates and handles unusual and/or suspicious activities or transactions – including alerts from the employees.

The bank's governance work is also based on our policies – e.g. the social responsibility policy, code of conduct, policy for a sound corporate culture and responsible purchasing policy.

In addition, the bank supports the UN Sustainable Development Goals and has joined the UN Global Compact with its Ten Principles for responsible business operation.

In accordance with the bank's values and policies, the UN Global Compact's two human rights principles and anti-corruption principle, and Sustainable Development Goals 5 and 16, the bank' strives to:

- **Respect human rights**
- **Avoid any form of corruption**
- **Ensure diversity** and equal opportunities for all employees in the bank irrespective of gender and other background
- **Ensure competitiveness** and transparency in the remuneration policy for the bank's management
- **Ensure competitiveness** and transparency in the return to the bank's shareholders
- **Reduce society's** money laundering challenges
- **Reduce society's** data security and cyber crime challenges

Our social responsibility policy, code of conduct, policy for a sound corporate culture, responsible purchasing policy and other policies are available at [landbobanken.dk/en/ir\\_english/thebank/policies](https://landbobanken.dk/en/ir_english/thebank/policies)



# Governance

## Main results 2022

The definition of the figure for “Gender diversity, board of directors” was changed in 2022. The calculation is now based only on the board members elected by the shareholders’ committee.

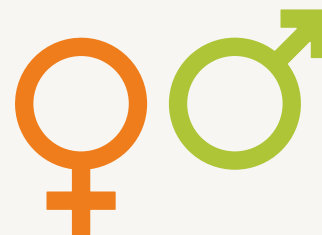
The percentage of the under-represented gender increased from 12.5% to 25% in 2022. A further increase is expected, meaning that the bank will meet the target that at least 30% are of the under-represented gender in 2023.

Ringkjøbing Landbobank’s customers have the right to secure data. The bank therefore puts a great effort into training its employees in secure and appropriate digital conduct.

By 1 December 2022, almost all the bank’s employees had completed training in IT awareness, code of conduct and handling of personal data, and all had completed statutory training in preventing money laundering and financing of terrorism. More details on page 31 and 36.

In 2022, the bank paid a dividend of DKK 7 per share for 2021, and from February 2022 to January 2023, completed a share buy-back programme totalling DKK 738 million. Return on the bank’s share in 2022 was 9% including dividend. The board of directors has recommended to the general meeting that an unchanged dividend of DKK 7 per share be paid for the 2022 financial year. The board also expects to initiate share buy-back programmes totalling DKK 770 million.

For detailed reporting on the bank’s governance work, please see pages 48–51.





# Ringkjøbing Landbobank's customers have **the right to secure data**

- Ringkjøbing Landbobank has a keen focus on IT security. The operation and development of the bank's IT installations has been outsourced to Bankdata, which uses JN Data as the hosting partner for operating the bank's servers and systems. says IT and business manager Ivan Rafn.

- But it is a necessity for the bank's employees to have a high degree of IT awareness. Therefore, education and training in IT security is a significant part of the overall education effort. We collaborate with an external firm every other month, with online education and training of all the bank's employees on a specific topic.

The education is completed with a range of control questions. Ivan Rafn continues:

- **The education is actually training in good IT conduct, such as ensuring that employees have a good, secure password. Or something as seemingly innocent as preventing the private use of business cell phones. If someone retains the telephone on changing jobs, it could inadvertently lead to data theft if you aren't very careful.**

- In addition, we carry out quarterly in-house tests to check that our online conduct lives up to requirements. Our latest test was about phishing, where we actually tried to get employees to reveal their account numbers and other personal data, says Ivan Rafn.

Via Bankdata and JN Data, the bank uses some of the best and most effective security systems available. For instance, we have an extra layer of security to scan emails and attachments for any malicious content before they can be opened. The bank runs on its own, closed network, which implements the highest security in its firewalls and other security systems in use. And all of this is necessary. Every day, the financial sector is subjected to hacking attempts – by professionals as well as amateurs.

- It is absolutely necessary for a business such as ours to have the best possible IT security. Fortunately, we work with some of the best in their field. Both Bankdata and JN Data have IT Security as one of their core competences. Both have a close collaboration with external security firms, and there is a close collaboration among the large financial businesses in Denmark, so we can say that our security is very, very high, says Ivan Rafn.

As well as the requirement to secure data, customers also have a requirement to be forgotten if they no longer use the bank. The bank is therefore obliged to delete data when it no longer has a legal reason to preserve data. This is a result of GDPR compliance legislation.

**Amongst other things, the bank uses automatic routines to delete emails after two or five years, depending on legal requirements. In addition, the bank's customers enjoy complete transparency: in their online bank they can see everything that the bank has in the form of contracts and agreements, says Ivan Rafn.**

The bank's data protection officer constantly checks that the bank does not have any data in contravention of GDPR compliance legislation.

The bank's IT security uses ISO standards, including ISO 27001, ISO 27002 and ISO 27005. The use of widely-recognised framework tools such as ISO standards ensures standardised and correct compliance with the executive orders on management and control of banks and on outsourcing.



Ivan Rafn,  
IT and Business Director at  
Ringkjøbing Landbobank.

# Reporting under article 8 of the taxonomy regulation

The purpose of the taxonomy regulation is to set criteria by which business activities can be considered sustainable. A financial activity is defined as sustainable if it contributes substantially to one or more of six defined climate objectives without significantly harming the other objectives.

The taxonomy is still new and not yet fully covered by common rules on the defined environmental objectives. In addition, many of the financial activities for which the bank has granted loans and invested in are not yet described in the taxonomy regulation. The bank does not use the taxonomy regulation in its credit policy or responsible investments policy, but we actively consider sustainability when granting credit and ESG aspects when making investments.

## Reporting under article 8 of the taxonomy regulation

Ringkjøbing Landbobank must disclose what proportion of its balance sheet for 2022 is covered by the classification system. For 2023, an actual green asset ratio (GAR) must be computed because the bank's major business customers are not required to report their data until then. The GAR will show the proportion of selected assets that are classified as sustainable under the taxonomy.

The share of assets covered by the taxonomy regulation totals 18.8%. A large part of this are loans to personal customers for financing of real property and cars. The increase from 2021 to 2022 reflects a change in the computation principle. From 2022, the bank has included all homeowners' products, whether secured by mortgages on real property or not.

There are several reasons why 81.2% of the bank's total assets are considered not covered by the taxonomy regulation under the current rules. The taxonomy excludes a number of industries as well as parts of the bank's loans to personal customers. In addition, many of the bank's business customers are exempt because they have fewer than 500 employees. This group is referred to as "non-NFRD undertakings" and accounts for 42.1% of the bank's assets. Derivatives and exposures to sovereigns and central banks amount to 7.0% but are not covered either. Finally, the bank's trading portfolio and interbank loans representing 8.3% of its assets are not covered. The bank's trading portfolio consists primarily of Danish mortgage credit bonds, which typically have relatively low carbon emissions compared to the size of the investment. The bank does not contemplate any material changes to the principles of investing its trading portfolio.

Supporting local communities is key to sustainability in the taxonomy regulation. The bank has always given high priority to this.

The bank has contributed to financing the green transition for more than 25 years, first through loans for wind turbine installation and advice in this regard. This has now been expanded to include loans for solar energy and biogas plants and other green technologies and financial advice in this regard. A large part of the bank's loans in this area are for businesses with fewer than 500 employees but which would otherwise have met the taxonomy's eligibility conditions.





The bank's efforts in supporting local communities and financing the green transition are described in this report – primarily on pages 8–33 and 38–47.

Similar to the end of 2021, the bank has computed its total assets at the end of 2022 and provides the following key figures for their distribution:

	2021	2022	Definitions
Assets covered by the taxonomy regulation	13.2%	18.8%	Share of total assets covered by the taxonomy regulation
Assets not covered by the taxonomy regulation	86.8%	81.2%	Share of total assets not covered by the taxonomy regulation
Assets related to sovereigns and central banks as well as derivatives	5.8%	7.0%	Share of total assets representing exposures to central government, central banks and supranational issuers as well as derivatives
Loans to non-NFRD undertakings	40.0%	42.1%	Share of total assets representing exposures to undertakings not subject to the Non-Financial Reporting Directive (NFRD)
Trading portfolio and interbank loans	9.8%	8.3%	Size of the trading portfolio and on-demand interbank loans as a proportion of total assets



All figures in the table are based on retrieved data and no estimates were used.

## Environment – Report on ESG, the UN Sustainable Development Goals and the Ten Principles of the UN Global Compact

Area of initiative	Contributes to	Objectives	Completed 2022	Expected initiatives 2023
<b>Environment – Sustainable financing</b>	<p>UN SDGs</p>  <p>UN Global Compact's Ten Principles</p> <p>Principles 7–9 *</p> 	<p>Offering sustainable loans and other banking products.</p> <p>Continually improving the statement of carbon emissions from the bank's loan portfolio by replacing sector standards with figures for customers' actual emissions.</p>	<p>The bank prepared a statement of carbon emissions from loans for the first time.</p> <p>The bank has set up a Green Bond Framework and can now issue green bonds under the EMTN bond programme already listed by the bank on the stock exchange Euronext Dublin in Ireland.</p> <p>The bank granted and, in partnership with Totalkredit, arranged loans for energy efficiency improvements and replacement of oil and gas-fired heating with more sustainable energy types. The bank's customers were offered a grant of DKK 10,000 from Totalkredit for replacing their oil or gas burner with a heat pump.</p>	<p>Possibly issue green bonds if the demand is there and market conditions are favourable.</p> <p>Continue to provide loans for renewable energy production from wind turbines, solar energy and biogas plants.</p> <p>In our home ownership advice, continued focus on the potential of energy renovation and/or replacement of oil or gas heating with more sustainable energy types.</p> <p>Support Finance Denmark's agreement with the government on inexpensive financing for replacing oil and gas burners with a green heating source when district heating is not an option.</p>
<b>Environment – Responsible investments</b>	<p>UN SDGs</p>  <p>UN Global Compact's Ten Principles</p> <p>Principles 1–10 *</p> 	<p>Ensuring harmony between the customer's investment needs and the investment product offered to the customer as the conclusion of advisory services. This will be achieved e.g. by preparing the statutory investment profile of the customer, which takes into account risk, time frame and sustainability preferences.</p> <p>Profiling is relevant in particular for customers using asset management products and the pooled scheme because the bank's investments on behalf of customers account for the vast majority of the carbon emissions from investments.</p>	<p>Since 2 August 2022, asking customers about their preferences in terms of sustainability has been a statutory part of profiling them before any investment advice may be given.</p> <p>The outcome of identifying customers' sustainability preferences is that they can have a low, medium or high preference for sustainability.</p> <p>Ringkjøbing Landbobank primarily distributes investment products from BankInvest, which classifies its funds in accordance with the Disclosure Regulation:</p> <ul style="list-style-type: none"> <li>• Article 6 are financial products with no particular environmental or social characteristics</li> <li>• Article 8 funds promote environmental and social characteristics and integrate them into the investment decision</li> <li>• Article 9 funds have a sustainable investment objective</li> </ul>	<p>BankInvest expects to launch genuine article 9 funds in spring 2023, after which BankInvest will only be offering article 8 and 9 funds.</p> <p>Ringkjøbing Landbobank will continue to participate actively in further developing sustainable investment products from BankInvest.</p>





## Environment – Report on ESG, the UN Sustainable Development Goals and the Ten Principles of the UN Global Compact

Area of initiative	Contributes to	Objectives	Completed 2022	Expected initiatives 2023
<b>Environment – Responsible investments</b> – continued			<p>To meet the need of customers with a medium or high sustainability preference for investing sustainably, Ringkjøbing Landbobank offers several solutions classified as article 8 under its asset management product FormuePleje and pooled scheme Puljeinvestering Bankvalg. In addition, the bank has access to genuine article 9 products via its collaboration with SEB.</p> <p>The bank has participated actively in the continued development of sustainable investment products from BankInvest: CEO John Fisker as deputy chairman of BankInvest’s board of directors and finance manager Sten Erlandsen as a member of BankInvest’s Product Committee.</p>	
<b>Environment</b>	<p>UN SDGs</p>  <p>UN Global Compact’s Ten Principles</p> <p>Principles 7–8 *</p> 	<p>Continuing to translate Forum for Sustainable Finance’s 20 recommendations on how the financial sector can accelerate the sustainable transition of the economy.</p> <p>The 20 recommendations can be found here: <a href="http://www.epaper.dk/finansdanmark/forum-for-b%C3%A6redygtig-finans-20-anbefalinger-til-finans-danmark/">www.epaper.dk/finansdanmark/forum-for-b%C3%A6redygtig-finans-20-anbefalinger-til-finans-danmark/</a></p> <p>Maintaining the banking sector’s lowest rate of costs.</p> <p>Continuing the work of reducing emissions per FTE from the bank’s buildings, for example by implementing profitable energy-saving projects in its older buildings.</p> <p>Holding as many meetings as possible virtually.</p> <p>Reducing carbon emissions from the bank’s transport.</p>	<p>The bank focuses on controlling risks in all relevant areas, including environmental ones.</p> <p>The key initiatives in 2022:</p> <ul style="list-style-type: none"> <li>• For the second time, the bank publishes portfolio-level carbon emissions from asset management schemes including pooled schemes and the bank’s own securities portfolio in this ESG report and can comment on the development for the first time</li> <li>• For the first time, the bank publishes portfolio-level carbon emissions from its loans in this report</li> </ul> <p>The bank’s cost/income ratio in 2022 was 31.1%, which is the lowest in the banking sector and a decrease from 33.6% in 2021. The cost rate tells us something about the bank’s ability to create value from the resources spent, and optimal utilisation of only the necessary resources is part of the bank’s DNA.</p> <p>The bank continually assesses and prioritises the possibilities of energy-saving initiatives and is aware that the profitability of energy-saving projects has improved considerably as a result of the increasing energy prices in 2022. The bank’s initiatives in 2022 included:</p> <ul style="list-style-type: none"> <li>• Continuing to install LED lighting and motion sensors</li> <li>• Replacing ventilation and cooling systems and recovering waste heat where possible</li> </ul>	<p>Working towards using primary data to measure carbon emissions from the bank’s loan portfolio (actual emissions) rather than buying external standard data.</p> <p>Continued focus on loans to and, via BankInvest, investments in companies contributing to the green transition – either by having a low carbon footprint compared to their revenue, by taking the lead in the green transition of their industry or by enabling consumers and businesses to produce and consume in more sustainable ways.</p> <p>Reviewing previous analyses of the potential of energy renovation of the bank’s older buildings to identify projects that have become profitable due to the higher energy prices.</p> <p>Implementing the stricter legal requirements for waste sorting.</p> <p>Further reducing food waste.</p>

## Environment – Report on ESG, the UN Sustainable Development Goals and the Ten Principles of the UN Global Compact



Area of initiative	Contributes to	Objectives	Completed 2022	Expected initiatives 2023
<p><b>Environment</b> – continued</p>		<p>Optimising case handling procedures and processes through digitalisation and the use of robots.</p> <p>Reducing the bank’s indirect carbon emissions.</p> <p>The bank expects both personal and business customers to sign documents digitally where possible unless otherwise expressly agreed.</p>	<ul style="list-style-type: none"> <li>• Optimised the frequency control of all motors for ventilation</li> <li>• Optimised the operating times of the bank’s recirculation pumps</li> <li>• Replaced old windows</li> </ul> <p>The extension to the bank’s head office in Ringkøbing outperforms the otherwise strict requirements for new buildings, and sustainable furniture was purchased.</p> <p>Virtual meetings have become a permanent part of the bank’s daily life. They reduce transport needs and are used in particular for:</p> <ul style="list-style-type: none"> <li>• Meetings with the bank’s customers</li> <li>• Internal meetings – including between head office in Ringkøbing and the regional office in Nørresundby</li> <li>• Meetings with close partners such as Bankdata and BankInvest</li> </ul> <p>The bank works continually on increasing its employees’ environmental awareness. The bank encourages its employees to share cars to the extent possible when travelling for training, meetings etc.</p> <p>The bank has introduced various initiatives to reduce food waste.</p> <p>It was decided that all of the bank’s payment cards should contain at least 85% recycled PVC.</p> <p>The bank’s indirect energy consumption primarily results from IT development and operations being outsourced to Bankdata, which in turn has outsourced the energy-hungry IT operations to JN Data. Bankdata and JN Data decided to enter into an overall Power Purchase Agreement (PPA) with the energy company Better Energy on buying green electricity from solar cells. As part of the agreement, Better Energy has established a solar energy park. The agreement will significantly reduce Ringkøbing Landbobank’s indirect energy consumption.</p> <p>Via Bankdata, the bank has started collaborating with Penneo on digital signing. The solution is flexible and allows customers to sign a complete document bundle with a single signature.</p>	<p>Continue to work towards carbon neutrality without including operation of the bank’s own forest or the purchase of climate credits in the calculation.</p> <p>Only issue payment cards containing at least 85% recycled PVC once the remaining stocks have been used.</p> <p>From January 2023, as decided, balance the bank’s indirect electricity consumption at Bankdata and JN Data by producing green energy from Better Energy’s solar energy park.</p> <p>The collaboration with Penneo via Bankdata will be intensified to enable digital signing of as many of the bank’s documents as possible in the future.</p>

## Environment – Report on ESG, the UN Sustainable Development Goals and the Ten Principles of the UN Global Compact




Area of initiative	Contributes to	Objectives	Completed 2022	Expected initiatives 2023
<b>Environment</b> – continued	UN SDGs   UN Global Compact's Ten Principles  Principle 9 * 	<p>Maintaining and developing our loans for climate-friendly and renewable energy production – including wind turbines, solar cells, biogas and other environmentally friendly technologies.</p> <p>As part of this, contributing to the green transition of agriculture through our loans to biogas plants.</p> <p>Maintaining our relationships with national and international partners for the financing of profitable and sustainable projects for the benefit of our customers and society.</p> <p>Continuing to develop our loans for the sustainable transition of private individuals, including energy efficiency improvement of homes and purchases of sustainable vehicles.</p> <p>Perceiving green transition as an opportunity for continued growth in the bank's lending.</p>	<p>The bank has financed onshore wind turbines since 1995. Financing of energy production from renewable sources is today one of the bank's important business areas, which includes financing of solar energy and biogas plants installed in Denmark and other European countries.</p> <p>Ringkjøbing Landbobank has built close relationships with Danish and other Scandinavian and European partners on loans for green investments. These relationships have given access to competitive financing which we make available to our customers for financing of sustainable projects. Our collaboration with these partners strengthens our business case and supports society's transition to being more sustainable.</p> <p>Our partners include:</p> <ul style="list-style-type: none"> <li>• Denmark's Export and Investment Fund (a merger of the Danish Green Investment Fund, the Danish Growth Fund and EKF – Denmark's Export Credit Agency) regarding loans for, and other financing of assets fostering green transition in Denmark and abroad</li> <li>• NIB (collaboration on loans for wind energy projects and other renewable energy forms)</li> <li>• KfW (collaboration on back-to-back financing of loans for renewable energy projects)</li> </ul> <p>The bank encourages its personal customers to use Totalkredit's energy calculator to get inspiration for specific energy improvements in their homes. The bank is happy to finance sustainable vehicles and energy and environment-related initiatives in private homes. Today, it is part of our advice on home ownership that many potential initiatives, which were not profitable in the past, have now become profitable.</p> <p>The bank only buys electricity generated by wind turbines.</p>	<p>Continued focus on loans for energy production from renewable sources and for climate-friendly production.</p> <p>Continued focus on loans – and, when relevant – arranging of mortgage loans for private individuals' purchases of sustainable vehicles, energy renovation of homes, and switching from gas and oil-consuming heating to district heating and other sustainable energy types.</p>




## Social aspects – Report on ESG, the UN Sustainable Development Goals and the Ten Principles of the UN Global Compact

Area of initiative	Contributes to	Objectives	Completed 2022	Expected initiatives 2023
<b>Social aspects</b>	UN Global Compact's Ten Principles	Continuing the good collaboration with the bank's employees and their organisations.	<p>The bank supports the employees' freedom of association and upholds their right to collective bargaining. The bank thus fully supports what is known as the Danish model: voluntary agreements between trade unions and employers.</p> <p>Most of the bank's employees are members of Financial Services Union Denmark and the bank is a member of the Danish Employers' Association for the Financial Sector (FA). The bank complies with the standard collective agreement between the FA and Financial Services Union Denmark. The standard collective agreement helps assure the employees' working conditions including working hours, minimum pay and overtime pay.</p> <p>In addition, the bank and Financial Services Union Denmark have entered into a local workplace agreement with further details on remuneration.</p> <p>The bank has registered no cases regarding the right of association or the right to collective bargaining.</p>	Enter into a new standard collective agreement negotiated between the FA and Financial Services Union Denmark and enter into a new local workplace agreement negotiated directly between the bank and Financial Services Union Denmark.
	Principle 3 * 			
	UN Global Compact's Ten Principles	Including and respecting the principle of elimination of forced and compulsory labour in the bank's assessment and selection of partners.	<p>The bank supports the elimination of all forms of forced and compulsory labour.</p> <p>The bank thus does not want to have customers, suppliers or other partners who violate human rights by using forced or compulsory labour. This is also clear from the bank's responsible purchasing policy.</p> <p>The bank is not aware of any customers, suppliers or other partners using forced or compulsory labour.</p>	Assess relevant customers, suppliers and other partners on an ongoing basis for their compliance with Principle 4.
	Principle 4 * 			

## Social aspects – Report on ESG, the UN Sustainable Development Goals and the Ten Principles of the UN Global Compact

Area of initiative	Contributes to	Objectives	Completed 2022	Expected initiatives 2023
<b>Social aspects</b> – continued	UN Global Compact's Ten Principles  Principle 5 *  	Including and respecting the principle of abolition of child labour in the bank's assessment and selection of partners.	<p>The bank supports the abolition of child labour violating human rights.</p> <p>The bank thus does not want to have customers, suppliers or other partners who violate human rights by using any kind of child labour. This is also clear from the bank's responsible purchasing policy.</p> <p>The bank offers after-school jobs to young people between 15 and 18 years and employs a few who do only light office work.</p> <p>The bank is not aware of any customers, suppliers or other partners using any kind of child labour violating human rights.</p>	Assess relevant suppliers and customers on an ongoing basis for their compliance with Principle 5.
	UN Global Compact's Ten Principles  Principle 6 *  	That the wellbeing of a large majority of the bank's employees is rated very satisfactory or extremely satisfactory.  Avoiding any form of discrimination in employment and occupation.	<p>The bank does not allow discrimination on account of gender, age, ethnic origin, sexual orientation or religion, and has zero tolerance for bullying, and sexual and other forms of harassment. The bank's HR department must monitor and follow up the above continually.</p> <p>The bank has established the statutory whistleblower scheme enabling all employees in the bank to report any instances of discrimination, bullying or harassment anonymously.</p> <p>The bank has registered no cases of violation of the rules on discrimination in employment and occupation.</p>	<p>Continue to support a high level of job satisfaction by providing good working and employment conditions.</p> <p>Continue to prevent the risk of discrimination in employment and occupation as part of the good working conditions, and taking immediate action should any discrimination occur.</p>
<b>Social aspects – Good health and wellbeing</b>	UN SDGs  	That the wellbeing of a large majority of the bank's employees is rated very satisfactory or extremely satisfactory.	Through the bank's activities, we want to help provide the framework for a good, healthy life for people in the local communities where the bank is represented.	Continue to support a good, healthy life for people in the local communities where the bank is represented.

## Social aspects – Report on ESG, the UN Sustainable Development Goals and the Ten Principles of the UN Global Compact

Area of initiative	Contributes to	Objectives	Completed 2022	Expected initiatives 2023
<b>Social aspects – Good health and wellbeing</b> – continued		Developing financial understanding in children and young people.	<p>The bank gives priority to good working conditions for its employees.</p> <p>Health and wellbeing at the workplace are facilitated by a range of social events, health insurance, stress and alcohol policies, schemes for older employees, access to a business psychologist and review and optimisation of the physical workstations.</p> <p>The bank works closely with the local commercial high schools and business academies. As an example, finance and economics students at UCRS (Ringkjøbing Skjern Education Centre) participate in a longer-term course at the bank during the academic year.</p> <p>The bank develops financial understanding in children and young people by providing teaching staff and educational materials to lower secondary and post-secondary educational institutions as requested.</p>	<p>Repeat the annual staff survey.</p> <p>Continue the good collaboration with the local commercial high schools and business academies.</p> <p>Continue to provide teaching staff and educational materials to lower secondary and post-secondary educational institutions.</p>
<b>Social aspects – Quality education</b>	UN SDGs 	<p>Offering existing and new employees quality education and in-service training.</p> <p>Collaborating with relevant educational institutions and, if desired and needed, contributing to their management and development.</p> <p>Supporting the bank’s future basis for recruitment by continuing to train our own future employees by employing apprentices in the bank’s local areas.</p>	<p>The bank provides comprehensive advice, which demands high levels of employee competence.</p> <p>The need for in-service training and competence development is part of the bank’s annual employee interview.</p> <p>Relevant in-service training and competence development is offered, e.g. in partnership with the Financial Sector’s Training Centre and Aarhus and Aalborg Universities. A large part of the qualifying training and education is completed with the statutory certification of the employees:</p> <ul style="list-style-type: none"> <li>• Home ownership advice (Mortgage Credit Directive)</li> <li>• Investment advice regarding simple investment products (those products which were previously called yellow and green) – including e-learning about market abuse</li> </ul>	<p>Continue the strategy of providing comprehensive advice by asking advisers and other relevant employees to train for the statutory certifications and attend other relevant, qualifying training and education.</p> <p>Continue the good collaboration with relevant educational institutions on in-service training and competence development of the bank’s employees.</p>




## Social aspects – Report on ESG, the UN Sustainable Development Goals and the Ten Principles of the UN Global Compact

Area of initiative	Contributes to	Objectives	Completed 2022	Expected initiatives 2023
<b>Social aspects – Quality education</b> – continued			<ul style="list-style-type: none"> <li>• Investment advice regarding complex investment products (those products which were previously called red)</li> <li>• Sustainability in the financial sector</li> <li>• Insurance Distribution Directive (IDD)</li> </ul> <p>Other qualifying training and education is provided to equip the employees to advise on all aspects of the customer’s finances. This includes training 100 personal customer advisers in providing investment advice.</p> <p>All investment advisers have been trained in the statutory profiling of investment customers’ sustainability preferences.</p> <p>Finally, the employees are trained in IT awareness and appropriate conduct to prevent money laundering, data abuse and cyber crime:</p> <ul style="list-style-type: none"> <li>• Code of conduct</li> <li>• Awareness training regarding market abuse</li> <li>• E-learning regarding market abuse</li> <li>• Prevention of money laundering and financing of terrorism (required by law)</li> <li>• Processing of personal data</li> <li>• IT awareness</li> </ul> <p>More details on pages 30–31.</p> <p>Every year, the bank offers several young people an education in the financial sector as apprentices, interns or trainees.</p>	<p>Continue to support secure and appropriate conduct by offering the employees relevant training and education.</p> <p>Employ a sufficient number of apprentices, interns and trainees to secure the bank’s future basis of recruitment.</p>
<b>Social aspects – Decent work and economic growth</b>	UN SDGs	<p>Offering attractive, broadening knowledge-based jobs with equal opportunities for all employees.</p> <p>Financing the assets and activities of businesses and individuals – not least activities contributing to the green transition of the economy.</p>	<p>The bank employed 641.1 FTEs in 2022, compared to 618.8 FTEs at the end of in 2021.</p> <p>The bank helps development throughout Denmark as a financial partner for a large number of businesses and private individuals.</p>	<p>Continue to support development throughout Denmark by providing financing to private individuals and businesses and by employing a significant number of highly-skilled employees, who feel they have equal opportunities for challenge and career in the bank.</p>



## Social aspects – Report on ESG, the UN Sustainable Development Goals and the Ten Principles of the UN Global Compact

Area of initiative	Contributes to	Objectives	Completed 2022	Expected initiatives 2023
<b>Social aspects – Sustainable cities and communities</b>	UN SDGs 	<p>Ensuring thorough local knowledge as the basis for competent advice and competitive financing of businesses and individuals.</p> <p>Contributing to the development of society through responsible granting of credit and payment of direct and indirect taxes imposed on us.</p> <p>Continued strong support to local clubs, associations, cultural institutions and events.</p>	<p>Providing competent comprehensive advice to, and financing of, business and personal customers are priorities to the bank.</p> <p>As part of this, the bank focuses on being an attractive financial partner in the green transition – including for energy-saving initiatives in the housing sector that make homes more sustainable and enable the bank’s customers to reduce their ongoing costs of heating and other energy.</p> <p>With payments of DKK 58 million in payroll tax and DKK 375 million in corporate tax for the 2022 income year, the bank’s ability to add value contributes to financing Danish society as a whole. Tax deducted from income at source and labour market contributions of DKK 144 million were also paid as was withholding tax of DKK 39 million on ordinary dividend, totalling DKK 616 million. The total in 2021 was DKK 526 million.</p> <p>Ringkjøbing Landbobank was 27th on the most recent list of Denmark’s biggest corporate taxpayers covering the 2020 income year.</p> <p>The bank is proud of contributing to well-organised and cohesive local communities. We do this by granting financial support to more than 1,100 local events, sports clubs and cultural associations and by encouraging our employees to participate in the community associations and cultural life.</p> <p>Distributions for charitable purposes are made from:</p> <ul style="list-style-type: none"> <li>• The bank’s own profit distribution</li> <li>• Sdr. Lem Andelskasse’s Fund</li> <li>• Ulfborg Sparekasse’s Fund</li> <li>• Sulsted-Ajstrups Sognes Spare- og Lånekasse’s Memorial Fund</li> <li>• Øster Brønderslev Sparekasse’s Fund</li> </ul>	<p>Continued focus on providing comprehensive advice on all aspects of the customer’s finances.</p> <p>Continued focus on loans for wind power and other renewable energy sources and for climate-friendly production.</p> <p>Continued focus on financing personal customers’ purchases of sustainable vehicles, energy upgrading of homes, and switching from oil and gas heating.</p> <p>Settle our direct and indirect tax obligations in accordance with the bank’s tax policy.</p> <p>Continue to grant financial and other support to local events, sports clubs and cultural associations.</p>

## Social aspects – Report on ESG, the UN Sustainable Development Goals and the Ten Principles of the UN Global Compact



Area of initiative	Contributes to	Objectives	Completed 2022	Expected initiatives 2023
<p><b>Social aspects – Sustainable cities and communities</b> – continued</p>			<p>As a special appreciation of initiatives by associations and individual members of local communities, the bank contributes to the following awards:</p> <ul style="list-style-type: none"> <li>• Association of the Year 2022 in West Jutland (six awards)</li> <li>• Ringkøbing-Skjern Business Council's Entrepreneur of the Year and Entrepreneurship Challenge (two awards)</li> <li>• Nordjyske Bank's Associations Award (three awards)</li> <li>• North Jutlander of the Year</li> <li>• The North Jutland Managers' Award in partnership with UCN, Lederne Himmerland and Erhverv Norddanmark Chamber of Commerce</li> <li>• Handball Association of the Year in district 3 of the Jutland Handball Federation</li> </ul> <p>More details on pages 32–33.</p>	



## Governance – Report on ESG, the UN Sustainable Development Goals and the Ten Principles of the UN Global Compact

Area of initiative	Contributes to	Objectives	Completed 2022	Expected initiatives 2023
<b>Governance</b>	UN Global Compact's Ten Principles	That the bank respects human rights and acts in accordance with human rights principles when assessing and selecting partners.	<p>The bank only has physical departments and branches in Denmark. Loans and guarantees outside Denmark account for around 5% of the bank's total portfolio of loans and guarantees.</p> <p>The bank supports human rights as stated in the code of conduct. The bank thus does not accept discrimination on grounds of gender, age, ethnic origin, sexual orientation or religion, and has zero tolerance for bullying, and sexual and other forms of harassment. All of the bank's employees are asked each year to read the code of conduct and reaffirm that they understand its contents.</p> <p>The bank's HR department continually keeps track of and monitors respect for human rights on the part of the bank and its employees. The bank also keeps track of whether its customers, suppliers and other partners comply with human rights obligations.</p> <p>The bank has no recorded cases of human rights violations.</p>	<p>Continually keep track of and monitor employee compliance with human rights and keep track of whether customers, suppliers and other partners comply with human rights obligations.</p> <p>Continually ensure that the employees are aware of and back the bank's code of conduct.</p>
	Principles 1 og 2 *			
	UN Global Compact's Ten Principles	That the bank has no cases of violation of its code of conduct or the anti-corruption provisions.	<p>The bank has zero tolerance for corruption, extortion and bribery in all their forms.</p> <p>The bank's code of conduct and policies specify that the bank and its employees neither may accept nor offer any bribes, and employees may neither offer nor accept gifts of more than token value. Any violation of the rules will be dealt with internally and if necessary reported to the relevant authorities.</p> <p>The bank has no recorded cases of violation of the anti-corruption provisions.</p>	Continually keep track of and monitor employee compliance with the bank's provisions on avoiding any form of corruption and keep track of whether customers, suppliers and other partners comply with the same provisions.
	Principle 10 *			

## Governance – Report on ESG, the UN Sustainable Development Goals and the Ten Principles of the UN Global Compact

Area of initiative	Contributes to	Objectives	Completed 2022	Expected initiatives 2023
<b>Governance – Gender equality</b>	UN SDGs 	<p>Awareness among the bank’s employees that equal development and career opportunities are open to them, irrespective of gender.</p> <p>Achieving diversity in the bank’s management organs. The bank’s goal is that the percentage of the under-represented gender on the board of directors is at least 30% in 2023 and at least 25% for other management levels by 2025.</p>	<p>The bank gives all employees equal development and career opportunities, irrespective of gender and other background.</p> <p>Diversity at the bank’s other management levels improved marginally in 2022 as the percentage of the under-represented gender is now 20% compared to 19.4% in 2021.</p> <p>Potential applicants are offered applicant and interview training free of charge.</p>	<p>Work towards the goal that the percentage of the under-represented gender should be at least the targeted representation set for the bank’s board of directors and other management levels.</p>
<b>Governance – Peace, justice and strong institutions</b>	UN SDGs 	<p>Focusing on carrying out our societal tasks competently and efficiently.</p> <p>Do our bit to reduce society’s money laundering and terrorist financing challenges.</p>	<p>The bank carries out a range of tasks essential to society free of charge:</p> <ul style="list-style-type: none"> <li>• Giving all customers access to a NemKonto or other basic deposit account</li> <li>• Extensive mandatory reporting to the tax authorities of our customers’ interest, bank balances, debts and returns on custody account holdings</li> <li>• Mandatory disclosure of the bank’s prices and terms and conditions by means of pension information, price portals, good practice legislation, MiFID etc.</li> <li>• Combating money laundering etc.</li> </ul> <p>The bank’s board of directors has endorsed the 25 recommendations made in the report issued in November 2019 by the Anti-Money Laundering Task Force, which was appointed by Finance Denmark. The 25 recommendations for anti-money laundering and counter-terrorist financing measures are aimed at various stakeholders including authorities, the banking sector in general and the individual banks.</p> <p>One of the 25 recommendations is that the banks dedicate a page on their websites to targeted and publicly available information about their anti-money laundering and counter-terrorist financing efforts. The bank has complied with this recommendation by creating the web page: <a href="https://landbobanken.dk/en/ir_english/thebank/policies/antimoneylaundering">landbobanken.dk/en/ir_english/thebank/policies/antimoneylaundering</a></p>	<p>Continue to carry out our societal tasks as competently and efficiently as possible.</p> <p>Continue the focused efforts to combat money laundering and financing of terrorism through monitoring and risk analysis.</p> <p>Continue to be firm in the combat against money laundering and financing of terrorism by maintaining and continually enhancing our employees’ competences in the area.</p>

## Governance – Report on ESG, the UN Sustainable Development Goals and the Ten Principles of the UN Global Compact

Area of initiative	Contributes to	Objectives	Completed 2022	Expected initiatives 2023
<p><b>Governance – Peace, justice and strong institutions</b> – continued</p>			<p>Another of the 25 recommendations is that the individual banks undertake to outline their commitment to action against money laundering and terrorist financing, including their anti-money laundering policy, in the management’s review sections of their annual reports. The bank naturally also complies with this recommendation. Please see the management’s review in the annual report: <b><a href="https://landbobanken.dk/en/ir_english/reportsaccounts/accounts">landbobanken.dk/en/ir_english/reportsaccounts/accounts</a></b></p> <p>Finance Denmark’s 25 recommendations on combating money laundering and financing of terrorism: <b><a href="https://finansdanmark.dk/aktuelle-emner/forebyggelse-af-hvidvask-og-terrorfinansiering/hvidvask-task-force/">finansdanmark.dk/aktuelle-emner/forebyggelse-af-hvidvask-og-terrorfinansiering/hvidvask-task-force/</a></b></p>	<p>Continued focus on secure systems and data in partnership with the bank’s suppliers – primarily Bankdata and JN Data.</p> <p>Continued focus on secure digital conduct among employees to protect customers, employees and the bank against data abuse and cyber crime.</p> <p>Continued focus on informing the customers in all relevant contact points about IT and data security, including known fraud attempts and other crime.</p>
		<p>Doing our bit to reduce society’s challenges in relation to IT and data security and cyber crime.</p>	<p>Ringkjøbing Landbobank has spent considerable resources in support of the secure and efficient digitalisation of society – including phasing out NemID and implementing MitID.</p> <p>The bank has continually prepared and adapted its systems and routines to keep data secure and prevent cyber crime.</p> <p>The bank has informed its customers of potential IT and data security issues.</p> <p>The bank gives high priority to in-house training and education in IT awareness:</p> <ul style="list-style-type: none"> <li>• We collaborated with an external provider every other month, with online education and training of all the bank’s employees on a specific topic</li> <li>• We carried out in-house tests of the bank’s employees every quarter to check that everyone lives up to the IT awareness requirements</li> </ul>	



## Governance – Report on ESG, the UN Sustainable Development Goals and the Ten Principles of the UN Global Compact

Area of initiative	Contributes to	Objectives	Completed 2022	Expected initiatives 2023
<b>Governance – Remuneration policy for the bank's management</b>		Awarding the bank's board of directors and general management transparent and competitive remuneration.	The bank offers no variable or incentive pay to the board of directors or general management and this is not an option in the bank's remuneration policy.	Continue to award the bank's management transparent and competitive remuneration.
<b>Governance – Return to shareholders</b>		Creating competitive and transparent returns for the bank's shareholders.	<p>The bank reserves no advantages for its shareholders.</p> <p>A dividend of DKK 7 per share was paid for 2021. The return on the bank's share in 2022 was 9% including dividend. In 2021, the return on the bank's share was 60% including dividend.</p> <p>Share buy-back programmes totalling DKK 738 million was implemented in the period February 2022 to January 2023.</p>	<p>The board of directors has recommended to the general meeting that a dividend of DKK 7 per share be paid for the 2022 financial year.</p> <p>In addition, the board of directors expects to initiate share buy-back programmes totalling DKK 770 million.</p>

## ESG main and key figures

Environment	2019	2020	2021	2022
CO <sub>2</sub> scope 1 emissions (tonnes) <sup>3/A</sup>	29.2	63.0	57.9	55.6
CO <sub>2</sub> scope 2 emissions (tonnes) <sup>3/A,B</sup>	307.4	220.4	177.5	129.7
<b>Total CO<sub>2</sub> scope 1 and 2 emissions (tonnes) <sup>3/A</sup></b>	<b>336.6</b>	<b>283.4</b>	<b>235.4</b>	<b>185.3</b>
Total CO <sub>2</sub> scope 1 and 2 emissions per FTE (tonnes)	0.51	0.45	0.38	0.29
Climate compensation by purchasing certified climate credits (tonnes) <sup>c</sup>		300.0	300.0	300.0
The annual growth of Sæbygård Skov forest captures more carbon dioxide than the bank emits. Ringkjøbing Landbobank is thus carbon-neutral – both by means of compensation through climate credits and by including the carbon sequestration of Sæbygård Skov.				
CO <sub>2</sub> scope 3 emissions – loans (tonnes) <sup>1/A</sup>				330,432
CO <sub>2</sub> scope 3 emissions – investments (tonnes) <sup>2/A</sup>			99,817	58,255
<b>Total CO<sub>2</sub> scope 3 emissions (tonnes)</b>				<b>388,687</b>
CO <sub>2</sub> scope 3 emissions – loans per DKK million (tonnes)				7.39
CO <sub>2</sub> scope 3 emissions – investments per DKK million (tonnes)			5.49	3.12
<b>Total CO<sub>2</sub> scope 3 emissions per DKK million (tonnes)</b>				<b>6.13</b>
Energy consumption (GJ) <sup>3</sup>	19,583	15,631	14,990	14,275
Renewable energy share (%) <sup>3</sup>	69.0	66.5	78.0	77.8
Water consumption(m <sup>3</sup> ) <sup>3</sup>	4,023	3,076	3,462	4,085

## ESG main and key figures

Environment	End of 2018	End of 2019	End of 2020	End of 2021	End of 2022
Loans for renewable energy (wind, solar and biogas) – % of net loans and guarantees	6.8	6.7	7.2	6.5	7.5
Proportion of the funds in the bank's asset management schemes including pooled schemes placed in BankInvest funds with a sustainable footprint (%) <sup>D</sup>		64.5	88.2	95.5	90.6

## ESG main and key figures

Social aspects	2019	2020	2021	2022
FTE workforce <sup>4</sup>	657.2	632.2	618.8	641.1
Gender diversity (%) <sup>4</sup>	50.6	49.8	49.0	46.9

Social aspects	End of 2018	End of 2019	End of 2020	End of 2021	End of 2022
Gender diversity, other management levels (%) <sup>4/E</sup>	25.7	23.5	26.1	19.4	20.0

Social aspects	2019	2020	2021	2022
Gender pay ratio (times) <sup>4/F</sup>	–	–	1.26	1.25
Employee turnover ratio (%) <sup>4</sup>	14.0	14.5	10.5	10.4
Sickness absence (days/FTE) <sup>4</sup>	3.5	5.7	7.6	7.4
Customer retention ratio (%) <sup>4/G</sup>	–	93.5	91.1	91.5

Social aspects	End of 2018	End of 2019	End of 2020	End of 2021	End of 2022
Apprentices	13	16	20	19	18
Trainees	4	5	8	4	13
Total	17	21	28	23	31



## ESG main and key figures

Social aspects	2019	2020	2021	2022
Corporate tax (DKK million)	251	224	294	375
Payroll tax (DKK million)	53	58	57	58
<b>Subtotal (DKK million)</b>	<b>304</b>	<b>282</b>	<b>351</b>	<b>433</b>
Tax deducted from income at source and labour market contribution (DKK million)	144	139	138	144
Withholding tax on ordinary dividend (DKK million)	54	58	37	39
<b>Total (DKK million)</b>	<b>502</b>	<b>479</b>	<b>526</b>	<b>616</b>

## ESG main and key figures

Governance	End of 2018	End of 2019	End of 2020	End of 2021	End of 2022
Gender diversity, board of directors (%) <sup>5/H</sup>	12.5	12.5	12.5	12.5	25.0
Governance	2019		2020	2021	2022
Board meeting attendance ratio (%) <sup>5</sup>	98.0		96.8	98.0	95.4
CEO pay ratio (times) <sup>5</sup>	10.2		10.7	10.7	11.5

## Practice for main and key figures

### 1 Loans – CO<sub>2</sub>e scope 3

Principles, methods and data used to calculate carbon emissions from loans

To calculate carbon emissions, the bank has used the common principles and methods developed under the auspices of Finance Denmark (CO<sub>2</sub> model for the financial sector) for measurement and calculation of financed emissions from loans (before impairment charges).

#### Personal customers

It is not possible to calculate the carbon footprint for the entire loan portfolio because loans to personal customers often have no specific purpose. An example of this is overdraft facilities. The specific purposes of loans are most often homes and cars. In accordance with the CO<sub>2</sub> model, only financed emissions from home and car loans are thus included for personal customers. The carbon footprint from home loans is a calculated average based on the average carbon emission per DKK million lent. The bank is working to calculate the carbon footprint from home loans based on the individual building's energy rating or an estimated rating based on the building's energy source, age, size and location. Only emissions from loans on the bank's own balance sheet are stated. Arranged mortgage credit loans are thus not included in the statement.

The carbon footprint from car loans is stated using emission data calculated by the Danish Centre for Environment and Energy (DCE) at Aarhus University. A calculated average value is used for all financing of cars.

#### Business customers

The carbon footprint from loans to business customers is primarily based on a sector average broken down by industry. The data for determining the sector average are obtained from Statistics Denmark, which shows total carbon emissions excluding combustion of biomass in its table "Drivhus2". The bank's data are based on emission figures for 2020 after reallocation of emissions from electricity and district heating. The bank has customers in a range of business sectors where this method can not be readily applied since no sector average can be calculated. For these sectors, the bank has used an average for the other sectors and in this way calculated emissions for all loans to business customers nonetheless.

The bank's financing of car leasing companies is stated using the same intensity figures as for its financing of cars for personal use.

#### Data quality

The data quality of the carbon footprints stated is not yet satisfactory as they are based on sector data and statistics. As more individual data are becoming available or if we receive relevant data from utilities etc., the underlying data will improve. We expect this will happen in the coming years.

A data quality score in the range 1-5 is specified for each of the loan types stated. The score reflects the quality of the data used to calculate the carbon footprint. A data quality score of 1 is the highest and 5 the lowest. The data classification is consistent with Finance Denmark's CO<sub>2</sub> model.

Data quality	Score 1 Highest quality	Score 2	Score 3	Score 4	Score 5 Lowest quality	Total
Home loans	0%	0%	0%	0%	100%	100%
Car loans	0%	0%	0%	0%	100%	100%
Loans to business customers	0%	0%	0%	0%	100%	100%

## Practice for main and key figures

### <sup>2</sup> Investments – CO<sub>2</sub>e scope 3

Principles, methods and data used to calculate carbon emissions from investments

#### **Investments covered**

The overall criterion of selection of the investments covered by the statement are that Ringkjøbing Landbobank has direct access to, or can influence, the composition of the investments.

The statement covers the bank's asset management products (comprising "FriFormuePleje", "FriFormuePleje – Gavekonto", "FriFormuePleje – Kreditorbeskyttede midler", "FriFormuePleje VSO", "PensionsFormuePleje", "Den Globale Aktieportefølje", "RLB – Danske Aktier" and "RLB – Wealth Management"), the bank's pooled scheme "Puljeinvestering Bankvalg" and its own securities holding (excluding trading portfolios and shares in banking sector companies). The statement does not cover investments made under centrally managed mandates and via the product "RLB – Fuldmagt". Investments made by the customers themselves or which customers instruct the bank to make are also excluded.

The statement includes investments in shares, investment fund certificates, corporate bonds and mortgage credit bonds. The excluded part of the business volume for investment activities consists mainly of government bonds for which carbon calculation methods are not yet ready. In general, the assets not included in the statement are assumed to have relatively low carbon emissions.

#### **Calculation method**

To calculate carbon emissions, the bank has used the common principles developed by Finance Denmark, the business association for the banking sector in Denmark, for measurement and calculation methods for financed emissions from investments.

#### **The data used**

Data from MSCI were used to calculate carbon emissions from investments in shares, investment fund certificates and corporate bonds. The data comprise both issuer-specific and estimated emissions data. For BankInvest investment funds, BankInvest's own fund-level carbon calculations were used.

BankInvest also uses data from MSCI. For mortgage credit bonds issued by DLR Kredit, Jyske Kredit, Nordea Kredit and Realkredit Danmark, emission estimates published by the issuers were used. No data were found from other issuers, who are consequently not included in the statement.

#### **Data quality**

As stated, both issuer-specific and estimated emissions data were used. The proportion of assets for which data are available has increased and the general data quality has thus improved compared to 2021. Some assets are not based on data, however, and the figures are consequently uncertain. An actual data quality score is not computed.

We expect that the quality of emission data will continue to improve in the coming years. This will make a positive contribution to the bank's ongoing process of reducing carbon emissions from investments and make it possible to set specific reduction targets for the bank's investment portfolio on a more valid basis.



## Practice for main and key figures

### <sup>3</sup> Definitions of ESG key figures – environment

Key figure / unit	Explanation and definition of the key figure	Reason for the key figure
CO <sub>2</sub> e, scope 1 Metric tonnes	Scope 1 emissions: direct emissions resulting from the company's own combustion of fuels and materials. Calculation: See footnote I.	The development in CO <sub>2</sub> e emissions compared with the quantities produced or revenue is useful to identify the companies that have been able to change to an economy less based on fossil fuels – either over time or compared with their competitors.
CO <sub>2</sub> e scope 2 Metric tonnes	Scope 2 emissions: Indirect emissions resulting from the energy used to produce electricity, district heating and district cooling, which the company has purchased for its use from a third party. Scope 2 emissions are in principle calculated like scope 1 emissions but typically do not cover all seven Kyoto gases/GHGs.  Calculation: See footnote I.	The development in CO <sub>2</sub> e emissions compared with the quantities produced or revenue is useful to identify the companies that have been able to change to an economy less based on fossil fuels – either over time or compared with their competitors.
Energy consumption GJ	Energy, like emissions, is typically calculated based on fuel consumption multiplied by conversion factors. The energy consumed includes scope 1 and scope 2 sources as well as energy from renewable energy sources. Calculation: See footnote I.	The development in energy consumption compared with the quantities produced or revenue is useful to identify the companies that have been able to change to an economy based on less energy-consuming processes/activities – either over time or compared with their competitors.
Renewable energy share %	The share of total energy consumption coming from renewable energy sources. Calculation: (renewable energy / total energy consumption) x 100.	The ratio can be used to identify companies that have switched their activities and energy consumption to renewable sources.
Water consumption m <sup>3</sup>	The sum of all water from all sources including surface water, groundwater, rainwater and municipal water supply. Calculation: sum of all water consumed gross.	Water consumption illustrates the risk relating to disruption of the water supply and/or changes in water cost.

## Practice for main and key figures

### 4 Definitions of ESG key figures – social aspects

Key figure / unit	Explanation and definition of the key figure	Reason for the key figure
Full-time workforce Full-time equivalents (FTEs)	Computed as a measure of the full-time workforce required to perform the work that has generated the financial ratios. Calculation: full-time employees + FTE-calculated hourly workers and FTE-calculated temporary workers. Please note that the bank has not taken compensated overtime into account in its key figure.	Indirectly important as the full-time workforce is the base for a range of other social indicators (see the following key figures).
Gender diversity %	Gender diversity is calculated for FTEs. Calculation: (female FTEs / full-time workforce) x 100. Please note that the bank has calculated its key figure at FTE level since the number of temporary employees in the bank is very low. The key figure for 2019 is calculated at the end of the year.	Several surveys show that gender diversity correlates with better financial performance.
Gender diversity, other management levels %	The bank's other management levels are computed using the same method as in the "Target figures and policy to increase the percentage of the under-represented gender in the bank's management". Calculation: (number of female managers at end of year / total number of managers at end of year) x 100. Please note that the bank has calculated its key figure at the end of the year. See footnote E.	Several surveys show that gender diversity correlates with better financial performance. An unequal gender distribution may also indicate the risk of workplace inequality of a more general nature and resulting inability to attract female talent.
Gender pay ratio Times	The bank gives equal pay for equal work. Differences in the average pay for men and women therefore result from differences in gender representation in different types of jobs – including as managers. Calculation: Male median pay / female median pay. Please note that the bank has calculated its key figure at the end of the year. See footnote F.	Several surveys show that gender diversity correlates with better financial performance.
Employee turnover ratio %	The employee turnover ratio is calculated both for voluntary and involuntary leavers. Retirees are included as involuntary leavers. Calculation: ((voluntary + involuntary FTE leavers) / FTEs) x 100.	The voluntary turnover ratio in particular is interesting as it shows how successful the company is in retaining its employees and consequently knowledge and skills.
Sickness absence Days/FTE	The number of full days employees are off sick compared to the total number of FTEs. Parental leave is not included. Calculation: number of sick days for all own FTEs for the period / total FTEs.	If the company has a disproportionate amount of sick days per FTE, this may indicate lower employee satisfaction and/or safety issues. This is costly and could also lead to inability to attract talent.
Customer retention ratio %	Share of retained customers from one period to the next. Calculation: ((number of customers at end of period) – (new customers in the period)) / (number of customers at beginning of period) x 100. See footnote G. The bank also considers the result of the largest survey of customer satisfaction etc. in Danish financial institutions to be an adequate assessment of customer satisfaction with the bank. The survey is carried out by Voxmeter and has more than 60,000 respondents in the latest survey. In the surveys from January 2020, January 2021, January 2022 and January 2023, the bank is placed in the top half of this scale.	This ratio can be seen as a proxy for customer satisfaction measurements, which are often incomparable across companies. A declining or low customer retention ratio may indicate that maintaining revenue in the future may be more costly or more problematic.

## Practice for main and key figures

### 5 Definitions of ESG key figures – governance

Key figure / unit	Explanation and definition of the key figure	Reason for the key figure
Gender diversity, board of directors %	Gender diversity for the board members elected by the shareholders' committee. Calculation: (number of women board members elected by the shareholders' committee / total number of board members elected by the shareholders' committee) x 100. See footnote H.	Several surveys show that gender diversity correlates with better financial performance.
Board meeting attendance ratio %	Measures the activity level of the board members. Calculation: ((Σnumber of board meetings attended) per board member / (total number of board meetings x number of board members)) x 100.	A relatively low or declining attendance ratio may indicate lack of attention to the board work. This may indicate a governance culture at risk.
CEO pay ratio Times	How many times the median employee pay can be covered by the compensation paid to the CEO as a proxy for social equality. Calculation: CEO compensation / median employee pay (payroll and pension). Please note that the bank has used an average instead of a median for employee pay to calculate the key figure.	A relatively high or increasing CEO pay ratio can express the company's valuation of the CEO compared to the regular employee. The key figure may be compared to the company's financial performance – and if the latter is relatively low or declining, it could be questioned whether the remuneration package is socially appropriate. It may even indicate a governance culture at risk.

## Miscellaneous comments and footnotes

### Miscellaneous comments

Ringkjøbing Landbobank merged with Nordjyske Bank on 8 June 2018. Since 2018 was not a full year of operation for the merged bank, comparative key figures for 2018 have not been stated, unless they are end-of-year figures.

Some comparative figures for 2019 and 2020 were adjusted in the ESG report for 2021 due to updated data, changes in calculation methods and changed information from the authorities.

### Footnotes

<sup>A</sup> The bank has stated and reported scope 1 and scope 2 emissions and, for loans and investments, scope 3 emissions. Other indirect emissions including the share of indirect emissions at Bankdata, JN Data etc., are not included in the statement.

<sup>B</sup> The bank uses the market-based method. Compared to the location-based method, guarantees of origin bought (also called green certificates) are deducted following the market-based method. The bank buys electricity generated from renewable energy sources. The figures are thus stated net after deduction of the green electricity bought.

<sup>C</sup> In 2020, Ringkjøbing Landbobank bought certified Gold Standard climate credits. In 2021 and 2022, the bank bought certified climate credits in South Pole's Kariba project in northern Zimbabwe.

<sup>D</sup> The percentage of the sums invested in investment fund certificates in the bank's pooled scheme "Puljeinvestering Bankvalg" and asset management schemes "FriFormuePleje", "FriFormuePleje – Gavekonto", "FriFormuePleje – Kreditorbeskyttede midler", "FriFormuePleje VSO" and "PensionsFormuePleje", which is invested in funds with a sustainable footprint.

<sup>E</sup> The definition of other management levels was changed in 2022. Other management levels are now defined as: members of the general management (reported to the Danish Business Authority); employees placed at the same management level, in organisational terms, as the general management; and employees with staff responsibilities reporting directly to the general management or to employees placed at the same level, in organisational terms, as the general management. The comparative figures for the end of 2021 have been adjusted to the new definition. The comparative figures for the end of 2018, the end of 2019 and the end of 2020 have not been adjusted.

<sup>F</sup> First included for 2022. Comparative figures for 2021 have been added.

<sup>G</sup> First included for 2022. Comparative figures for 2020 and 2021 have been added.

<sup>H</sup> The key figure was changed in 2022 and is now calculated on the basis of board members elected by the shareholders' committee rather than the full board. The comparative figures for the end of 2018, the end of 2019, the end of 2020 and the end of 2021 have been adjusted.

<sup>I</sup> For detailed explanations, definitions and reasons, please see the publication "ESG key figures in the annual report" published by the Danish Finance Society, FSR – Danish Auditors and Nasdaq Copenhagen, January 2022.



## \*UN Global Compact's Ten Principles



### Human Rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and

**Principle 2:** make sure that they are not complicit in human rights abuses.



### Labour

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:** the elimination of all forms of forced and compulsory labour;

**Principle 5:** the effective abolition of child labour; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.



### Environment

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** undertake initiatives to promote greater environmental responsibility; and

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.



### Anti-Corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

**Competent**  
**Responsive**  
**Proper**

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