

Sustainability and social responsibility

ESG report 2021



Competent
Responsive
Proper



Ringkjøbing Landbobank's ESG report 2021



John Fisker
CEO of Ringkjøbing Landbobank

Ringkjøbing Landbobank is a customer-focused relationship bank which, since its inception in 1886, has always endeavoured to strike the right balance between our four principal stakeholders:

- **Customers**
- **Employees**
- **Society**
- **Shareholders**

Ringkjøbing Landbobank is doing well. We realised core earnings of DKK 1,548 million in 2021. Our original expectation for core earnings for the year was DKK 1,100-1,300 million and we exceeded it due mainly to a continued strong increase in new customers, continued growth in loans and satisfactory credit quality.

In 2021, we were aware both of a growing interest in the bank's work of creating a more sustainable society and of higher demands in this regard.

In 2021 we chose to endorse the Ten Principles of the UN Global Compact regarding responsible business operation and thus also the UN Sustainable Development Goals, which the bank has been supporting for several years. We pledge to continue to work with the Ten Principles of the UN Global Compact and to support the Sustainable Development Goals. We are pleased that the bank's social responsibility policy and other policies have proved themselves in this context. The Ten Principles of the UN Global Compact were already largely incorporated into the bank's policies, and living up to them has been a part of our daily lives for a long time.

We cannot deny that Covid-19 again played a big role for long periods in our everyday lives in 2021. I take this opportunity to thank both our customers and our employees for their patience and understanding of the great emphasis the bank placed on our health all year when we were together.

The continued Covid-19 challenges will not prevent our continued sustainability work in 2022, with its Environmental (E), Social (S) and Governance (G) aspects. The bank acknowledges the need for a green transition and a more sustainable society and all our stakeholders are keen supporters of our work towards these goals.

Customers

In Ringkjøbing Landbobank we focus closely on implementing the Forum for Sustainable Finance's recommendations on how the financial sector can accelerate the sustainable transition of the economy. Not least, this is true in the area of investments and loans. For the first time, we publish portfolio-level carbon emissions from discretionary asset management, pooled schemes and the bank's own securities portfolio in this report. In addition, we are preparing portfolio-level calculations of carbon emissions from the bank's loans as at 31 December 2022 for publication in the ESG report for 2022. We also got more new sustainable investment products to offer and look forward to applying the EU sustainability taxonomy to both investment and lending.

Strong drivers of the bank's green transition work are the business opportunities deriving from this work. For more than 25 years 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 developed into an important business area for the bank and today account for a handsome part of our total loans. Later we built expertise in lending to solar energy and biogas plants, and our lending to personal customers for energy-efficient renovation of their homes and purchases of sustainable vehicles is considerable.

Sustainability is increasingly becoming a part of our advice to personal customers, where we place a strong emphasis on improvement of energy efficiency. One way we do this is by giving our personal customers access to Totalkredit's energy calculator. We see increasing customer interest in sustainability, and new home owners often give higher priority to improving energy efficiency than, say, installing a new kitchen.

In the area of investments, Ringkjøbing Landbobank works closely with BankInvest, of which we own 22%. In 2021, BankInvest launched one more Nordic Swan Ecolabelled fund – Danske Aktier Bæredygtig – and now offers three funds with that label. Interest has been overwhelming – including from the bank's customers. At the end of 2021, investments in the three funds totalled DKK 18 billion. In addition, BankInvest is working to present the sustainability impact, in terms of the UN Sustainable Development Goals and the fund's carbon emissions and ESG score. Sustainability impact reports are now available for 39 of a total of 45 public funds. BankInvest has a total of DKK 149 billion under management.

Ringkjøbing Landbobank also works with Letpension. This cooperation enables us to sell PFA's investment and annuity products to our personal customers. In 2021, we launched a particularly climate-friendly annuity via Letpension, which was very well received by our customers. The even more climate-friendly annuity emits 80% less carbon than the world equity index. The goal is to reach carbon neutrality for the product by 2025.

Employees

In light of the disruption caused by Covid-19, the bank's job satisfaction scores in 2021 were remarkably positive. The job satisfaction ratings given by 82% of the bank's employees are 'very satisfied' or 'extremely satisfied.' This is an increase of 3.7 percentage points compared to 2020. Voxmeter's annual image analysis shows that Ringkjøbing Landbobank has the best image of any Danish bank. Nordjyske Bank is in fourth place. Results like that are not achieved without a very great effort from our employees and I want to say thank you for 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 to the bank. Accordingly, we have not set a cap on our education and training budget. We offer our employees education and training in our

own academy and in collaboration with Aalborg and Aarhus Universities, the Financial Sector's Training Centre and local vocational education institutions. In addition, we provided training to 48 young people in 2021, and generate a substantial number of knowledge-based jobs in our local areas.

Society

The bank wants to be carbon-neutral. We own Sæbygård Skov forest, which captures more carbon dioxide per year than the bank emits. However, carbon sequestration in forestry is only accepted if the forest is certified under a UN-approved standard. We have therefore decided also to offset our CO₂ scope 1 and scope 2 emissions by buying climate credits.

As a strong local bank in West, Central and North Jutland, we are of great importance to local communities. We have always been conscious of this responsibility and are happy to accept it. We finance investments in local business development and are proud to support more than 1,400 local clubs, associations, initiatives and events.

At national level, the bank has expended more resources in 2021 than ever before on combating money-laundering and financing of terrorism. We are also one of Denmark's top 100 taxpayers and contribute to society by handling a range of other imposed tasks, e.g. in tax reporting and digitalisation. In addition, the Danish parliament, the Folketinget, has passed a proposal to levy a surtax on the financial sector which means that we will pay a higher income tax rate than other private-sector businesses from 2023.

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. We believe we are on the right track and look forward to continuing working in this direction.

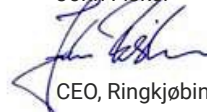
Reporting

The bank 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 for 2021, and much more about sustainable banking operations, on the following pages, which constitute both Ringkjøbing Landbobank's ESG report and our report on the Ten Principles of the UN Global Compact and the UN Sustainable Development Goals for 2021.

Happy reading!

John Fisker



CEO, Ringkjøbing Landbobank A/S

Ringkøbing Landbobank's business model

The bank's business model is based on close relationships with our customers, responsible lending and a high level of expertise 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 within selected segments 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 "Ringkøbing 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. It is also our goal to be seen by all our stakeholders as a competent, responsive and proper bank.

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 online or by 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 about the bank at the end of 2021

22
branches

626
full-time employees

206,239
customers

51,258
shareholders

DKK billion

Loans	41.2
Deposits including pooled schemes	43.7
Equity	8.7
Funds in custody accounts etc.	83.5
Mortgage loans arranged	54.0

ESG Fact Book

Our ESG Fact Book is available at landbobanken.dk/factbook and intended for investors, rating agencies and other stakeholders.

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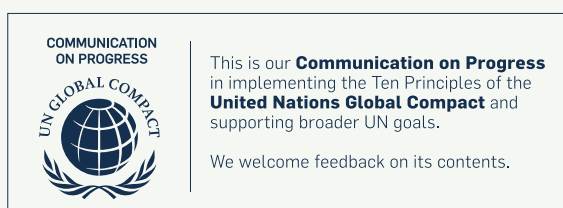
The bank's annual report for 2021 contains a reference to the ESG report, which covers the financial reporting period 1 January to 31 December 2021. This ESG report is also the statutory statement on corporate social responsibility and the ESG report is prepared in accordance with the provisions of Section 135 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 the bank's Communication on Progress (COP) for 2021.

As a supplement to the annual ESG report, the bank publishes an ESG Fact Book at landbobanken.dk/factbook. The ESG Fact Book presents data in a compact and clear form and beyond the scope of the ESG report. The Fact Book is updated continually.

Photo on cover and back: Solar energy plant installed by Nørhede-Hjortmose Solenergi I/S and wind turbines installed by Nørhede-Hjortmose Vindkraft. The wind turbines are today owned by a range of investors – including electricity utility companies, a private equity fund, original landowners and other investors.



In 2021, Ringkjøbing Landbobank endorsed the Ten Principles of the UN Global Compact regarding responsible business operation in the areas of human rights, labour, environment and anti-corruption.



This is our "Communication on Progress" (COP) report on our work in line with the Ten Principles of the UN Global Compact and the UN Sustainable Development Goals.

Common EU rules on sustainable finance



Mads Berendt Søndergaard,
head of responsible investments
at BankInvest.

The EU launched a very ambitious action plan for sustainable finance in 2018. Only now, from 2021 onwards, is the plan being realised, according to Mads Berendt Søndergaard, head of responsible investments at BankInvest.

The action plan's three key points are:

1. A common taxonomy or – in plain words – a common language for what is defined as environmentally sustainable. The taxonomy contains six environmental objectives. The first two are about climate change and entered into force on 1 January 2022. The others are about biodiversity etc. and enter into force one year later. The taxonomy affects all undertakings, whether financial or non-financial.
2. The disclosure regulation entered into force on 10 March 2021 and concerns financial undertakings only. It regulates the finance sector's sustainability work and how to disclose this work. It proposes for example that financial undertakings develop specific policies – partly for their sustainability work and partly for the marketing of the sustainability levels of the individual investment products. BankInvest has operated a sustainability policy for many years. Right now, BankInvest's biggest focus is on the sustainability of each fund, i.e. at product level.

3. Integration of sustainability preferences into investment advice. From 2 August 2022 financial undertakings are required to ask their customers about sustainability before providing any investment advice. Investment customers know about this issue, however, as profiling of risk appetite and investment horizon has been compulsory for many years. In future, this profiling must be supplemented by sustainability.

A welcome side benefit of implementing the action plan is that the definitions of sustainability are now for the first time harmonised across the different areas of initiative.

- This means that the concepts of the taxonomy and those of the disclosure regulation are now harmonised, and if you have sustainable objectives for climate and the environment, you must use the common definition, i.e. the taxonomy, continues Mads Berendt Søndergaard.

– This will affect the financial undertakings as they meet their disclosure obligations. So far, undertakings have fulfilled this obligation in their own ways, but we have just received a draft template that must be followed from 1 January 2023. The template must be used for prospectuses for Article 8 and 9 funds and must be attached to individual portfolio management agreements.

– We believe the finance sector wants to put a stop to greenwashing and ensure the advice to customers is transparent and sustainable. This requires a big effort by all financial undertakings, but the tools we need are now becoming available, although it takes some time to get to know them well, concludes Mads Berendt Søndergaard.



BankInvest is owned by Danish banks

BankInvest is owned by 37 Danish banks and has DKK 149 billion under management. With an ownership interest of 22%, Ringkjøbing Landbobank is one of BankInvest's biggest shareholders, and CEO John Fisker is deputy chairman of BankInvest's board of directors.



All BankInvest funds have been analysed

BankInvest has finished analysing the funds in accordance with the disclosure regulation. They have been categorised as article 6, 8 or 9 funds. Article 6 only addresses the integration of sustainability risks. Article 8 funds include the ESG key figures in the investment decision and set requirements for the investments. So far only very few investments fall within article 9, which specifies that sustainable investment must be its objective. All BankInvest's funds for private investors are now classified as article 8.

BankInvest is also analysing the investments in accordance with the taxonomy. This remains a major challenge in respect of data quality, as the undertakings in which investments are made are not yet required to report the necessary key figures. The data quality is expected to improve considerably in the coming years.

Today, an average fund contains around 5% sustainable investments under the taxonomy. The figure for the best funds is around 10%. At the moment, it is considered impossible to reach 15%, since account must also be taken of return and risk diversification in broad investment portfolios. That is a good thing, comments Mads Berendt Søndergaard.

– It shows that the taxonomy is ambitious but it may be a challenge for us to explain to the customers that the most sustainable funds do not invest only in very sustainable undertakings. We are seeing the media scrutinising the sustainability of our funds even more. Some people are wondering why we don't invest only in the greenest of green undertakings, but also in undertakings that are either on a green path or are part of industries that don't emit so much carbon.



Scan and see
Lars Bo Bertram in a film (in Danish).



BankInvest was elected best ESG Responsible Investor in Denmark

The work of creating transparency in sustainable investment decisions is forging ahead and BankInvest is among the best in the field, says BankInvest's CEO Lars Bo Bertram.

– BankInvest was again elected Best ESG Responsible Investor in Denmark in 2021 by the London-based financial journal CFI.co. We see this as a result of our longstanding strategy of promoting sustainability through investing. We are pleased with the extra visibility this adds to our sustainable initiatives.

Lars Bo Bertram emphasises that sustainable investments are not only about global warming.

– Covid-19 has thrown an additional 100 million people into extreme poverty. In addition to climate, this is just one of the many challenges that has to be dealt with, and we have an eye for this in BankInvest when we invest our DKK 149 billion.

In 2020 BankInvest launched two Nordic Swan Ecolabelled funds. A new one was added in 2021 and received an overwhelming welcome in the market.

– At the end of 2021 we had more than DKK 18 billion under management in our three Swan-labelled funds. Globale Aktier Bæredygtig Udvikling is the biggest at over DKK 13 billion, but Globale Obligationer Bæredygtig Udvikling at DKK 3 billion and Danske Aktier Indeks Bæredygtig at DKK 2 billion have also done well. And we are the first in Northern Europe to offset the entire carbon emissions of the two global funds. The fund's emissions were already less than 50% of the market index and we compensate for this emission by buying climate credits from South Pole based on an additivity principle, which means that the purchase creates real change and development, explains Lars Bo Bertram.

Lars Bo Bertram,
CEO of BankInvest.



Carbon footprint from investment products

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 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.

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

1. Total carbon emissions in tonnes of CO₂e (CO₂ equivalents)¹
2. Carbon footprint in tonnes of CO₂e per DKK million invested

This action plan is Ringkjøbing Landbobank's initial response to the recommendation. The action plan reflects the status on 31 December 2021. Our way of working with the action plan and statement will develop over time.

Knowledge about carbon emissions is part of investment advice

The bank offers attractive investment solutions adapted to the individual customer's personal timeframe and risk preferences.

The fact that the carbon emissions from the investments we make on behalf of our customers and from the bank's own portfolio are now quantified adds new insight which will be part of our advice in future, for example on the investment products we recommend.

In 2022 we will prepare a similar action plan for the bank's loans. The aim is to enable us to make more sustainable choices together with our customers, both when they want to invest and when they need a loan.

Carbon emissions (CO₂e) from the holding of investment products on 31 December 2021 for the 2021 reporting year²

	Market value, DKK million	Share	CO ₂ e, tonnes	CO ₂ e, tonnes per invested DKK 1 million	Share of total CO ₂ e
Discretionary asset management (in Danish: Formuepleje) including two share portfolios	11,450	63.0%	74,025	6.47	74.2%
Pooled schemes	5,575	30.6%	25,611	4.59	25.6%
The bank's own portfolio	1,162	6.4%	181	0.16	0.2%
Total	18,187	100%	99,817	5.49	100%

¹ Asset classes covered by the statement

The criteria 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 discretionary asset management products (in Danish: Formuepleje) including two share portfolios, its pooled schemes and its own portfolio, but excludes trading portfolios and shares in sector companies. 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.

Investments made by the customers themselves or which customers instruct the bank to make are not included.

² The data used

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

Data from MSCI were used to calculate carbon emissions from investments in shares and corporate bonds. The data comprise both company-specific and estimated emissions data.

For mortgage credit bonds issued by Nykredit, Jyske Kredit and Realkredit Danmark, emission estimates published by the issuers were used. No data were found from other issuers, who are as a consequence thereof not included in the statement.

For BankInvest investment funds, BankInvest's own fund-level carbon calculations were used. BankInvest also uses data from MSCI.

The bank's investments on behalf of customers are made under discretionary asset management agreements, through the bank's pooled schemes or under individual mandates.

Total emissions from the bank's portfolio of discretionary asset management agreements, including two share portfolios and the pooled schemes, at the end of 2021 are calculated at 99,636 tonnes of CO₂e, which is equivalent to 5.85 tonnes of CO₂e per DKK million invested. The discretionary asset management agreements and the two share portfolios accounted for 74,025 tonnes of the total and the pooled schemes for 25,611 tonnes.

Emissions from the bank's own portfolio are calculated at 181 tonnes of CO₂e, the equivalent of 0.16 tonnes of CO₂e per DKK million invested. The vast majority of the bank's own portfolio is placed in mortgage credit bonds.

Emissions from the total portfolio at the end of 2021 were 99,817 tonnes of CO₂e, the equivalent of 5.49 tonnes of CO₂e per DKK million invested. The utilities companies, material production and energy sectors in particular contribute to the emissions from equity investments.

Concrete initiatives

Ringkjøbing Landbobank regards the statement of carbon emissions from investment activities as the first of several steps towards reducing carbon emissions. We will use the statement as a guideline for the further work of identifying possibilities of decreasing negative and increasing positive effects.

The bank will focus in particular on discretionary asset management agreements – including the bank's share portfolios – and

pooled schemes because our investments on behalf of customers account for the vast majority of the carbon emissions.

Going forward, sustainability will also be a focal point of our advisory services. From 2 August 2022 we will start identifying the customer's sustainability preferences when we advise on investment. The aim is to find the specific products that best match each individual customer's preferences in terms of sustainability.

Initiatives via the collaboration with BankInvest

A large part of the bank's effort to reduce the carbon footprint from investment products is via our collaboration with BankInvest. Reducing carbon emissions has been BankInvest's goal for a long time. The company offers some of the market's most sustainable funds, including Nordic Swan Ecolabelled funds for global shares, global bonds and Danish shares. BankInvest expects to launch additional sustainable products in 2022.

The Swan-labelled fund with Danish shares reduces the carbon footprint by 25% compared to the benchmark. Carbon emissions from the two Swan-labelled global funds must not exceed 50% of the global stock index measured by MSCI. The two global funds offset their emissions by purchasing acknowledged climate credits and are therefore carbon-neutral. The most important sustainable investment products by volume which the bank distributes today therefore have low carbon emissions. As a distributor, the bank thus has products available within global shares, global bonds and Danish shares, which means we have a solid range of sustainable products to choose from when we invest on behalf of our customers.

Sustainability impact

BankInvest publishes a quarterly sustainability impact report for 39 out of 45 public funds. This will eventually be done for all of the association's funds. The sustainability impact report measures the sustainability of the individual funds in terms of carbon emission, ESG score and contribution to meeting the UN Sustainable Development Goals.

As an innovation, BankInvest now also prepares sustainability impact reports for the bank's pooled investments, to show investors in our pooled schemes the scores in the three areas every quarter, notes Sten Erlandsen, finance manager at Ringkjøbing Landbobank.

- The sustainability impact report creates transparency and is becoming increasingly important for customers' investment decisions. Sustainability – or rather: a lack of sustainability – is increasingly regarded as an investment risk.

The sustainability impact report is designed as a two-page summary of each fund. Emphasis has been placed on making the summary as clear and definite as possible.



The next step is to prepare a sustainability impact report for the individual customers' custody accounts and this is something we are working on.

Of the investment fund certificates the bank had under discretionary management, including in pooled schemes, on 31 December 2021, 95.5% was invested in funds with a sustainability impact, compared to 88.2% the year before.

The taxonomy regulation

As shown on page 6, 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 first two climate objectives entered into force on 1 January 2022 and, based on figures at the end of 2021, Ringkjøbing Landbobank must disclose how big a part of its balance sheet is covered by the report. An actual green asset ratio (GAR) does

not have to be computed until 2024, because the bank’s major business customers are not required to report their data until then.

The coming GAR will show the size of selected assets that are classified as sustainable under the taxonomy.

The bank assessed its total assets at the end of 2021 and provides the following key figures for their distribution:

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

The financial sector is still in the process of clarifying the computation principles but the bank calculates that 13.2% of its assets at present are covered by the taxonomy. A large part of the 13.2% are loans to personal customers secured by mortgages on real property and cars.

There are several reasons why 86.8% 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 from the taxonomy regulation because they have fewer than 500 employees. This group is referred to as “non-NFRD undertakings” and accounts for 40% of the bank’s assets. Derivatives and exposures to sovereigns and central banks amount to 5.8% but are not covered either. Finally, the bank’s trading portfolio and interbank loans represent 9.8% of its assets but are not covered because the trading portfolio has not yet been classified under the taxonomy regulation. 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 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 the sections on environmental and social aspects on pages 14 - 41.

The bank’s sustainability work is anchored in its credit policy, social responsibility policy and responsible purchasing policy, in our adoption of the Ten Principles of the UN Global Compact regarding responsible business operation and in our support of the UN Sustainable Development Goals.

Sten Erlandsen,
finance manager at
Ringkjøbing Landbobank.



Demands for sustainability are part of customers' investment decisions

Ringkjøbing Landbobank is preparing for identifying its customers' sustainability preferences from 2 August 2022, but that's not really a new thing, says Sten Erlandsen, finance manager at Ringkjøbing Landbobank.

– We've been profiling customers in relation to risk and return for some years and we've also had customers for many years who didn't want to invest in specific industries – tobacco, for example. The new thing is that the customers' sustainability preferences must be available to the advisers and that requires a lot from our IT systems and training of employees. The bank's advisers must thus be able to help the customer choose investments that match his or her profile and preferences. And as for concepts where we act under an individual mandate, the significance will be at least as big because here, the bank is obliged to stay within the limits set by the individual customer's sustainability objectives and preferences.

Sten Erlandsen adds that Ringkjøbing Landbobank is already working on integrating investment products in categories¹, 6, 8 and 9 in its advisory services. The bank receives good support from BankInvest, which has also got far in that area.

– We've come a long way with product selection and sustainability reporting when the bank is working under general investment mandates. We'll be ready to profile individual customers from 2 August 2022, but it will take some time to implement the processes.

Even though a lot of work is involved, Sten Erlandsen looks forward to having a common taxonomy for the sector.

– Today we are steering by each customer's individual criteria. Towards the end of the year, for example, we were invited to tender for managing a large amount for a client who required our bid to meet five of the seventeen sustainable development goals. Mind you, the five goals were the client's own choice. We'll be seeing more of that. The customers don't want to wait any longer and are beginning to decide their sustainability preferences themselves.



Tools for profiling preferences related to sustainability are being developed

The bank is developing the tools to be used from 2 August 2022 to carry out mandatory profiling of customers in terms of sustainability. Profiling may be based on the following parameters:

- How big a share of the customer's investment must comply with the taxonomy criteria?
- What minimum share of the investment must go to a specific sustainable objective?
- Process of elimination – a list of businesses, industries or products the customer does not want to invest in

¹ See the definition of categories on page 7.



Lars Stouge, CEO of Letpension.

Climate-friendly annuity via Letpension is a success

Letpension (“Easy Pension” in Danish) is an intermediary of pension and insurance solutions through a number of banks with branches throughout Denmark.

The pension company PFA supplies the pension and insurance products and is responsible for investing the savings.

Ringkjøbing Landbobank is one of the banks which, via Letpension, arranges annuity pension and insurance cover of illness and death for its personal customers. Ringkjøbing Landbobank’s CEO John Fisker is chairman of the company, which is owned by 14 banks and PFA.

Letpension is growing strongly and total savings under the products mediated have now topped DKK 23 billion for the owner banks’ personal customers.

In 2021, it became possible for the owner banks to offer a particularly climate-friendly annuity. Ringkjøbing Landbobank was one of the first to have its systems ready to market the product. This has been a success for the customers who have already made this annuity a part of their pension savings.

– Although the equity portfolio in the particularly climate-friendly product naturally consists of fewer different shares than the standard product, PFA expects comparable risk and return for the two products in the long term. However, returns will develop differently because the products are invested differently. The particularly climate-friendly product invests in fewer companies. This can cause major return fluctuations, especially in the short term, says Letpension’s CEO Lars Stouge.

The savings in the particularly climate-friendly product are invested in much more than wind turbines and solar cells. The strategy is to have an eye for businesses leading the green transition in their different industries. This ensures sufficient diversification of the investments to control the risk and achieve a competitive return.

In 2021, the standard product emitted 16% less carbon than the global equity index. The particularly climate-friendly product emitted 80% less carbon and the goal is to reach carbon neutrality for the product by 2025. By 2030, it must be carbon-negative and remove more carbon from the atmosphere than it emits.

Indirect energy consumption has become more sustainable.



Lene Weldum, manager of Bankdata.

Ringkjøbing Landbobank has a significant indirect energy consumption as a result of a large proportion of its IT development and operations being outsourced to Bankdata, which in turn has outsourced the energy-hungry IT operations to JN Data.

– Therefore, we are pleased that JN Data has converted to green energy through the purchase of wind certificates that cover the entire electricity consumption, which in 2021 was around 21.8 GWh, says Bankdata manager Lene Weldum.

– And this is not the only contribution JN Data is making to more sustainable operations. Waste heat from the data centre is passed on to Silkeborg Forsyning's district heating network, where it meets the annual heating requirements for 4-500 households. At the same time, the solution contributes to a reduction in JN Data's need for cooling, thus reducing their energy consumption. Lastly, JN Data and a number of other actors in the financial sector have entered into an agreement with the energy company Better Energy to buy green electricity. As a part of the agreement, Better Energy will establish a completely new solar energy park which is expected to be ready by the end of 2022. In this way JN Data as a major consumer of energy will also be helping to increase the Danish production of green energy.



Bankdata's own initiatives in 2021 have primarily been about:

- Recharging points for employees' electric vehicles
- Replacing electric light bulbs with LED
- Fewer physical meetings and more work from home, resulting in reduced travel requirements. As in many other places, this development was triggered by Covid-19, but it has functioned well for both the business and the staff, so more of Bankdata's work in the future will be done from home than was the case before Covid-19. Bankdata has thus decided to switch to a new conferencing platform to improve the quality of meetings held with home-based participants
- Greater gender diversity throughout the business. Amongst other things, it is Bankdata's policy that both male and female candidates will be expected to be presented by head hunters to fill a position
- Better opportunities for minority groups on the labour market

Bankdata supports a better distribution of parental leave between men and women, but Lene Weldum does not believe the new rules will have any significant implications for the financial sector.

– Our parental leave terms for employees of both sexes are better than those secured in the future for the rest of the job market. We can see the desired result – that many men working for us are taking a long paternity leave. We are also starting to see examples of male employees seeking to take a period of reduced working hours in connection with an increase in the size of the family.

Ringkjøbing Landbobank has deliberately chosen to work with
the environmental sector
for a long time because it makes business sense.

The bank has the lowest rate of costs in the sector, in part because optimal utilisation of only the necessary resources is part of our culture.

On the income side, we soon saw the potential of wind power and have funded this for more than 25 years. Loans for wind turbines have developed into a significant business area for the bank and are now one of its strong niches together with loans for solar energy and biogas plants.

Furthermore, Ringkjøbing Landbobank's environmental work is based on our policies – including the social responsibility policy and responsible purchasing policy.

The bank also supports the UN Sustainable Development Goals and in 2021 we endorsed the Ten Principles of the UN Global Compact 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:

- Reduce our own negative impact on the environment as far as possible
- Increase our employees' environmental awareness
- Grant loans for climate-friendly and renewable energy production
- Grant loans for the sustainable transition of private individuals, including energy efficiency improvement of housing and purchases of sustainable vehicles
- Market and advise on sustainable investment products

Our social responsibility policy, responsible purchasing policy and other policies are available at landbobanken.dk/policies



ENVIRONMENT

Activity

**UN Global Compact principle 7:
Businesses should support a precautionary approach to environmental challenges**

Objectives

The Forum for Sustainable Finance's 20 recommendations on how the financial sector can accelerate the sustainable transition of the economy must be put into action. This includes further developing the basis for measuring carbon emissions from the bank's investment portfolios and implementing the recommendation to publish carbon emissions from its loan portfolio.

The 20 recommendations can be found at financedenmark.dk

Status

The bank has a comprehensive set of rules on controlling risks in all relevant areas. This appears, for example, from the bank's policies and disclosures at landbobanken.dk/policies

The bank supports the Forum for Sustainable Finance's 20 recommendations on how the financial sector can accelerate the sustainable transition of the economy. The key initiatives in 2021:

- For the first time, the bank publishes portfolio-level carbon emissions from discretionary asset management agreements, pooled schemes and the bank's own securities portfolio in this ESG report
- The bank is preparing for publishing portfolio level carbon emissions from the bank's loans as at 31 December 2022 in the ESG report for 2022
- The bank now has additional sustainable investment products to offer



ENVIRONMENT



Activity

**UN Global Compact principle 8:
Undertake initiatives to promote greater environmental responsibility**

Sustainable Development Goal 12: Responsible consumption and production

Sustainable Development Goal 13: Climate action

Objectives

Reducing the energy consumption per square meter in the bank's buildings, for example by implementing profitable energy-saving projects in its older buildings.

Producing the bank's different types of card in more sustainable materials.

Holding as many meetings as possible virtually.

Optimising case handling procedures and processes through digitalisation and the use of robots.

Reducing paper consumption by signing documents electronically as far as possible.

Reducing carbon emissions from the bank's transport.

Reducing the bank's indirect carbon emissions.

Status

The bank regularly assesses and prioritises the possibilities of alternative and energy-saving initiatives. LED lighting and motion sensors have been installed in many of the bank's rooms and the bank continuously replaces ventilation and cooling systems to recover heat where possible.

The bank carries out waste sorting.

The bank's new MasterCard Debet debit card now contains at least 85% recycled PVC.

The bank focuses on optimising its case handling procedures and processes through continuous digitalisation, including online meetings and the use of robots.

The bank expects both personal and business customers to sign documents electronically unless otherwise explicitly agreed.

The bank continues to prioritise virtual meetings and the number of these accelerated in 2020 and 2021. The virtual meetings reduce transport needs and are used in particular for:

- Meetings with the bank's customers
- Internal meetings – including between head office in Ringkøbing and the regional office in Nørresundby
- Meetings with close partners such as Bankdata and BankInvest

The bank's indirect carbon emissions have dropped because JN Data converted to buying 100% green electricity from Danish wind turbines in 2021. During 2022, JN Data and a number of other operators in the financial sector will start receiving green electricity from Better Energy. As a part of the agreement, Better Energy will establish a completely new solar energy park which is expected to be ready by the end of 2022.



ENVIRONMENT



Activity

**UN Global Compact principle 9:
Encourage the development and diffusion of environmentally friendly technologies**

Sustainable Development Goal 7: Affordable and clean energy

Objectives

Continuing to develop our loans for climate-friendly and renewable energy production – including wind turbines, solar cells, biogas and other environmentally friendly technologies. As part of this, contributing to the green transition of agriculture through our loans to biogas plants.

Maintaining our relationships with national and international partners for the financing of profitable and sustainable projects for the benefit of our customers and society.

Continuing to develop our loans for the sustainable transition of private individuals, including energy efficiency improvement of housing and purchases of sustainable vehicles.

Perceiving green transition as an opportunity for continued growth in the bank's lending.

Status

Since 1995, the bank has provided loans for onshore wind turbines installed primarily in Denmark but also in Germany and other European countries. Financing of energy production from renewable sources is today one of the bank's important business areas, which now also includes financing of solar energy and biogas plants.

Ringkjøbing Landbobank has built close relationships with Danish, Scandinavian and other European partners on loans for green investments. These relationships have given access to competitive financing which we make available to our customers. Our collaboration with these partners strengthens our business case and supports society's transition to being more sustainable. Our partners include:

- The Danish Green Investment Fund (collaboration on loans for biogas plants etc.)
- EKF – Denmark's Export Credit Agency (collaboration on financing of Danish wind turbines abroad etc.)
- The Danish Growth Fund (collaboration on financing of growth businesses contributing to the green transition etc.)
- NIB – Nordic Investment Bank (collaboration on loans for wind energy projects and other renewable energy forms)
- KfW – Kreditanstalt für Wiederaufbau (collaboration on back-to-back financing of loans for renewable energy projects)

The bank encourages its personal customers to use Totalkredit's energy calculator to get inspiration for specific energy improvements in the home. For many years the bank has granted financing for various energy-saving and environmental initiatives in private homes and for sustainable vehicle acquisitions.

The bank only buys electricity generated from wind turbines and our declared target is to be carbon-neutral, which we have been from 2020 – both by having our own forest and by buying climate credits.



VÆKSTFONDEN



The green leaf shows that Ringkjøbing Landbobank buys electricity from renewable energy sources – in this case wind.

Analysis of financed emissions on its way

At the end of 2019 the Forum for Sustainable Finance announced 20 recommendations on how the financial sector could accelerate the sustainable transition of the economy. These recommendations are voluntary, but the bank supports them, and the first of these are currently being implemented. The Forum for Sustainable Finance was made up of 22 members from the financial sector, industry, agriculture, NGOs and the scientific community with Anders Eldrup as chairman. Ringkjøbing Landbobank's general manager Jørn Nielsen participated in the work.

– One of the most central recommendations is to do with the publication of the carbon footprint of the activities that the bank helps to finance or invest in. With regard to loans, the job is to analyse emissions from our loan portfolio. We have not finished yet, but the plan is to publish the first results of the direct and indirect emissions – or to use the technical jargon, scope 1 and 2 emissions – from the assets which the bank has financed, in connection with the publication of the ESG report for 2022, says Jørn Nielsen.

The bank expects the first results from the business area to be rough estimates. Many businesses have no knowledge of their own emissions and naturally, neither does the bank. In these circumstances one must use average figures from different industries. The quality of data from those areas where results have been obtained could also be better. Department manager Jakob Jermiin Nielsen is responsible for the work.

– In time, we expect to obtain more precise results. For example, agricultural consultants are currently working on more precise targets for emissions from each farm. The same tendency, albeit less significant, can be seen in other sectors. Often, the work will be done together with the customer's accountant.

We have made more progress with our personal customers. Here, we are collaborating with Totalkredit, and we have access to public records that enable us to make accurate assessments of the emissions of each individual property. However, this does not mean that we have finished our work in this area, either. There still remains a great deal of work to be done to couple the data from the loan portfolio to the emissions from individual properties, says Jakob Jermiin Nielsen.

It is not just data quality that prevents compilation of accurate emission results for a loan. It is also a challenge to determine what the loan is going towards, and what actually is sustainable.

– If a home owner mortgages his house and buys a diesel car with the proceeds, how does one measure that? And what if a business with a high level of carbon emissions seeks funds to reduce emissions – is that sustainable? asks Jakob Jermiin Nielsen.

– We hope to benefit from EU's common taxonomy for sustainable activities. Right now, it is a huge challenge to define what is sustainable, and the taxonomy should help, says Jakob Jermiin Nielsen.

The recommendation also includes an appeal to set targets for a reduction in the carbon footprint.

– One day, I expect that we will define targets for a reduction of emissions from our loan portfolio, but right now we need to obtain the first experiences based on the data we can collect, says general manager Jørn Nielsen.



Jakob Jermiin Nielsen
department manager, Ringkjøbing
Landbobank (left) and
Jørn Nielsen, general manager
Ringkjøbing Landbobank (right).

Mette Haubjerg, IT manager, Ringkjøbing Landbobank.



Energy optimisation of the bank’s buildings

The bank is currently working on making a number of its larger buildings more energy-efficient. This is being done on the basis of the mandatory energy inspection which the bank had done at the end of 2020 and the beginning of 2021. According to the law, 20% of the building mass must be inspected every fourth year, but the bank has elected to have a good deal more done. So says the IT manager, Mette Haubjerg, who is in charge of the work.

– Everybody are able to understand and relate to the recommendations, so the energy inspection report is a useful tool for both the bank, the employees and society. On the basis of the report our bank janitors, who have responsibility for day-to-day maintenance of our buildings, have identified nearly 30 projects which could pay for themselves within five years. The work is in full swing and all projects are planned to be completed over the next three years enabling everyone to keep up.

The bank is in the process of a major expansion of its head office in Ringkjøbing, and here of course, we are complying with the strict energy requirements applicable to new buildings.

– In addition, we have decided not to have any north-facing windows which can cause a large loss of heat, and on the south side we have invested in protection from sunlight, so we can reduce our need for air-conditioning of the new rooms.



Enlarging the head office in Ringkjøbing

The bank is expanding its head office with a three-storey building with 1,532 m² of floor space on the other side of the pedestrian precinct. The new building will be connected to the current head office by a footbridge. When the building, which is expected to be finished in November 2022, is ready, it will be occupied by over 100 employees from the bank’s staff functions. There will also be space for a lecture room and a number of conference rooms.

Half of the ground floor facing the pedestrian precinct will be rented out to retailers. Existing office space will be reallocated so all of the employees currently working in the head office will get more room.



Electronic signatures – new solution for business customers

In 2021 Ringkjøbing Landbobank has invested in a new solution for electronic signatures for business customers. The solution will be launched in 2022 and will optimise working procedures, while the bank will have some savings in paper and postal charges.

Sæbygård Skov forest – an asset for the town, the bank and the climate



Sæby is situated on the shores of the Kattegat and adjoins Sæbygård Skov forest.



Sæbygård brook flows through the forest.



Rune Dam Dyhr, branch manager of Nordjyske Bank in Sæby.



New entrance signs tell the story of the forest.

Nordjyske Bank has owned Sæbygård Skov since 2005, and it has always been the intention that the forest should be open to the town's residents, says Rune Dam Dyhr, who is branch manager of the bank in Sæby.

– We have previously held a “Day in the Woods” which was supported by a large number of the town’s associations. The idea was to offer a day in the forest for parents and children, where the forest would be bustling with activities for young and old. At the last “Day in the Woods” about 2,500 people joined in and had an enjoyable day.

As we all know, Covid-19 has temporarily put a stop to large events, but the bank still wants to give the people of Sæby and other interested people a good experience when they visit the forest.

– We thought, therefore, of being creative, and asked local artist Charlotte Rømming to come up with a new, family-friendly activity for visitors. This resulted in a treasure trail, where guests must find 10 large stones painted as insects. You can get a treasure map from the bank in Sæby. It was a great success. We started with a competition in which more than 350 families took part, but the stones will remain where they are for the time being, and there are still people who come and ask for a treasure map, even though they can't win anything, continues Rune Dam Dyhr.

Rune Dam Dyhr is a board member of the Sæby trade association, which sees the forest as a great asset for the town.

– Our new residents get access to both woodland and water near the town limits, which helps us in our work with new settlement. Many residents of Sæby, new settlers and tourists in fact mention that in Sæby we have both woods and water so close – it's quite unique. The forest is an asset for the town, and of course, we must protect and develop it.



Tove Bilstoft, personal customer adviser in Ringkjøbing Landbobank.



Sæbygård Skov forest captures more carbon dioxide than the bank emits.

The annual growth of Sæbygård Skov forest captures more carbon dioxide than the bank emits. Sæbygård Skov forest is not certified to any UN standard, though, which is why the uptake of carbon from the forest is not included when rating agencies evaluate the bank's sustainability.

Ringkjøbing Landbobank has therefore decided to compensate for its scope 1 and scope 2 carbon emissions by buying climate credits. Climate credits for 300 tonnes of CO₂ have been purchased in South Pole's Kariba project in northern Zimbabwe. The Kariba project has been chosen according to an additivity principle, meaning that the project could not have been carried out without the income from the sale of climate credits.

For more information, go to www.southpole.com



Scan and see a film about Sæbygård Skov (in Danish).



Ringkjøbing Landbobank has purchased climate credits in South Pole's Kariba project in northern Zimbabwe.



Energy improvements are a part of housing advice

The high energy prices have caused many families to change their priorities when they talk with their bank adviser about a home purchase loan. This is the experience of Tove Bilstoft, who is an adviser in the bank's personal customer department in Ringkjøbing.

– Energy improvements are definitely prioritised whenever a house needs to be modernised or changes ownership. Now, energy improvements often take greater priority than for example a new kitchen, says Tove Bilstoft.

– It also helps matters that many customers can get a grant for energy improvements. On the Danish Energy Agency's web site, sparenergi.dk, you can apply for a grant from a reserve fund dedicated to the three worst energy classifications. And if a house changes hands after many years' ownership by the same person, we often find that the house is classified as energy class E, F or G in the mandatory energy report.

Tove Bilstoft is well-versed in the subject matter of energy improvements when talking with a customer. Two years ago, she and her husband renovated the roof of their house and in 2021 they replaced windows and bought a hybrid car.



Start by getting inspiration from the Energy Calculator

Ringkjøbing Landbobank's personal customers can find inspiration for energy saving projects in the home on landbobanken.dk, which includes a link to Totalkredit's energy calculator (Energiberegneren).

You just enter your address, and the energy calculator does the rest. However, the calculator's recommendations should only be used for inspiration. Before any energy improvement projects should be started, they must first be verified, planned and budgeted by experts.

The municipality's businesses create activity and incomes

Many people know that Ringkøbing-Skjern Municipality is the largest municipality in Denmark in terms of area. But probably fewer are aware that the municipality is home to a large number of enterprising, innovative businesses – including Ringkøbing Landbobank. The municipality is already well under way with the 'green' agenda, and has many 'green' workplaces in the area. This is the message from mayor Hans Østergaard, who is pleased with the many workplaces that the municipality's businesses have generated.

– Ringkøbing Landbobank means a lot for Ringkøbing-Skjern Municipality. We feel that the bank invests in the municipality for the long term, and we are very grateful for that. A few years ago, the bank took over and rebuilt the old regional town hall, and now they are building a new annex because they need extra space. It is good for the municipality to have businesses that are expanding and providing jobs to many employees. It generates life, commerce, and not least, tax revenues; the bank also generously supports our many voluntary associations in the leisure and cultural fields.

– The bank contributes to the municipality's finances – in part, through the income tax of its employees who live in the municipality – in part through a minor share of the corporation tax which the bank pays. But it is the income tax which we as a municipality live off. In 2021 we have budgeted with corporation tax of DKK 69 million and income tax of DKK 2.3 billion, so this indicates how much we rely on good, solid businesses that create attractive, well-paid jobs, says Hans Østergaard.



DKK 294 million in corporate tax

Of the DKK 294 million which Ringkøbing Landbobank must pay in corporate tax for the year 2021, approx. 85% or approx. DKK 250 million goes to the state, while the remainder, approx. 15% or approx. DKK 44 million is shared among the municipalities where the bank has branches.

The three largest recipients are Ringkøbing-Skjern Municipality, Aalborg Municipality and Frederikshavn Municipality.



Hans Østergaard,
mayor in
Ringkøbing-Skjern
Municipality.

Sunset at Bagge's Dam, Ringkøbing Fjord.



King Hans' Bridge, Skjern Enge (Skjern Meadows).



Nature's Kingdom – focus on renewable energy

Ringkøbing-Skjern Municipality brands itself as “Nature’s Kingdom”, and one of its themes is to become self-sufficient in renewable energy. A development that Ringkøbing Landbobank among others has helped to finance – both in Ringkøbing-Skjern and many other municipalities in Denmark.

– If all of the projects that are currently planned are brought to fruition, then the municipality will achieve a self-sufficiency quotient of 126% in 2024. And it is important to note that we are talking about total energy. We already have a self-sufficiency quotient of 150% for electricity, says mayor Hans Østergaard.

Today, 10% of all Danish land-based wind-generated electricity is produced in Ringkøbing-Skjern Municipality. This, of course, is because the prevalent wind is from the west, but it is also significant that Vestas, the world’s leading manufacturer of wind turbines, is based locally, and that Ringkøbing Landbobank was one of the first banks to notice the business potential in financing the Danish production of wind-generated electricity.

The municipality is a part of Realdania’s project on climate policy planning, and in 2022 the town council will establish a Business, Climate and Job Market Committee as well as a Climate and Energy Council to bring more attention to climate matters. Lastly, the municipality has for several years been working on a spectacular project – WestWind 24 – which is also a part of the municipality’s effort to brand itself as Nature’s Realm.

The goal of WestWind 24 is to create the world’s most talked-about and innovative event for electrically-powered vehicles. The event should attract the leading manufacturers of electric vehicles, experts in battery and recharging technologies and other interested parties within green transport infrastructure. The main attraction will be a race for electrical vehicles around Ringkøbing Fjord, supplemented by a conference for experts and a public festival.

– We have decided to set aside funding for the further concept development of WestWind 24, and the plan is now to hold a beta-event in the spring of 2022. After this, we shall assess whether there are grounds to make it an annual event. We certainly hope that there are, but it will require support from local businesses, says Hans Østergaard.

The main attraction for WestWind 24 will be a race for electrical vehicles around Ringkøbing Fjord.



Danish broad beans will be a part of the green transition



Scan and see a film about Meelunie GPI (in Danish).



Broad beans are rich in protein and fibre.

Ringkjøbing Landbobank is a financial partner for Meelunie GPI A/S, a company that is in the process of building a protein factory near Hedensted in east Jutland. The factory will produce protein based on Danish-grown broad beans, and this provides a number of advantages, says Lars Dahl Laursen, who is CEO of the company.

– Our factory will contribute to the green transition by producing proteins that are more environmentally friendly than meat and imported soya. Soya is clearly the most important source of plant-based protein, but it is problematic, because it has to be shipped from South America or North America. Some of it even has to be transported to Asia in order to be processed, before being sent on to Europe. Soya also requires more and more space for cultivation, which is why it is blamed for some of the deforestation that takes place in South America.

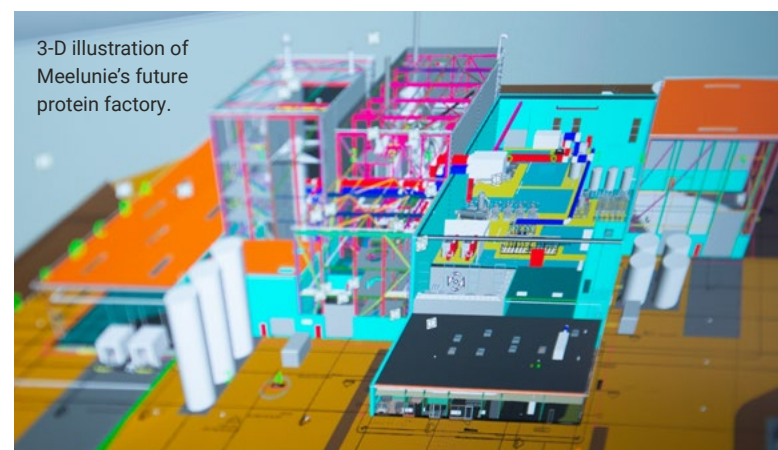
Therefore there is focus on how we can produce our own protein-rich crops in Denmark.

– *We chose broad beans because they are almost tasteless once they have been through our licensed process, and that is a significant driver. This means that our customers can control the taste themselves by choosing which flavourings to use for their product.*

Broad beans are a legume which absorbs atmospheric nitrogen. This makes them environmentally suitable as a rotation crop in agriculture. The beans are delivered by Hornsyld Købmandsgård, which enters into contracts with Danish farmers to cultivate them. If the Danish harvest is not sufficient, beans can be purchased from England and the Baltic.

The final product is one with a much reduced carbon footprint per unit of protein, but the most important thing for our financiers is that there is a market for the products. Ownership of the project is shared: 50% by Danish investors and 50% by Meelunie, which is a Dutch trading company with more than 100 years of history behind it. Meelunie buys all of the production output.

Financing of the project is a collaboration between The Danish Green Investment Fund and the owners, who include Siccadania A/S in Birkerød. Siccadania A/S will provide the factory.



3-D illustration of Meelunie's future protein factory.



The loan is managed in Ringkjøbing Landbobank by Claus Løwe Theil and Christian Adamsen.



Four foodstuffs and two bi-products

When the factory is fully operational it will produce four different foodstuffs from the broad beans:

- Protein A, which is insoluble and can be used as a meat substitute for example in burgers
- Protein B, which is soluble and can be used in energy drinks and as a substitute for eggs
- Starch which can be used for example in the production of glass noodles
- Plant fibre, which has strong nutritional properties in the production of meat substitutes

In addition there are two bi-products:

- Molasses, which can be used for example in animal feedstuffs or the production of biogas
- Bean pods. The usage for these has not yet been decided, but two options are use in biogas production or fuel for furnaces

The loan is managed in Ringkjøbing Landbobank by business customer advisers Claus Løwe Theil and Christian Adamsen. For them, the case began with an approach from a consultant who was hired to find financing for the project.

– We quickly found that the project was solid because sales of the products were secured beforehand. We were encouraged by the fact that the Danish Green Investment Fund is involved. We already had a close collaboration with the Fund in the financing of for example biogas plants. We are therefore very pleased that we have been chosen as a financial partner, state Claus Løwe Theil and Christian Adamsen together.

Lars Dahl Laursen is pleased with the collaboration with Ringkjøbing Landbobank.

– The bank is very straightforward and practical. You meet only a few employees and this makes it easier, because you don't have to keep repeating background explanations. The bank is very 'Jutlandic' – they tell it how it is, and align expectations accordingly. And they are very quick to respond if something crops up.

When the factory is finished it will employ 25 workers. One of the criteria for placing the factory in Denmark and east Jutland was the easy access to expert, reliable and well-educated workers.

Lars Dahl Laursen, CEO of Meelunie GPI A/S.



An advantage that Ringkjøbing Landbobank has other biogas clients



Scan and see a film about Thorsø Biogas (in Danish).



Thorsø Biogas.



Erik Vestergaard,
chairman of Thorsø Biogas.



Every day Thorsø Biogas produces enough heat to supply 10 households with their annual consumption.



Each year Thorsø Biogas processes 160,000 tonnes of slurry.



Waste heat is supplied to Thorsø District Heating.

Thorsø Biogas was founded as early as 1992 and was active in the first wave of biogas plants. The business is a co-operative society and currently has 45 farmers as members.

Since 1992 and until last year the gas was sold to Thorsø District Heating. Now the gas is fed into the piped gas network and, together with a major expansion in production, this caused the co-operative in 2019 to change its bank to Ringkjøbing Landbobank, says Erik Vestergaard, who is the chairman for the co-operative and who also runs a herd of 1,800 sows.

– We invested in a major up-sizing of production and in the connection costs to the gas network. Biogas is a niche which many financiers do not understand, so it is easier for them to say 'no'. But one of our consultants introduced us to Ringkjøbing Landbobank, and they understood what we wanted, and what the investment involved. You clearly feel that the bank has other customers just like us, and that means a lot. We've had a really good collaboration with Ringkjøbing Landbobank since day one.

The plant handles 160,000 tonnes of slurry each year, 10,000 tonnes of solid manure (with straw) and 10,000 of high-energy material (glycerine).

Today Thorsø District Heating receives the waste heat which occurs primarily during the refinement of gas. In the process, temperatures of up to 120 degrees can be reached, says Erik Vestergaard.

– In the winter months, Thorsø District Heating tops up by buying gas, but our waste heat is sufficient for the rest of the year. It's a great success – we supply gas to industry and transport and waste heat to district heating.

The plant also has a slurry distribution function, which farmers are pleased with. After gas is extracted, the residue is used for fertilising the fields just like normal slurry, and biogas slurry is better.

– This is because cattle slurry and pig slurry have different advantages and disadvantages. By mixing the slurry during gas extraction, a better fertiliser is produced. The neighbours are also happy. They say that they can clearly notice from the smell whether our members have been spreading normal slurry or biogas slurry, which has less of a smell, says Erik Vestergaard.

From the very start more than 100 years ago, both Ringkjøbing Landbobank and Nordjyske Bank have had

a social commitment

by supporting the local communities where we have our roots.

The bank wants to contribute positively to developing Denmark and Danish society. We now have considerable activities throughout Denmark but we are also a local bank strongly anchored in West, Central and North Jutland. The bank has always been conscious of its significance for the local communities and we are proud of supporting more than 1,400 local clubs, associations, initiatives and events. We finance investments in local business development and generate a substantial number of knowledge-based jobs in our local areas.

At national level the bank has grown to become one of Denmark's top 100 taxpayers, contributing 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 Finanssektorens Arbejdsgiverforening (the Danish Employers' Association for the Financial Sector) and Finansforbundet (Financial Services Union Denmark). The bank and Finansforbundet have also entered into a local workplace agreement.

Furthermore, Ringkjøbing Landbobank's work in the social area is based on our policies – including the social responsibility policy and tax policy.

We support the UN Sustainable Development Goals and in 2021 endorsed the Ten Principles of the UN Global Compact for responsible business operation.

In accordance with the bank's tradition of contributing to local community, with our goals and 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 wellbeing at the workplace
- Continually offer our employees quality education
- 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, tax policy and other policies are available at landbobanken.dk/policies



Activity

**UN Global Compact principle 3:
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining**

Objective

Continuing and expanding the good collaboration with the bank's employees and their organisations.

Status

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.

Most of the bank's employees are members of Finansforbundet (Financial Services Union Denmark) and the bank is a member of Finanssektorens Arbejdsgiverforening (the Danish Employers' Association for the Financial Sector). The bank complies with the standard collective agreement between Finanssektorens Arbejdsgiverforening and Finansforbundet. The standard collective agreement helps assure the employees' working conditions including working hours, minimum pay and overtime pay.

In addition, the bank and Finansforbundet have entered into a local workplace agreement with further details on remuneration etc.

The bank has registered no cases regarding the right of association or the right to collective bargaining.



Activity

**UN Global Compact principle 4:
The elimination of all forms of forced and compulsory labour**

Objective

Including and respecting the principle of elimination of forced and compulsory labour in the bank's assessment and selection of partners.

Status

The bank supports the elimination of all forms of forced and compulsory labour.

The bank thus does not want to work with customers and suppliers who violate human rights by using forced or compulsory labour. This is also clear from for example the bank's responsible purchasing policy.

The bank is not aware of any customer relationships and/or partnerships with suppliers etc. using forced or compulsory labour contrary to human rights.



Activity

UN Global Compact principle 5: The effective abolition of child labour

Objective

Including and respecting the principle of abolition of child labour in the bank's assessment and selection of partners.

Status

The bank supports the abolition of child labour violating human rights. The bank thus does not want to work with customers and suppliers who violate human rights by using any form of child labour. This is also clear from for example the bank's responsible purchasing policy.

The bank offers after-school jobs to young people between 15 and 18 years and employs a few who do only light office work.

The bank is not aware of any customer relationships and/or partnerships with suppliers etc. using any form of child labour contrary to human rights.



Activity

UN Global Compact principle 6: The elimination of discrimination in respect of employment and occupation

Objective

Actively preventing the risk of discrimination in employment and occupation and taking immediate action should any discrimination occur.

Status

The bank does not accept discrimination on grounds of gender, age, ethnic origin, sexual orientation or religion and has zero tolerance for bullying and for sexual and other harassment. The bank's HR department follows up on this.

The bank has registered no cases of violation of the rules on discrimination in employment and occupation.



Activity

Sustainable Development Goal 3: Good health and wellbeing

Objectives

That the wellbeing of a large majority of the bank's employees is rated very satisfactory or extremely satisfactory.

Developing financial understanding in children and young people.

Status

The bank gives priority to providing good working conditions for our employees as well as through our activities, we want to provide the framework for a good, healthy life for people in the local communities where the bank is represented.

Health and wellbeing at the workplace are facilitated by a range of social events, health insurance, stress and alcohol policies, schemes for senior employees, access to consultation with a business psychologist and review and optimisation of the physical workstations.

The annual job satisfaction survey in 2021 showed that 82% of the employees found their wellbeing very or extremely satisfactory. In 2020, the figure was 78.3%.

The bank develops financial understanding in children and young people by providing teaching staff and educational materials to local lower secondary and post-secondary educational institutions as requested.

The bank works closely with the local higher commercial examination colleges 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.



Activity

Sustainable Development Goal 4: Quality education

Objectives

Offering existing and new employees quality education and in-service training.

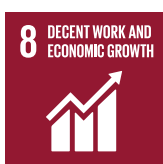
Collaborating with relevant educational institutions and, if desired and needed, contribute to their management and development.

Status

Every year, the bank offers a handsome number of young people an education in the financial sector as apprentices, interns or trainees.

The bank carries out annual job appraisal reviews with all employees, at which the need for education and in-service training is discussed. This is a high priority to the bank. The bank offers in-service training and competence development, e.g. in partnership with Finanssektorens Uddannelsescenter (the Financial Sector's Training Centre) and Aarhus and Aalborg Universities.

- In-service training of employees in home ownership, pension and private banking advice in particular
- Statutory certification and recertification of the employees' competences in investment, granting of mortgage credit and insurance
- Training all investment advisers in sustainability – including the new EU-wide rules on transparency – to prevent greenwashing in investments



Activity

Sustainable Development Goal 8: Decent work and economic growth

Objectives

Offering attractive, broadening knowledge-based jobs with equal opportunities for all employees.

Financing the assets and activities of businesses and individuals – not least activities contributing to the green transition of the economy.

Status

The bank employed 618.8 FTEs in 2021, compared to 632.2 FTEs in 2020. In 2021, 49.0% were women, compared to 49.8% in 2020.

The bank helps ensure economic growth in Denmark by being a financial partner for a large number of businesses and private citizens.



Activity

Sustainable Development Goal 11: Sustainable cities and communities

Objectives

Ensuring thorough local knowledge as the basis for competent advice and competitive financing of businesses and individuals.

Contributing to the development of society through responsible granting of credit and payment of direct and indirect taxes imposed on us.

Continued strong support to local clubs, associations, cultural institutions and events.

Status

Providing competent advice to, and financing of, business and personal customers are priorities to the bank. As part of this, the bank focuses on being an attractive financial partner in the green transition – including for energy-saving initiatives in private homes that make local built-up areas more sustainable.

With payments of DKK 58 million in payroll tax and DKK 294 million in corporate tax for the 2021 income year, the bank contributes to financing Danish society as a whole. Tax deducted from income at source and labour market contributions of DKK 138 million were also paid as was withholding tax of DKK 37 million on ordinary dividend. The total in 2020 was DKK 479 million.

Ringkøbing Landbobank was 27th on the most recent list of Denmark's biggest corporate taxpayers covering the 2020 income year.

The bank is proud of contributing to well-functioning local communities. We do this by granting financial and other support to more than 1,400 local events, sports clubs and cultural associations and by encouraging our employees to participate in the community associations and cultural life.

Distributions for charitable purposes are made from:

- The bank's own profit distribution
- Sdr. Lem Andelskasse's Fund
- Ulfborg Sparekasse's Fund
- Sulsted-Ajstrups Sognes Spare- og Lånekasse's Memorial Fund
- Øster Brønderslev Sparekasse's Fund

As a special appreciation of initiatives by associations and individuals in local communities, the bank contributes to the following awards:

- Association of the year in Ringkøbing-Skjern Municipality (five awards)
- Ringkøbing-Skjern Business Council's entrepreneur of the year
- Nordjyske Bank's associations award (three awards)
- Residential street of the year in North Jutland
- The North Jutland managers' award in partnership with UCN, Lederne Himmerland and Erhverv Norddanmark Chamber of Commerce
- Handball association of the year in district 3 of the Jutland Handball Federation

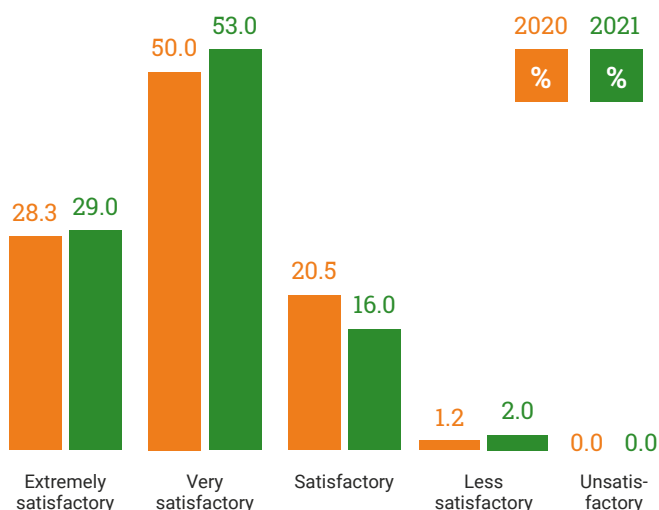


Berit Nørskou Pedersen, head of HR in Ringkjøbing Landbobank.

High level of employee wellbeing

In last year's report we wrote that a very large proportion of employees thrived in the bank, because 98.8% of them were in the three categories: satisfactory, very satisfactory and extremely satisfactory. They are still, this year, but the two top categories, very and extremely satisfactory, have grown by 4 percentage points. This is something of which both the head of HR and the senior trade union representative are proud.

– I think one of the reasons is the fact that the bank chose to send home as few as possible during the Covid-19 pandemic. Of course, safety had top priority, but we are a relationship bank, and put a priority on being available for both our customers and colleagues as far as was justified in terms of health safety and in line with the authorities' guidelines, says head of HR Berit Nørskou Pedersen.



– In the branches up to 50% were sent home at a time, and in some places it was 25% at most. Each branch managed its own manpower. In the head office functions, too, most turned up to work, and we had tight control of health safety with distancing and hand hygiene. Naturally, employees who were at risk were sent home, as were the few employees who became infected, or who had been in close contact with someone with Covid-19.

Senior trade union representative Gitte Vigsø agrees that the good result can be due to the positive effect of being together with one's colleagues.

– But another reason is the strong culture that we have. In the bank, we are good at helping one another. Collegial support is something we prioritise, and we have a lot of respect for each other – and not least, for the roles we each have. We talk to one another respectfully – both amongst ourselves as employees and in dialogue with the management. In this way, it is possible to solve many things before they develop into real problems. And it doesn't hurt matters to be part of a success.



Wellbeing creates high employee loyalty

This can be seen in the high number of employees celebrating anniversaries at the bank. In 2021, 11 employees celebrated their 40th anniversary. A total of 49 employees have at least 40 years' seniority in the bank.

Good parental benefits are a part of greater diversity

The financial sector has a good collective agreement with good conditions for both mothers and fathers – perhaps the best available in the job market. Senior trade union representative Gitte Vigsø therefore doesn't believe that the new agreement with 11 weeks of paternity leave will bring any noticeable consequences for the bank.

– We can see that men in the financial sector already take more paternity leave than in other industries, and that increasing numbers are taking the opportunity to do so. There is probably better scope for increased utilisation of paternity leave in businesses with a predominance of male employees.

A more egalitarian distribution of parental leave between genders is not the only thing to make a difference to diversity in the bank and the rest of the financial sector.

– Some of the large banks have come a long way, and we also have our own ambitions for greater equality and diversity. For example, our apprentices change departments several times during their education with us. This includes a period of six months in the business department, which has previously not been so sought after by women. Our female apprentices were actually very taken with it, and a couple of them are now permanently employed there.



Gitte Vigsø,
senior trade union
representative in
Ringkjøbing Landbobank.

Education has high priority in Ringkjøbing Landbobank and Nordjyske Bank.



No upper limit to the education budget

The bank has not placed any upper limit to its education budget. The HR department evaluates every application for education, and if it is deemed to create value, the application is approved. This is the general principle – if a project is assessed to create a value for the bank, it is carried out. So a lot of money is spent on education, says head of HR, Berit Nørskou Pedersen.

– Our education costs are high, because the need for education is great. We are a relationship bank and are known for having competent employees. We keep hold of the personal adviser who provides our customers with competent advice about housing, pension, investment and business. This means that our customer advisers must have all the mandatory certifications on investments, housing credit and insurance. In addition we continually re-certify so the bank's employees always fulfil the legal requirements that are a precondition for advising the bank's customers.

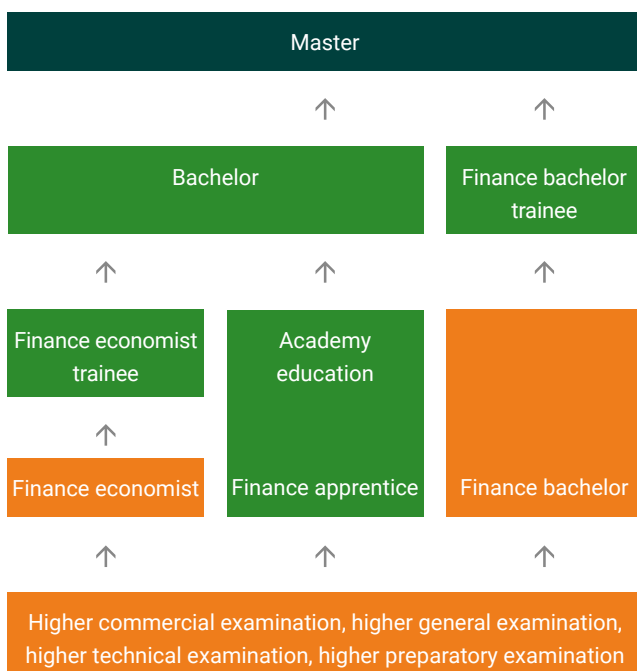
In addition, the bank works together with the Financial Sector's Education Centre on a range of standard courses – including "The competent adviser" for personal customer advisers and similar ones for business customer advisers and investment advisers. Much in-service training is handled internally. This is the case, for example, in wealth management and pensions, where skilled educators are hired in; they are supplemented by the bank's own specialists.

As a finance apprentice in the bank you agree to graduate at bachelor level

The bank is one of the financial institutes in Denmark with the highest uptake of apprentices, and there are at least two good reasons for this. So says Berit Nørskou Pedersen, who is head of HR at the bank.

– First and foremost, we are able to imprint our apprentices with the bank’s corporate spirit when we employ them directly from higher commercial examination schools or other youth educations. Added to this, much of the bank’s catchment area is sparsely populated. This means that it is unlikely that we could find enough potential employees to meet our needs within easy travelling distance. Therefore we train our own employees.

The bank offers three separate paths into the training programme, but regardless of how you come in, you end up with a bachelor-level qualification.



Three entrances to on-the-job education at the bank.

– When young people ask if there is a possibility for further training in the bank, the answer is: it is not only a possibility, it is a requirement. We want everyone to finish their basic training at bachelor level. So when you enter into an apprenticeship contract with us, you commit yourself to six years’ training in addition to your paid job. But you also get three things at the same time: A business education, a bachelor degree and pay throughout the whole period, says Berit Nørskou Pedersen.

As a finance apprentice at the bank, you must generally be both hard-working and flexible.

– During their education, apprentices as a principle switch to new departments and locations every six months, so that they get the best possible education. This switching round is arranged individually, based on the requirements of the departments, where the apprentice lives and what wishes he/she has, plus an assessment of how much of the programme the apprentice has completed. This individual treatment ensures that the apprentices all attain the same level after their six years of education.

Generally speaking, they must all have had experience at the head office and at one of the branches. You can also start out in Frederikshavn and end up in Copenhagen, if that is what you want. The bank usually approves employees’ preferences for relocation, but of course it is not always possible to arrange on short notice.



During 2021 the bank had 48 young employees in training. Some of the many apprentices and trainees can be seen here in September 2021 at one of their four yearly gatherings.



Close collaboration with external educational institutions

The bank itself carries out a large part of the training of its young employees, but in order for a six-year apprenticeship programme in the bank to result in a bachelor's degree, it is a requirement that the bank has a good collaboration with relevant institutions of education, says head of HR Berit Nørskou Pedersen. And the bank has just that.

– First and foremost, we do of course have a good, well-established collaboration with local commercial upper secondary schools and business academies. In some circumstances, we also provide some of the tuition and help toward the development of the schools. For example, the bank provides classroom facilities and teachers for UCRS (Ringkøbing Skjern Education Centre), which offers their students of finance and economics a course comprising 10 visits to the bank during an academic year.

The bank is co-owner of, and cooperates with the Financial Sector's Education Centre in Skanderborg regarding the education of finance apprentices, trainees and bachelors, and the bank has even succeeded in attracting a part of the course to west Jutland.

– There have been some classes where 10 participants came from Ringkøbing Landbobank and only a couple from other banks, so of course it made good sense to move the tuition instead of the students, says Berit Nørskou Pedersen.

It is not the first time that the bank has been able to bring education to the local area. Berit Nørskou Pedersen is chair of a committee on financial education at business academies in Herning and Holstebro, and this gives the bank – within the given scope – a degree of influence on how the courses are developed. Amongst other things, it has been possible to bring the finance bachelor education to Herning. In 2017 it was also possible to move the second part of Aarhus University's graduate diploma in business administration (financial consultancy) to Herning, and the bank hopes that there will continue to be a justification for keeping it there.

– It will definitely help to keep young people in the region, as we know that young people go wherever the educational institutions are. That is also one of the responsibilities we have as a business, concludes Berit Nørskou Pedersen.

Herning YMCA Football adopts social responsibility



Toke Juul, chairman of Herning YMCA, looks forward to the day when the artificial pitch is ready for use.

Today, Herning YMCA Football has the largest senior membership in Herning, but it hasn't always been that way.

– In 2017 the club had financial problems and we were about to close down, says Toke Juul, who is the current chairman of Herning YMCA.

– But we were a group of local citizens who were determined to ensure Herning YMCA Football club's survival, and we succeeded. The club has since grown from 250 to 500 members. Half of the members have non-Danish roots. The club is characterised by a spirit of community and cohesion, and has always believed in the value of variety. We have room for everyone, and we never exclude members – whatever they do. Anything else would be worse, continues Toke Juul, who is very keen to have a range of healthy activities to offer young people in the centre of Herning.

– I have taken this on to take a social responsibility, and because I believe that we as parents should take a greater responsibility in the associations that try to create good conditions for our children's recreational activities. It should be possible for youngsters in the town centre to participate in sports all year round, so they don't get too rowdy when they get together.

Ringkjøbing Landbobank has sponsored Herning YMCA since it was reformed in 2017, and is now one of the top 5 sponsors.

– The bank has provided funds for new kit etc. and in the autumn of 2020 we were able to get an artificial pitch, something the club has been struggling towards for 15 years. Our playing fields are located in an old marsh area, so it's difficult to play when it's raining.

The financing was raised from the municipality and via sponsors. Ringkjøbing Landbobank is the main sponsor.

– Without the support from Ringkjøbing Landbobank the project would never have been completed. And the project was actually started by Ulrik Bak-Brinch, who 15 years ago established the club's supporters association. At the time he was – and still is – an employee of Ringkjøbing Landbobank, so it was only fitting that Ulrik should dig the ceremonial first sod.

The collaboration between Ringkjøbing Landbobank and Herning YMCA is agreed in a contract which stipulates that the bank's logo should appear on the sports kit, sidelines and at the artificial pitch. Toke Juul thinks that the bank and the club have mutual interests in creating as much visibility as possible and in taking responsibility for the area's social sustainability.

Generator in Ringkøbing depends on local support



Jane Gammelgaard, member of Medspil's board of directors, and Anton Bjerg, day-to-day manager of Generator.

Generator started up in 2012 as the result of an initiative by a group of young citizens who wanted a venue for rhythmic music in Ringkøbing. They formed the Medspil association, which is now Generator's supporters' club, says Jane Gammelgaard, who is a member of the supporters' club's board of directors.

– Medspil organises the approx. 150 volunteers. Generator is itself an autonomous institution which is responsible for operations and collaboration with sponsors. Right from the start, Generator has been dependent on local support and voluntary work.

Anton Bjerg has been responsible for day-to-day operations since 2013, and he is proud of the local support.

– Without the great local support it would be difficult both to maintain the status Generator has gained over the years and to develop in the future. This applies to this place as a workplace for five colleagues as well as to its function as a local centre for rhythmic music.

Generator receives nearly half a million Danish kroner in sponsorship donations from local businesses. This is a lot more than similar venues in larger cities. Ringkjøbing Landbobank is one of Generator's six main sponsors, and Anton Bjerg is pleased with the collaboration.

– The Landbobank is a good sponsor, because they use the premises so much, and they make use of the tickets that go with the sponsorship. In this way, the bank brings a number of concert-goers who probably otherwise would not have come along, and it holds at least two or three events on the premises every year.

Jane Gammelgaard thinks that the sponsorship helps to create life and activity in the municipality, but it is a particular challenge to find young volunteers.

– Therefore, I hope, that the Landbobank encourages new young employees to participate in voluntary work – at Generator or somewhere else. It would be a win-win for the bank as well as the voluntary work, because the young employees could be retained better – both as employees at the bank and as active citizens in the local area.

Generator has space for 350 guests (standing) or 250 to 300 sitting and sees it as an obligation to present as many genres of rhythmic music as possible. Generator collaborates with local music institutions – for instance, to help young musicians off to a good start. Currently there are three practice rooms, which will soon be expanded to eight.

Sponsorship is vital for the Hjørring Revue

When the Hjørring Revue was re-established in 2011, it was without any financial support from the municipality. But as the available performance venues in Hjørring cannot seat more than approx. 400, it is not possible to generate sufficient income to finance a performance of the kind of quality that Hjørring Revue has, without a large sponsorship support from local businesses. So says Per Boe Larsen, who is board chairman of the revue.

– The idea behind the sponsorship was to ensure the financing of the revue in Hjørring, to establish a brand in the municipality, to generate greater trade and settlement in the area and to create a marketing platform for local business. What can each sponsor expect to gain from this collaboration? Apart from the visibility of advertisements on the revue's web page, on the tables and sponsorship poster board at the entrance, the revue offers the opportunity to meet other business people at events throughout the year, at premieres and during the summer. This kind of highly integrated collaboration had not been seen previously in the world of staged revues. Some revue companies were puzzled by the concept – others were inspired by it, but nobody works as closely with their sponsors as Hjørring Revue. No sponsors, no revue.

Nordjyske Bank was one of the original sponsors, and has been ever since. The concept fits well with the bank maintaining a high profile in the local area.

– The collaboration with Nordjyske Bank has always been really good. They even wanted to buy a performance for their clients – and they still do. At this occasion the bank gets the chance to go on stage and welcome their guests – and they take the opportunity to distribute advertisements to the audience and to have their own banner in the theatre and near the entrance.

Per Boe Larsen emphasises the bank's local commitment and loyalty to the revue at the time when Corona lock-down measures prevented performances.

– It was doubtful whether we would be included in one of the government's help packages. But we wanted very much to live up to our commitments to those taking part, even though we could have claimed it to be a situation of force majeure. We therefore contacted our sponsors, and Nordjyske Bank was among those who supported us and agreed to pay in spite of the lack of performances. As it turned out, the revues were included in the help packages, so the sponsorships were not required. But the revue gained such a huge support from the main sponsors that it would have been possible to pay salaries without recourse to the help packages: that shows something of the strength of local commitment.

Typically, Hjørring Revue stages 40 performances – in 2022 from 11 June to the end of July. Of these, six to eight performances are sold as sponsorship events. In addition, many smaller businesses support the revue by purchasing a large number of tickets for their customers and employees etc. In 2023 the revue will celebrate its 50th anniversary.



A scene from Hjørring Revue, 2021.

Ringkøbing IF has provided more than two teams to the bank



Peder Sørensen, chairman of Ringkøbing IF.

There is a really good match of values between Ringkøbing IF sports club and Ringkøbing Landbobank. This is the opinion of Peder Sørensen, who is chairman of Ringkøbing IF. He values the presence of the bank and its support of the club.

Of course, it is important for the town's children and youngsters to have somewhere where they can play sports, but it also means something to participate in a sports club; for many people this is their first experience of democracy, which is an important aspect of team sports. You learn to stand united – and that you win and lose together.

The collaboration between Ringkøbing IF and Ringkøbing Landbobank is one of the longest-running partnerships in the history of the bank. Peder Sørensen believes that the cooperation has lasted nearly 30 years, and it is based on a contract in writing which has recently been renewed.

– But apart from that, we can always come to the bank, and they are prepared to help us with almost anything. For example, we organise the North Sea Football Cup, which is a major competition for children and young adults; the bank was ready and willing to support us with that. It is quite simply a trusting, close partnership, and five of the bank's employees also play in the club. Actually, I think that we have provided more than two teams over the years.

Ringkøbing IF has about 375 members, of whom roughly one quarter are women/girls. At least 95% play football, but there are some who prefer athletics and gymnastics. Peder Sørensen explains that the club has ambitions of maintaining a broad appeal.

– We have ambitious plans for our premier team, which we would like to have playing at the highest possible level. Our men's first team currently competes in the Denmark Series, and we have been in the 2nd division. However, elitist ambitions can be just as desirable for some of our youth teams, who compete at the top level. But we prioritise breadth just as much, with both under six-year olds (Small Feet) and super Old Boy teams who train on Sundays and only play the occasional game. Some of these players are into their 70s.

Ringkøbing IF is a participating club for FCM, and has provided a number of professional players – both to FCM and Silkeborg IF. For example, Malthe Bøndergaard currently plays for FCM's under 17s and the national under-16 team.

Ringkjøbing Landbobank's

governance work

is carried out under the headings of integrity and responsible management. That is nothing new: it has been the case since our inception in 1886.

The result is a good bank. Ringkjøbing Landbobank is today owned by over 50,000 shareholders. At the end of 2021, the bank's market value was DKK 25.5 billion and its equity was DKK 8.7 billion. The bank has more than 600 employees and over 200,000 customers, who had loans totalling DKK 41.2 billion and deposits of DKK 43.7 billion including pooled schemes at the end of 2021. According to Voxmeter, the Ringkjøbing Landbobank brand has the best image in the sector, and the Nordjyske Bank brand is in fourth place.

The bank is managed on principles of diversity, equal opportunities for all employees, protection of the data of customers, employees and others, independence and transparency in our remuneration policy and the return to our shareholders.

The bank supports justice and strong institutions, for example 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. The employees' effort is supported by a central department with overall responsibility for combating money laundering and financing of terrorism. Among other things, it receives employee reports on unusual and/or suspicious activities or transactions.

Furthermore, the bank's governance work is based on our policies – e.g. the social responsibility policy, code of conduct and responsible purchasing policy.

The bank also supports the UN Sustainable Development Goals and in 2021 endorsed the Ten Principles of the UN Global Compact 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 and the return to shareholders
- Reduce society's money laundering challenges

Our social responsibility policy, code of conduct, responsible purchasing policy and other policies are available at landbobanken.dk/policies



Activity

UN Global Compact principle 1:
Businesses should support and respect the protection of internationally proclaimed human rights; and

UN Global Compact principle 2:
Make sure that they are not complicit in human rights abuses

Objective

That the bank respects human rights and includes the principles on respecting human rights when assessing and selecting partners.

Status

The bank only has physical departments and branches in Denmark. Loans and guarantees outside Denmark account for 5% of the bank's total portfolio of loans and guarantees.

The bank supports human rights as stated in the code of conduct. The bank thus does not accept discrimination because 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 declare that they understand its contents.

The bank's HR department continually monitors that the bank and the employees respect human rights. The bank also monitors whether its partners have respect for human rights.

The bank has registered no cases on violation of human rights.



Activity

UN Global Compact principle 10:
Businesses should work against corruption in all its forms, including extortion and bribery

Objective

That the bank lives up to the principle of anti-corruption and its own code of conduct.

Status

Denmark is one of the countries with the least corruption and bribery and the bank naturally works against corruption, extortion and bribery in all their forms.

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.

The bank has registered no violations of the rules.



Activity

Sustainable Development Goal 5: Gender equality

Objectives

Always to appoint the best qualified person for a position in the bank, irrespective of gender.

Awareness among the bank's employees that equal career opportunities are open to them, irrespective of gender.

Achieving diversity in the bank's management organs.

Status

The bank wants to give all employees in the bank equal opportunities, irrespective of gender and other background.

The gender distribution among the bank's employees is almost equal. At management level we have more men than women, however. The bank therefore has a policy to increase the percentage of the under-represented gender at the bank's other management levels, and we work actively to qualify more women for managerial positions.

In the bank's recruitment processes for positions, including for other management levels, we take into consideration our policy under which our continued priority is that both the employee appointed for a given position and the other candidates can be certain that the job went to the best qualified person, irrespective of gender and other background.

At the end of 2021, the gender distribution at the bank's other management levels was as follows:

- 27.1% women
- 72.9% men

The bank is pleased that the collective agreement for the financial sector secures for the sector's employees what are probably the best conditions for parental leave in the labour market. We support a more equal distribution of the leave between fathers and mothers.



Activity

Sustainable Development Goal 16: Peace, justice and strong institutions

Objectives

Focusing on carrying out our societal tasks competently and efficiently.

Doing our bit to reduce society's money laundering challenges.

Status

The bank carries out a range of tasks essential to society:

- Giving all customers access to a NemKonto (EasyAccount)
- Mandatory reporting to the tax authorities of our customers' interest, bank balances, debts and return on as well as value of custody account holdings
- Mandatory disclosure of the bank's prices and terms and conditions by means of pension information, price portals, good practice legislation and MiFID etc.
- Combating money laundering etc.

In 2018, Finance Denmark appointed an Anti-Money Laundering Task Force. In 2019, the Anti-Money Laundering Task Force published a report with 25 recommendations for measures against money laundering and the financing of terrorism. The bank's board of directors has endorsed the 25 recommendations.

One of the recommendations is that banks dedicate a page on their websites to publish available information about their efforts against money laundering and the financing of terrorism. The bank has created such a web page at landbobanken.dk/antimoneylaundering

Another recommendation is that banks undertake to outline their commitment to action against money laundering and terrorist financing, including their anti-money laundering policies.

Combating money laundering and financing of terrorism is a task for all employees in Ringkjøbing Landbobank, one reason being that the bank has a statutory obligation to know all its customers and the nature of their transactions. This task is carried out by collecting data, including by the individual customer advisers. All employees also have the right and duty to report any unusual and/or suspicious activities or transactions to the bank's central anti-money laundering department.

The procedures for combating money laundering are available on the bank's intranet and all employees are trained and tested in them. Training and testing is repeated every other year to keep all employees up to date on the bank's new methods and tools.

The bank's central anti-money laundering department is in charge of the overall anti-money laundering and counter-terrorist financing commitment and supports the customer advisers' and other employees' effort.

The anti-money laundering department continuously monitors suspicious transactions and reports any such transactions to the Anti-Money Laundering Secretariat at the office of the State Prosecutor for Serious Crime. The department works continuously to set up and adjust the criteria for identifying transactions that are picked out for further investigation by the department. The department is also responsible for reducing operational risk.

In December 2019, the Danish FSA conducted a functional inspection of Ringkjøbing Landbobank's anti-money laundering area. The outcome of the inspection was three orders in September 2020 regarding improvement of the bank's policy in the area and certain routines and procedures. In 2021, the bank received confirmation that the Danish FSA has taken note of the material submitted by the bank and considers the three orders to be fulfilled.

Other activities

Keeping the data of our customers, employees and others safe

Objective:

That the bank's employees prioritise protecting the data of customers, colleagues and others.

Status:

Supporting secure and efficient digitalisation of society – including phasing out NemID and implementing MitID.

Preparing and continuously adjusting systems and procedures to keep data safe.

In 2021, the bank's employees completed an e-learning programme and a test in the General Data Protection Regulation.

Ensuring that our suppliers conform to the bank's ESG values

Objective:

Focusing on ensuring that the bank's suppliers are familiar with its values and policies and the consequences of not living up to them.

Status:

The bank's values and policies – including the responsible purchasing policy and the code of conduct – are available to all at landbobanken.dk/policies

A market-compatible and transparent remuneration policy for the bank's board of directors and general management

Objective:

Continued focus on a transparent, competitive remuneration policy for the bank's management.

Status:

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 policies.

Running the bank on sound business principles

Objective:

Creating competitive and transparent returns for the bank's shareholders.

Status:

The bank offers no advantages reserved for its shareholders.

The board of directors has recommended to the general meeting that a dividend of DKK 7 per share be paid for 2021. A dividend of DKK 7 per share was paid for 2020.

The bank's share increased by 60% in 2021 including dividend. In 2020, the bank's share increased by 10% including dividend.

The bank's market value was DKK 25.5 billion at the end of 2021 compared to DKK 16.2 billion at the end of 2020.

Good support for the employee representatives on the board of directors



Gitte Vigsø, senior trade union representative in Ringkjøbing Landbobank's board of directors.

Ringkjøbing Landbobank's board of directors is made up of eight members elected by the bank's shareholders' committee and four employee representatives. Senior trade union representative Gitte Vigsø is one of the employees' representatives on the board. She is now serving her third term on the board and she says that the work involved is really exciting.

– This is where the decisions are made. I find that the rest of the board of directors are good at listening, and that they value input they get from the employee representatives. To begin with, loans took up most of the meetings. Nowadays, it is more to do with compliance, which is where I can contribute an opinion, because that is the work I do every day.

Gitte Vigsø says that it can be challenging to be a representative for the employees and have a duty of confidentiality.

– For example, on the board, we knew about the possibility of a merger with Nordjyske Bank for a long time, but could not tell anyone. But we knew that any merger would have huge implications for many people. But this is a basic condition of work which colleagues accept, even though much of the work we do becomes invisible as a result. The same thing applies to the job of trade union representative, which also means confidentiality in a large number of cases.



Gitte E. S. H. Vigsø

- Senior trade union representative and employee representative in Ringkjøbing Landbobank's board of directors
- Member of the bank's works council, the remuneration committee (the bank has a local workplace agreement on pay) and the supplementary pension fund for employees of Ringkjøbing Landbobank
- Member of the executive committee of Finansforbundet (Financial Services Union Denmark)
- Deputy Chairman of Finansforbundet Kreds Vest (Financial Services Union Denmark West District)
- Member of the executive committee of FTFa, which is the unemployment insurance fund for the financial sector in Denmark

Wellbeing goes hand in hand with good management

Head of HR Berit Nørskou Pedersen believes that the excellent assessment of employee satisfaction (see page 34) is also connected with good management.

– Whenever the bank recruits managers, we aim for the Landbobank spirit. This means that one should be willing to lead, and one should have the ability to lead, but one must also be prepared to do one's bit. For example, the branch managers have their own customers, so you must lead the way by example, but as a leader you must also push from behind. This is something we are brought up with in the bank, and therefore, it is natural for us to look for internal candidates whenever a managerial position needs to be filled. If we can't find an appropriate candidate, then of course we will recruit externally.

All of the bank's managers have in the past 1½ years followed a leadership development course. The philosophy behind this course has been the HR department's mantra: If you don't try to be better every single day, you stop being good.

As a tool for this, the bank has developed a handbook for good leadership. Good leadership is defined here by 10 green words/phrases which also formulate leadership paradoxes. All of the bank's managers have undertaken personal contracts about which personal development points they each must work with – albeit while keeping a focus on all 10 phrases in their daily work as managers.

The HR department has developed a special version of the course for those employees who are designated mentors for the bank's apprentices.

The internal instructors at the bank's academy have also completed a suitably tailored version of the course and entered into personal contracts.

Environment

ESG key figures ^{1/A}	2019	2020	2021
CO ₂ , scope 1 emissions (tonnes)	29.2	63.0	57,9
CO ₂ , scope 2 emissions (tonnes)	307.4	220.4	117,5
Total CO ₂ , scope 1 and 2 emissions (tonnes)	336.6	283.4	235,4
Climate compensation by purchasing certified climate credits (tonnes) ^B		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.			
Energy consumption	19,583	15,631	14,990
Renewable energy share (%)	69.0	66.5	78.0
Water consumption (m ³)	4,023	3,076	3,462

Other key figures	2019	2020	2021	
Documents digitally signed by personal customers – % of all documents for personal customers	81.1	83.3	84.0	
Documents digitally signed by business customers – % of all documents for business customers	58.4	62.7	65.0	
Other key figures	End of 2018	End of 2019	End of 2020	End of 2021
Loans for renewable energy (wind, solar and biogas) – % of net loans and guarantees	6.8	6.7	7.2	6.5

Social aspects

ESG key figures ²	2019	2020	2021	
Full-time workforce (FTE)	657.2	632.2	618.8	
Gender diversity (%)	50.6	49.8	49.0	
ESG key figures ²	End of 2018	End of 2019	End of 2020	End of 2021
Gender diversity, other management levels (%)	25.7	23.5	26.1	27.1
ESG key figures ²	2019	2020	2021	
Gender pay ratio	The bank does not publish a gender pay ratio. 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.			
Employee turnover ratio (%)	14.0	14.5	10.5	
Sickness absence (days/FTE)	3.5	5.7	7.6	
Customer retention ratio	The bank does not publish a customer retention ratio. The bank considers the result of the largest survey of customer satisfaction etc. in Danish banks to be an adequate assessment of customer satisfaction in 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 and January 2022, the bank is placed in the top half of this scale.			

Other key figures	End of 2018	End of 2019	End of 2020	End of 2021
Apprentices	13	16	20	19
Trainees	4	5	8	4
Total	17	21	28	23

Other key figures	2019	2020	2021
Corporate tax (DKK million)	251	224	294
Payroll tax (DKK million)	53	58	58
Subtotal (DKK million)	304	282	352
Tax deducted from income at source and labour market contribution (DKK million)	144	139	138
Withholding tax on ordinary dividend (DKK million)	54	58	37
Total (DKK million)	502	479	527

Governance

ESG key figures ³	End of 2018	End of 2019	End of 2020	End of 2021
Gender diversity, board of directors (%)	16.7	16.7	16.7	16.7
ESG key figures ³	2018	2019	2020	2021
Board meeting attendance ratio (%)		98.0	96.8	98.0
CEO pay ratio (times)		10.2	10.7	10.7

Key figure / unit	Explanation and definition of the key figure	Reason for the key figure
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1 Definitions of ESG key figures – environment

CO ₂ e, scope 1 Metric tonnes	Scope 1 emissions: direct emissions resulting from the company's own combustion of fuels and materials. Calculation: See footnote C.	The development in CO ₂ 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 ₂ 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 C.	The development in CO ₂ 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 C.	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/assets – 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 company and energy consumption to renewable sources.
Water consumption m ³	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.

2 Definitions of ESG key figures – social aspects

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. 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.	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	Not disclosed in the ESG report. 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.	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.
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.

Key figure / unit	Explanation and definition of the key figure	Reason for the key figure
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² Definitions of ESG key figures – social aspects (continued)

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 %	Not disclosed in the ESG report. The bank considers the result of the largest survey of customer satisfaction etc. in Danish banks to be an adequate assessment of customer satisfaction in 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 and January 2022, 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.

3 Definitions of ESG key figures – governance

Gender diversity, board of directors %	Gender diversity for the full board of directors. Calculation: (number of women board members / total number of board members) x 100.	Several surveys show that gender diversity correlates with better financial performance.
Board meeting attendance ratio %	Measures the activity level of the board members. Calculation: ((Σ number 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

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 have been adjusted due to updated data, changes in calculation methods and changed information from the authorities.

Footnotes

^A The bank's calculation of emissions and consumption excludes indirect emissions and consumption at Bankdata, JN Data and others. See also page 13.

^B For 2020, Ringkjøbing Landbobank purchased certified Gold Standard climate credits. For 2021, the bank purchased certified climate credits in South Pole's Kariba project in northern Zimbabwe.

^C For detailed explanations 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, December 2020.

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.



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