

# ESG REPORT 2023

Sustainability and social responsibility



Ringkjøbing  
**Landbobank**

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This ESG report covers the financial reporting period from 1 January to 31 December 2023 and is the statutory statement on corporate social responsibility. The ESG report is prepared in accordance with the provisions of Sections 135, 135b and 135d of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc. The ESG report also contains information in accordance with the taxonomy regulation.

The data in this area – primarily on scope 3 emissions – are still of highly uncertain quality as data for loans are model-based, while data for investments are obtained from MSCI and others and in some cases, data has been scaled up. As individual data become available and calculation methods are developed, the reporting will improve gradually. This also means that the figures in the bank's ESG reporting may be changed in coming years – possibly with retroactive effect – as the data quality and calculation methods improve.

As a supplement to this ESG report, the bank has prepared a separate "Report on the Ten Principles of the UN Global Compact – Communication on Progress 2023" and an ESG Fact Book in English. The ESG Fact Book is updated continually and available at [landbobanken.dk/en/ir-english/thebank/esgen#factbook](https://landbobanken.dk/en/ir-english/thebank/esgen#factbook). The ESG Fact Book presents data in a compact and clear form and beyond the scope of the ESG report.

Please see the Annual Report 2023 of Ringkjøbing Landbobank for further information.

This report is published digitally only.

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

### WE SUPPORT



Ringkjøbing Landbobank also supports the 17 UN Sustainable Development Goals – SDGs.



**THE GLOBAL GOALS**  
For Sustainable Development

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.

## Introduction

Ringkjøbing Landbobank is a customer-focused relationship bank which endeavours to comply with our values of acting competently, responsively and properly towards our four principal stakeholders:

- Customers
- Employees
- Society
- Shareholders

### Goals

Ringkjøbing Landbobank supports the intentions of the Paris Agreement and has in 2023 set specific targets for reducing carbon emissions from our loans and investments.

The bank's goal is to be carbon neutral by the end of 2050 and, with 2020 as the base year, to reduce carbon emissions by 45% per DKK million lent and by 50% per DKK million invested by the end of 2030.

It has been essential for Ringkjøbing Landbobank to formulate the targets so that the bank can continue to grow. The bank pursues an organic growth strategy and wants to win additional market share. The bank also wants to help finance businesses which enable more sustainable ways of producing and consuming and/or to help finance investments that can bring a business forward in the green transition of the business' industry. These businesses do not necessarily have low carbon emissions, but they need financing for their transition to reduce their direct and indirect carbon emissions.

### 2023

2023 was an ever-changing year with many challenges. The war between Russia and Ukraine continued with undiminished violence and the conflict in the Middle East flared up after the horrific terrorist attack in Israel on 7 October 2023. The rate of inflation has remained high but was coming down toward the end of the year. Both the European Central Bank and the US Federal Reserve therefore raised interest rates further during the year and Danmarks Nationalbank, the central bank of Denmark, followed suit.

However Ringkjøbing Landbobank is a solid bank and also supports its customers during more challenging times:

- Ringkjøbing Landbobank's Long Term Issuer Rating at Moody's remains Aa3 with stable outlook. This reflects that the bank is judged to have an earning capacity and credit profile which indicate that the bank will continue to meet current macroeconomic challenges. The bank's Long Term Bank Deposit Rating is also Aa3 with stable outlook. No other Danish bank has a better rating at Moody's
- In June 2023 Ringkjøbing Landbobank was awarded the accolade 'Bank of the Year' among big and medium-sized banks for the eighth consecutive year. The prize is awarded by FinansWatch and EY
- In the area of ESG, MSCI upgraded the bank's rating from A to AA, the second-highest on MSCI's 7-point rating scale
- For the fourth consecutive year, Ringkjøbing Landbobank had the best image of banks in Denmark in the Voxmeter survey in September 2023. The Nordjyske Bank brand was fifth

### Customers

In this report, Ringkjøbing Landbobank publishes carbon emissions from its loan and investment portfolios. Both statements were made at 31 December 2023.

Ringkjøbing Landbobank was quick to see the business opportunities in helping to finance the transition to renewable energy production. The first wind turbines we financed were installed in 1995, and wind power financing has been an important business area ever since. We have also subsequently cultivated financing of solar energy and biogas plants as niches. The distinctive feature of a niche in Ringkjøbing Landbobank is that we have studied the area in detail enabling us to be responsive and to support our customers with proper and competent advice.

The bank continues to see a big future need for financing the green transition of society to renewable energy types, but farms and other production entities will also need financing of their transition to more sustainable ways of producing – and Ringkjøbing Landbobank is looking forward to doing its share to achieve this.

Sustainability is also increasingly becoming a part of our advice to personal customers, where we place emphasis on improvement of energy efficiency. Although energy prices fell in 2023, we are aware in our home ownership advice and other contact with our customers that the continuing high energy prices have improved the profitability of a number of renovation projects, which might therefore be worth considering. We are also happy to provide loans for personal customers' energy efficiency improvements of homes and purchases of sustainable vehicles.

In the area of investments, Ringkjøbing Landbobank works primarily with BankInvest, of which we own 22.4% and which has a total of DKK 149 billion under management. BankInvest has joined the Net Zero Asset Managers initiative, under which asset managers commit to working towards neutralising greenhouse gas emissions from the invested companies by 2050. 62% percent of BankInvest's total assets under management are covered by the agreement. This is an increase from 43% in 2022, the primary reason being that mortgage credit bonds are now covered.

In the area of pensions, the bank works with Letpension, which mediates pension and insurance solutions for PFA Pension through Ringkjøbing Landbobank and others. This collaboration with Letpension enables the bank's pension customers to choose to place all or parts of their pension savings in investments with extra emphasis on the climate.

### Employees

Once again, the bank is pleased with a very satisfactory employee survey. The employees are asked to rate their attitude to a range of statements on a scale from 1 to 10, where 1 is "I fully disagree" and 10 is "I fully agree". For example, we ask our employees every year to consider the statement "I thrive at the bank". Here, the average

answer increased from 8.7 in 2022 to 8.8 in 2023, the best result ever measured.

Ringkjøbing Landbobank is an advisory bank and we want our advisers to provide competent advice on home ownership, pension, investment and – when relevant – business. This places high demands on our employees' education and training, which is therefore a high priority to us. The bank offers education and training in our own academy and in collaboration with Aarhus and Aalborg Universities, Finanssektorens Uddannelsescenter (the Financial Sector's Training Centre) and local business academies. In 2023, we placed extra emphasis on training our business customer advisers in ESG-related dialogues.

The bank has a need for filling a range of academic specialist jobs and this will continue in the coming years. In 2023, the bank therefore launched a graduate programme aimed at new bachelor and master-level graduates. At the end of 2023, we employed three academics participating in the graduate programme. We are also training 29 apprentices and trainees, which is a record number.

### Society

Ringkjøbing Landbobank's goal is to be scope 1 and 2 carbon-neutral. We achieve this in practice through our ownership of the forest Sæbygård Skov, in which the growth in 2023 captured more carbon dioxide than the bank emitted. The bank also focuses on continually reducing carbon emissions per FTE.

The bank's indirect carbon emissions (scope 3) – in addition to emissions from loans and investments – are also at a low level and primarily result from the outsourcing of IT development and operation to Bankdata. Bankdata has in turn outsourced the energy-demanding IT operations to JN Data and has entered into an agreement with JN Data on buying green electricity from solar cells with effect from the beginning of 2023. As part of the agreement, the supplier has established a new solar energy park. The agreement has significantly reduced the bank's indirect carbon emissions.

Ringkjøbing Landbobank spends substantial resources on combating money-laundering and financing of terrorism, on data security and on preventing cyber crime. We are also one of Denmark's top 50 taxpayers (2021 income year) and contribute free of charge to society by handling a range of other imposed tasks, e.g. in tax reporting and digitalisation.

From 2023, financial sector companies have paid more tax on their earnings than other companies do on theirs. An extra tax has thus been imposed on us. This extra tax amounted to DKK 86 million in 2023. Ordinary corporate tax was DKK 590 million and the payroll tax DKK 65 million, meaning that the bank's total tax payments for 2023 were DKK 741 million.

### Shareholders

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

### Reporting

As a result of the Corporate Sustainability Reporting Directive (CSRD), new rules regarding ESG reporting enter into force from 2024. Ringkjøbing Landbobank is in the process of preparing for this.

The bank continues to support the 15 ESG key figures defined by Nasdaq Copenhagen, the CFA Society Denmark and FSR – Danish Auditors to make data comparable across industries and sectors. You will find the status of these key figures, and much more about sustainable banking operations, on the following pages.

Happy reading!

John Fisker



CEO, Ringkjøbing Landbobank A/S



## Environment

### Ringkjøbing Landbobank views constructive dialogue and competitive financing as the path to the green transition

Ringkjøbing Landbobank supports the intentions of the Paris Agreement. The bank therefore also supports the EU's implementation of them and, as stated in the bank's social responsibility and sustainability policy, has set itself the goal of being carbon neutral by the end of 2050. By the end of 2030, the bank wants to reduce its carbon emissions from the loan portfolio by 45% per DKK million lent and from the investment portfolio by 50% per DKK million invested – both with 2020 as the base year.

**The target for the loan portfolio** must be achieved by initiating a constructive dialogue, as a fellow player and competent partner, by the end of 2025 to discuss climate strategy and the possibilities for transition to more climate-friendly ways of production with the customers who are most important to the bank's financed emissions.

Ringkjøbing Landbobank has contributed financing for the expansion of wind power in Denmark since 1995 and today also helps finance Danish investors' purchases of wind turbines abroad. Together with loans for solar energy and biogas plants, loans for wind turbines are a strong, nationwide niche for the financing of renewable energy supplies – a niche which the bank wants to retain and preferably strengthen.

In the personal customer area, the bank will continue to focus on the potential for energy renovation and/or replacement of oil or gas heating with more sustainable energy types.

*Loans for renewable energy in % of net loans and guarantees*

	End of 2019	End of 2020	End of 2021	End of 2022	End of 2023
Loans for renewable energy (wind, solar and biogas) – % of net loans and guarantees	6.7	7.2	6.5	7.5	5.3

**The target for the investment portfolio** must be achieved through dialogues with customers in the ongoing advisory services on how to obtain competitive returns while taking into account the individual customer's risk and sustainability profile.

In addition, the bank will continue to play an active part in developing and, not least, distributing sustainable investment products from BankInvest and the bank's collaboration with Letpension gives pension customers access to particularly climate-friendly pension products.

**Ringkjøbing Landbobank has the lowest cost/income ratio in the sector**, in part because optimal utilisation of only the necessary resources is part of our culture. The bank therefore continually carries out profitable energy renovation projects.

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

The bank's policies are available at:

[landbobanken.dk/en/ir-english/thebank/policies](https://landbobanken.dk/en/ir-english/thebank/policies)

In accordance with the bank's business goals and policies and the UN Global Compact's environmental principles, the bank aims to:

- Make a significant contribution to financing of the green transition. This includes granting loans for renewable energy production and for the promotion of the transition of manufacturing businesses to a more climate-friendly future
- Take the initiative to a constructive dialogue by the end of 2025 to discuss climate strategy with those customers that make the greatest impact on the climate intensity of the bank's loans
- Grant loans for personal customers' energy improvements – including energy efficiency improvement of homes and purchases of sustainable vehicles
- Market, advise on and, through BankInvest, contribute to developing sustainable investment products
- Reduce our own negative impact on the environment as far as possible – e.g. by buying electricity from renewable energy sources
- Increase our employees' environmental awareness

## Carbon footprint from loans

Ringkjøbing Landbobank follows the Forum for Sustainable Finance's recommendation that all banks should present an annual action plan for reduction of the carbon footprint from loans and a calculation of:

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

Carbon emissions from the bank's total loans are calculated at 392,858 tonnes of CO<sub>2</sub>e, the equivalent of carbon emission intensity of 8.34 tonnes of CO<sub>2</sub>e per DKK million lent.

Loans to business customers contributed 371,326 tonnes of CO<sub>2</sub>e, equivalent to intensity of 10.44 tonnes of CO<sub>2</sub>e per DKK million lent. Emissions from loans to business customers were thus 94.5% of the total emissions financed. The biggest contribution is related to agriculture with 35.9% of total emissions, the equivalent of intensity of 30.02 tonnes of CO<sub>2</sub>e per DKK million lent. Loans for agriculture increased by approximately DKK 700 million in 2023. This explains why the total emission intensity from loans is unchanged at 8.34 tonnes of CO<sub>2</sub>e per DKK million lent even though the intensity for other loans on average decreased.

With emissions averaging 45.88 tonnes of CO<sub>2</sub>e per DKK million lent to the principal industry group "Transport, hotels and restaurants", this group has the highest intensity but loans to this group only amounted to approximately DKK 800 million at the end of 2023, which means that the significance for the total statement of emissions is limited.

Carbon emission intensity (CO<sub>2</sub>e) from the bank's loans on 31 December<sup>1/A</sup>

	Balance sheet loans, DKK million	Share of loans, %	CO <sub>2</sub> e emissions, tonnes	CO <sub>2</sub> e per DKK million lent (CO <sub>2</sub> emission intensity)	Share of emissions, %
<b>Personal customers</b>	11,533*	24.5	21,532	1.87	5.5
<i>Housing</i>	10,451	22.2	7,610	0.73	1.9
<i>Cars</i>	1,082	2.3	13,922	12.87	3.6
<b>Business</b>	35,578	75.5	371,326	10.44	94.5
<b>Total in 2023</b>	<b>47,111</b>	<b>100.0</b>	<b>392,858</b>	<b>8.34</b>	<b>100.0</b>
Total in 2022	44,705	100.0	372,868	8.34	100.0
Total in 2021	38,209	100.0	382,512	10.01	100.0
Total in 2020 (base)	33,286	100.0	343,501	10.32	100.0
<b>Target for 2030</b>				<b>5.68</b>	

\* In addition, the bank has provided loans totalling DKK 3,770 million to personal customers for which a purpose cannot be determined. These loans are not included in the statement.

During 2023, Statistics Denmark updated the data for carbon emissions from businesses several years back. Ringkjøbing Landbobank therefore recalculated carbon emissions from the loan portfolio for 2022. Emissions from the loan portfolio at the end of 2021 and the end of the base year 2020 are calculated for the first time. It must be expected that Statistics Denmark will update data with retroactive effect several years back also in future.

The bank's method of calculating carbon emissions from loans is described on pages 29 – 30.

## Objectives and action plan – loans

Ringkjøbing Landbobank pursues an organic growth strategy and wants to win additional market share for loans.

Based on 2020, the bank wants to achieve a 45% reduction of the carbon emission intensity from the loan portfolio by the end of 2030 and to be carbon neutral by the end of 2050.

As a step towards achieving the overall objectives, the bank has defined the following goals:

- By the end of 2025, the bank must have had a dialogue on climate strategy with the biggest

agricultural customers, who account for 70% of the bank's financed emissions in the agricultural sector.

- By the end of 2025, the bank must have had a dialogue on climate strategy with all other major customers of significance to the bank's total financed emissions. These customers are defined as customers whose carbon emission intensity exceeds the bank's average carbon emission intensity for business customers excluding agricultural customers.

In addition to the bank's own efforts, many initiatives are being implemented to reduce emissions from businesses and this trend is expected to intensify as carbon tax is brought to bear on them.

The bank's continued financing of renewable energy production and other initiatives fostering the green transition will also help reduce the carbon emission intensity. The bank's loans to renewable energy production account for a fair amount of the bank's total loans and guarantees.

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



Ringkjøbing Landbobank wants to continue helping to finance businesses which enable more sustainable ways of producing and consuming and/or to help finance investments that can bring a business forward in the green transition of the business' industry. These businesses do not necessarily have low carbon emissions, but they need financing for their transition to reduce their direct and indirect carbon emissions.

Amongst other actions, in connection with the implementation of CSRD, the bank will in future focus on collecting individual data from business customers to replace standard data based on industry norms. This will make the statement more accurate over time. The possibilities of improving data collection for agriculture in particular in the coming years are judged to be good.

## Carbon footprint from investments

Ringkjøbing Landbobank follows the Forum for Sustainable Finance's recommendation that all banks should present an annual action plan for reduction of the carbon footprint from investment products and a calculation of carbon emissions from them:

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

The annual figures for carbon emissions from the bank's investments made on behalf of customers are part of the investment advice as are their sustainability and risk profile and return expectations. The aim is to maximise the risk-adjusted return, taking into account the customers' sustainability preferences.

Ringkjøbing Landbobank offers attractive investment solutions adapted to the individual customer's personal ideas and needs. Before providing investment advice, the bank performs the mandatory profiling regarding the customers' sustainability preferences. From 3 October 2023, the profiling categories low, medium or high level of sustainability preference were replaced by specific preferences.

This improves the possibility of taking individual sustainability preferences into consideration in the dialogue with investment customers as a supplement to their timeframe and risk preferences.

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

Total emissions from the bank's asset management products and pooled scheme at the end of 2023 are calculated at 84,894 tonnes of CO<sub>2</sub>e, which is equivalent to carbon emission intensity of 4.66 tonnes of CO<sub>2</sub>e per DKK million invested compared to 4.27 tonnes of CO<sub>2</sub>e per DKK million invested at the end of 2022 and 10.74 tonnes at the end of the base year 2020. At the end of 2023, 60,137 tonnes came from the asset management products and the remaining 24,757 tonnes from the pooled scheme.

Emissions from individual mandates have not been reported before but were calculated at 42,074 tonnes of CO<sub>2</sub>e at the end of 2023, equivalent to CO<sub>2</sub> emission intensity of 7.44 per DKK million invested, compared to CO<sub>2</sub> emission intensity of 7.75 per DKK million invested at the end of 2022.

Emissions from the bank's own portfolio are calculated at 70 tonnes of CO<sub>2</sub>e, which is equivalent to a carbon emission intensity of 0.05 tonnes of CO<sub>2</sub>e per DKK million invested compared to 0.05 tonnes of CO<sub>2</sub>e per DKK million invested at the end of 2022 and also 0.05 tonnes at the end of the base year 2020. The majority of the bank's own portfolio is placed in bank bonds which have low emissions.

Total emissions from the portfolio at the end of 2023 amounted to 127,038 tonnes of CO<sub>2</sub>e, which is equivalent to an emission intensity of 5.03 tonnes of CO<sub>2</sub>e per DKK million invested compared to 4.73 tonnes of CO<sub>2</sub>e per DKK million invested at the end of 2022 and 9.66 tonnes at the end of the base year 2020. Compared to the end of 2022, the total carbon footprint thus increased by 0.30 tonnes per DKK million invested.

The sectors transport/shipping and materials production in particular contribute to the emissions from share investments.

Carbon emission intensity (CO<sub>2</sub>e) from the holding of investment products on 31 December<sup>2/A</sup>

	Market value of investments, DKK million	Share of investments, %	CO <sub>2</sub> e emissions, tonnes	CO <sub>2</sub> e per DKK million invested (CO <sub>2</sub> emission intensity)	Share of emissions, %
Asset management products and mandates	18,169	72.0	102,211	5.63	80.5
<i>FormuePlejen</i>	<i>7,790</i>	<i>30.9</i>	<i>29,214</i>	<i>3.75</i>	<i>23.0</i>
<i>Den Globale Aktieportefølje</i>	<i>688</i>	<i>2.7</i>	<i>585</i>	<i>0.85</i>	<i>0.5</i>
<i>RLB – Danske Aktier</i>	<i>836</i>	<i>3.3</i>	<i>4,480</i>	<i>5.36</i>	<i>3.5</i>
<i>RLB – Fuldmagt and other individual mandates</i>	<i>5,654</i>	<i>22.4</i>	<i>42,074</i>	<i>7.44</i>	<i>33.1</i>
<i>RLB – Wealth Management</i>	<i>3,201</i>	<i>12.7</i>	<i>25,858</i>	<i>8.08</i>	<i>20.4</i>
Puljeinvestering Bankvalg (pooled schemes)	5,702	22.6	24,757	4.34	19.4
The bank's own portfolio	1,366	5.4	70	0.05	0.1
<b>Total in 2023</b>	<b>25,237</b>	<b>100.0</b>	<b>127,038</b>	<b>5.03</b>	<b>100.0</b>
Total in 2022	22,867	100.0	108,208	4.73	100.0
Total in 2021	22,232	100.0	194,464	8.75	100.0
Total in 2020 (base)	19,287	100.0	186,249	9.66	100.0
<b>Target for 2030</b>				<b>4.83</b>	

When setting targets and compensating for lack of data through upscaling, Ringkjøbing Landbobank recalculated carbon emissions from the investment portfolio for the end of 2022 and the end of 2021. Carbon emissions from the investment portfolio for the end of the base year 2020 are calculated for the first time.

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

The bank's method of calculating carbon emissions from investments is described on pages 30 – 31.

## Objectives and action plan – investments

Based on 2020, the bank wants to achieve a 50% reduction of the carbon emission intensity from the investment portfolio by the end of 2030 and to be carbon neutral by the end of 2050.

Ringkjøbing Landbobank regards this annual statement of carbon emissions from investment activities as one of several preconditions for achieving the bank's goal of reducing carbon emissions. As in 2022, we will use this year's statement as the point of departure for the continuous work of identifying possibilities of decreasing negative and increasing positive effects.

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

From 3 October 2023, the statutory profiling of customers in the categories low, medium or high level of sustainability preference was replaced by specific preference profiling. The bank has subsequently focused on implementing the new profiling and integrating the customers' individual sustainability preferences in our advice as a supplement to their timeframe and risk preferences.

Ringkjøbing Landbobank primarily distributes investment products from BankInvest, which is consequently also the bank's primary partner in the effort to reduce carbon emissions from our investments. As a signatory to the

Net Zero Asset Managers initiative<sup>3</sup>, BankInvest is committed to working towards neutralising greenhouse gas emissions from the companies invested in by 2050. In the short term, BankInvest commits to reducing carbon emissions from the portfolios by 55% by 2030. Ringkjøbing Landbobank supports these targets.

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

## BankInvest

BankInvest classifies its funds in accordance with the disclosure regulation<sup>4</sup>.

In spring 2023, BankInvest launched two new Nordic Swan Ecolabelled funds with a sustainable objective – referred to in the disclosure regulation as article 9 funds. This has given the bank's customers more options to choose investment products matching their sustainability preferences. BankInvest was already offering some of the market's most sustainable funds, including funds for global shares, global bonds and Danish shares.

Since the launch of the two article 9 funds, BankInvest has offered article 8 and 9 funds only.

The table below shows a breakdown of certain of the investment products<sup>B</sup> managed by the bank into articles 6, 8 and 9<sup>A</sup>. The table comprises products from BankInvest as well as other issuers.

*Breakdown of managed investment products in article 6, 8 and 9 investment funds<sup>A/B</sup> at 31 December*

	2021	2022	2023
Article 6 funds (%)	7.4	16.4	2.3
Article 8 funds (%)	79.2	67.3	76.9
Article 9 funds (%)	0.0	0.0	0.1
Single-name securities	13.4	16.3	20.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

To increase transparency to investors, a Sustainable Footprint report<sup>5/C</sup> is published each quarter for the vast majority of BankInvest's funds. In the fourth quarter of 2023, reports were published for 52 of 56 public funds.

A high, almost constantly increasing proportion of the funds in Ringkjøbing Landbobank's asset management schemes including pooled schemes is placed in BankInvest funds with a Sustainable Footprint.

*Proportion of sums in BankInvest funds with a Sustainable Footprint<sup>5/C</sup>*

	End of 2019	End of 2020	End of 2021	End of 2022	End of 2023
Proportion of sums in BankInvest investment fund certificates in the Puljeinvestering Bankvalg and FormuePlejen placed in BankInvest funds with Sustainable Footprint (%) <sup>5/C</sup>	64.5	88.2	95.5	90.6	<b>94.3</b>

The bank has participated actively in the continued development of sustainable investment products from BankInvest. CEO John Fisker is chair of the board of directors of BankInvest Holding A/S and finance manager Sten Erlandsen is a member of BankInvest's Product Committee.

Ringkjøbing Landbobank supports these ambitions and offers products from Letpension to our customers as a part of our normal advisory service.

## Letpension

Through the collaboration with Letpension, since 2021 customers of Ringkjøbing Landbobank have had the option of investing part of their pension savings in particularly climate-friendly products – with the specific aim of reducing global carbon emissions. By choosing particularly climate-friendly investments, savings contribute to three ambitious climate targets, one of which is already met:

- From the very beginning, the equity portion emitted 60% less carbon than the global equity index.
- By 2025, the ambition is that the entire product must be carbon neutral.
- By 2030, the ambition is that the entire product must be carbon-negative, i.e. remove more carbon from the atmosphere than it emits.

## The bank's own consumption and emissions

The bank's CO<sub>2</sub> scope 1 emissions were 49.4 tonnes and its CO<sub>2</sub> scope 2 emissions 139.0 tonnes in 2023. The figures for 2022 were 55.6 and 129.7 tonnes respectively. This minor increase in total emissions is caused by the bank's bigger floor area following the enlargement of the head office in Ringkøbing and by an increase in the number of employees.

The bank's CO<sub>2</sub> scope 1 and 2 emissions per FTE remained unchanged at 0.29 tonnes after having decreased steadily from 0.51 tonnes in 2019.

The bank buys only green electricity from wind turbines, which means that the electricity consumption contributes 0 emissions to scope 2. With a renewable energy share of 80.7% in 2023, the bank derives a high, constantly increasing proportion of its energy consumption from renewable energy. Carbon emissions from district heating has decreased. According to the Danish District Heating Association, 76% was produced using renewable energy sources. Seen in isolation, this has reduced the bank's scope 2 emissions<sup>D</sup>, since district heating is its primary source of heating.

The bank's goal is to reduce our own negative impact on the environment by having a resource-conscious mindset and by continually carrying out profitable energy efficiency improvements in the bank's buildings.

During 2023, the bank continued switching to LED lighting and carried out a range of other small-scale renovation projects. Meetings with the bank's customers and with Bankdata and BankInvest as well as other close business partners are if possible held virtually. In future, all of the bank's payment cards will be made from 100% recycled PVC. The bank expects both personal and business customers to sign documents digitally. The aim of all of the above is to reduce the bank's energy consumption and consequently carbon emissions.

The bank owns the forest Sæbygaard Skov and its annual volume growth captured more carbon in 2023 than the bank's total scope 1 and 2 emissions. Measured on carbon scope 1 and 2 emissions, Ringkjøbing Landbobank is thus carbon neutral. However, carbon sequestration in forestry is only accepted in carbon accounting if the forest is certified under a UN-approved standard, which Sæbygaard Skov is not. Ringkjøbing Landbobank thus does not meet the formal requirements for being carbon neutral in terms of our scope 1 and 2 emissions.

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

### Ringkjøbing Landbobank's own consumption and emissions

	2019	2020	2021	2022	2023
CO <sub>2</sub> e scope 1 emissions (tonnes) <sup>6/A</sup>	29.2	63.0	57.9	55.6	49.4
CO <sub>2</sub> e scope 2 emissions (tonnes) <sup>6/A, D</sup>	307.4	220.4	177.5	129.7	139.0
<b>Total CO<sub>2</sub>e scope 1 and 2 emissions<sup>6/A, D</sup></b>	<b>336.6</b>	<b>283.4</b>	<b>235.4</b>	<b>185.3</b>	<b>188.4</b>
<b>Total CO<sub>2</sub>e scope 1 and 2 emissions per FTE (tonnes)<sup>6/A, D</sup></b>	<b>0.51</b>	<b>0.45</b>	<b>0.38</b>	<b>0.29</b>	<b>0.29</b>
Energy consumption (GJ) <sup>6</sup>	19,583	15,631	14,990	14,275	15,035
Renewable energy share (%) <sup>6</sup>	69.0	66.5	78.0	77.8	80.7
Water consumption (m <sup>3</sup> ) <sup>6</sup>	4,023	3,076	3,462	4,085	4,160

### Reporting under article 8 of the taxonomy regulation

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

The bank does not explicitly use the taxonomy regulation in its credit policy or responsible investments policy, but we actively consider sustainability and ESG aspects – both when granting credit and when making investments.

The share of assets covered by the taxonomy regulation and included in the numerator totalled 33.1% at the end of 2023 compared to 32.6% at the end of 2022. A large part were loans to personal customers and loans to financial undertakings also represented a considerable share.

In terms of the taxonomy regulation, 51.0% of the bank's total assets are only included in the denominator but excluded from the numerator. The key reason is that the taxonomy excludes the bank's business customers from the numerator because they are not listed on a stock exchange but small and medium-sized enterprises (SME) with fewer than 500 employees. This group, referred to as "Non-NFRD undertakings" (Non-Financial Reporting Directive), represented 40.1% of the bank's assets at the end of 2023.

Assets which are not included in the taxonomy's numerator or denominator amounted to 15.9% at the end of 2023 and comprised the bank's trading portfolio and exposures to central banks. 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's Green Asset Ratio (GAR) reported at the end of 2023 was 0%. One of the reasons for this is that financial undertakings do not yet provide any reporting that enables the bank to link these assets to a specific climate objective. The financial undertakings in the numerator only have a reporting obligation from 2023 and the bank therefore cannot report fully on the volume of green assets until 2024. Loans to personal customers currently involve substantial uncertainty in respect of the requirement for recognition as green assets and the bank is therefore unable to categorise them.

The bank has contributed to financing the green transition for more than 25 years, initially through loans for wind turbine installation and advice in this regard. This has now been expanded to include loans for solar energy and biogas plants and other green technologies and financial advice in this regard. However, the bank's customers in this area have fewer than 500 employees and are not listed and therefore consequently categorised as "Non-NFRD undertakings". On grounds of size, the taxonomy regulation does not permit inclusion in the calculation of the GAR even though the assets owned by these customers are green.

Supporting local communities is key to sustainability in the taxonomy regulation. The bank has always given high priority to this. 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 6 – 13 and 17 – 23.

Taxonomy reporting is required in accordance with annexes VI, XI and XII. The reporting requirements under annex XI are covered by the above. Annexes VI and XII comprise a number of templates in English, all of which are an integral part of this ESG report and available with the ESG report on the bank's website: [landbobanken.dk/en/ir-english/thebank/policies#csr](https://landbobanken.dk/en/ir-english/thebank/policies#csr)

The bank has the following additional comments on the templates:

## Annex VI

### Template 0: Summary

Template 0 summarises key information from the other templates in annex VI. As the bank has no assets defined as green under the taxonomy, "0%" is stated for the two KPIs.

### Template 1: Assets for the calculation of GAR

The template is divided into two periods – the most recent year (T) and the year before that (T-1). In this initial publication in 2024 covering the 2023 reporting year, it is only possible to fill in the part of the template relating to period T. Not until the publication in 2025 for the 2024 reporting year will it be possible also to fill in period T-1.

Please note that the bank's exposures to businesses do not include listed companies with more than 500 employees. The majority of the bank's exposures can thus be found under "Assets excluded from the numerator for GAR-calculation" because they are "Non-NFRD undertakings".

Assets in "GAR – Covered assets in both numerator and denominator" include loans for housing and cars. These loans are placed under "Climate Change Mitigation", which is considered to be the most fitting description for them. However, the bank does not have the information needed to assess whether some of the loans qualify as green in the taxonomy.

Financial "NFRD undertakings" will publish the required taxonomy reporting for the first time during 2024 (for the 2023 financial year), which means that the sustainability reporting from these counterparties cannot be included as a basis for the bank's taxonomy reporting for the 2023 financial year. The bank thus cannot categorise loans to this customer group under a climate objective.

### Template 2: GAR sector information

No information is provided in the template as the bank's exposures to businesses do not include any listed companies with more than 500 employees.

### Template 3: KPI GAR stock

The KPIs calculated on the basis of the information provided by the bank in template 1 are shown here.

### Template 4: KPI GAR flow

The template covers the development from 2022 to 2023. In the bank's view, this template will not be relevant until the next publication period, i.e. in 2025 for the 2024 reporting year.

### Template 5: KPI off-balance sheet exposures

The template comprises off-balance sheet financial guarantees and assets under management where the counterparty is an "NFRD undertaking" with at least 500 employees. The bank has no such customers and the template therefore contains no information.

### Template 6: KPI on fee and commission income

The template comprises KPI on fee and commission income derived from services that are not lending or asset management.

This template will only apply from the 2026 financial year.

### Template 7: KPI trading book portfolio

This template will only apply from the 2026 financial year.

## Annex XII

### Template 1: Nuclear energy and fossil gas-related activities

The bank has neither nuclear energy nor fossil gas-related activities.

### Templates 2 – 5:

The templates are judged not to be relevant for Ringkjøbing Landbobank as the bank has no activities in this area, see annex XII, template 1.

*Green Asset Ratio and key figures for the bank's total assets in accordance with the taxonomy regulation*

	<b>End of 2022<sup>E</sup></b>	<b>End of 2023</b>	<b>Definition</b>
Green Asset Ratio (GAR)	N/A	0.0%	Proportion of total assets in the denominator (GAR assets) classified as green assets (Aligned)
Assets covered by the taxonomy regulation and included in the numerator	32.6%	33.1%	Proportion of total assets covered by the taxonomy regulation and included in the numerator
Assets covered by the taxonomy regulation and excluded from the numerator	52.4%	51.0%	Proportion of total assets covered by the taxonomy regulation and excluded from the numerator but included in the denominator
Assets not covered by the taxonomy regulation	15.0%	15.9%	Proportion of total assets excluded from both numerator and denominator



## Social aspects

### The bank gives high priority to the wellbeing of its employees and the surrounding community

In accordance with the Ringkjøbing Landbobank's social responsibility and sustainability policy and code of conduct, the bank gives high priority to good collaboration with its employees and organisations and to regular follow-up on compliance with agreements entered into.

The bank does not tolerate discrimination in its working conditions or employments and its goal is that a large majority of the bank's employees rate their wellbeing very satisfactory or extremely satisfactory.

To ensure the quality of the bank's advice and its possibility of recruiting and retaining employees, the bank offers quality education and in-service training to existing and new employees in partnership with relevant educational institutions. For many years it has been the bank's strategy to ensure its basis for recruitment by training our own future employees. An additional advantage is that it enables the bank to introduce the new employees to the bank's DNA from the very start of their career.

The bank increasingly supplements training of its own apprentices with the employment of new academic graduates in a range of specialist jobs.

As described in the social responsibility and sustainability policy, the bank wants to contribute to the wellbeing and development of the local communities in which we operate. This includes:

- Providing competent advice on the customer's finances, taking into account the given local circumstances
- Financing investments in local business development on competitive terms
- Contributing to the development of society through responsible granting of credit and payment of direct and indirect taxes imposed on us
- Providing competitive financing for private individuals' purchases of homes, cars etc.

- Generating a substantial number of knowledge-based jobs
- Supporting local clubs, associations, cultural institutions and events
- Developing financial understanding in children and young people

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

[landbobanken.dk/en/ir-english/thebank/policies](https://landbobanken.dk/en/ir-english/thebank/policies)

In accordance with the bank's business goals, the bank's tradition of contributing to local community and development, the bank's policies and the UN Global Compact's principles regarding labour, the bank aims to:

- Respect and comply with human and labour rights, including ensuring equal opportunities for all employees
- Ensure diversity and equal opportunities for all employees in the bank irrespective of gender and other background
- Ensure good health and continued wellbeing at the workplace
- Offer employees quality education and training as desired and needed, including giving the bank's apprentices a good education which is completed at bachelor level and to give other employees in-service training and further education to ensure their competences are always strong and up to date
- Make our expertise in financial matters available to the surrounding community
- Contribute positively to the continued development of society – at local and national levels

## Customers

Ringkjøbing Landbobank has more than 200,000 customers in total under the two brands Ringkjøbing Landbobank and Nordjyske Bank. According to Voxmeter, the Ringkjøbing Landbobank brand has the best reputation in the sector for the fourth consecutive year, and the Nordjyske Bank brand is in fifth place<sup>F</sup>.

The good reputation also sustains the bank's ability to retain customers as the retention ration has been stable at more than 90% since 2020.

The bank also considers the result of the largest survey of customer satisfaction etc. in Danish financial institutions to be an adequate assessment of customer satisfaction in the bank. The survey is carried out by Voxmeter with approximately 60,000 respondents in the latest survey<sup>G</sup>.

In the January 2020, January 2021, January 2022, January 2023 and January 2024 surveys, the bank is placed in the top half of this scale<sup>G</sup>.

### *Image, customer numbers and customer retention*

	2019	2020	2021	2022	2023
The Ringkjøbing Landbobank brand's ranking in Voxmeter's image analysis <sup>F</sup>	2	1	1	1	1
The Nordjyske Bank brand's ranking in Voxmeter's image analysis <sup>F</sup>	5	3	4	3	5
Number of customers at the end of the year	198,475	203,547	206,239	207,240	209,609
Customer retention ratio (%) <sup>7/H</sup>		93.5	91.1	91.5	92.3

## Employees

The bank employed 652.6 FTEs in 2023. Compared to the year before, this is an increase of 11.5, which is caused both by the bank's general growth and an increased need for special skills in a range of specialist functions.

The percentage of the under-represented gender was 45.1% in 2023. Ringkjøbing Landbobank wants to give all employees in the bank equal development and career opportunities, irrespective of gender and other background. This includes giving equal pay for equal work. The difference in the average pay for men and women therefore results from differences in gender representation in different types of jobs – including as managers.

As shown on the next page, the bank launched a range of initiatives in 2023 to increase the percentage of the under-represented gender at the bank's other management levels.

The increase in sickness absence coincided with the covid-19 pandemic. It is positive that sickness absence started falling again in 2023 but due to long-term sickness absences, it remained at a higher level than before the pandemic.

### *Workforce, gender diversity, gender pay ratio and sickness absence*

	2019	2020	2021	2022	2023
FTE workforce <sup>7</sup>	657.2	632.2	618.8	641.1	652.6
Gender diversity (%) <sup>7</sup>	50.6	49.8	49.0	46.9	45.1
Gender pay ratio (times) <sup>7/I</sup>			1.26	1.25	1.25
Sickness absence (days/FTE) <sup>7</sup>	3.5	5.7	7.6	7.4	6.9

The percentage of the under-represented gender at other management levels increased from 20.7% at the end of 2022 to 22.9% at the end of 2023 and is thus nearing the bank's target of at least 25% by the end of 2025.

The bank launched the following concrete initiatives in 2023 to increase the percentage of the under-represented gender at the bank's other management levels. When these initiatives have had the necessary time to work, the bank expects that the target will be met:

- When recruiting for management positions with the assistance of headhunters, the bank always requires that candidates of both genders must be presented

- In the bank's own recruiting, emphasis is placed on selecting candidates of both genders for interviews
- General focus on diversity in employments to provide the basis for more managers of both genders in the bank in the future
- When selecting employees for the role of sales manager, focus is on motivating candidates of both genders to seek this role
- There is focus on selecting young employees of both genders for the instructor role in the bank's academy. This role is a good way of preparing for a possible subsequent leadership role

### *Gender diversity, other management levels*

	End of 2021	End of 2022	End of 2023
Gender diversity, other management levels (%) <sup>7/J</sup>	19.4	20.7	<b>22.9</b>

The bank's employees state that they are thriving at the bank. In partnership with an external provider, the bank conducts an annual measurement of "Collaboration and Wellbeing" among all employees. This measurement is always made during the second quarter and is an important element of the annual job appraisal reviews with the employees. With an overall score averaging 8.6 on a scale from 1 to 10, where 1 is "I fully disagree" and 10 is "I fully agree", the measurement shows a historically high level of employee wellbeing and satisfaction. For 19 out of 20 questions, the score was higher or the same as the year before. The score for the question "I thrive at the bank" is 8.8 in the 2023 survey and when we ask about thriving in their department, the score is 9.1.

The analysis is used as a management and employee tool. If a response shows a low level of wellbeing, the HR department contacts the employee directly for an open dialogue on challenges and possible solutions.

The high level of wellbeing and general job satisfaction among the employees is reflected in an average employee turnover ratio of only 8.9%, which means they stay in the bank for more than 11 years on average.

### *Employee wellbeing and retention*

	2019	2020	2021	2022	2023
I thrive at the bank (average on a scale from 1 to 10, where 1 is "I fully disagree" and 10 is "I fully agree")		7.9	8.0	8.7	<b>8.8</b>
Employee turnover ratio (%) <sup>7</sup>	14.0	14.5	10.5	10.4	<b>8.9</b>

The bank gives priority to good working conditions for its employees. Health and wellbeing are facilitated by stress, smoking and alcohol policies, health insurance, schemes for older employees, access to a business psychologist and online doctor and a range of social events. In 2023, a social network called NetVærket was set up for young people between the ages of 20 and 35.

The bank does not accept discrimination on grounds of gender, gender identity/perception, age, nationality, race, ethnic origin, any disabilities, sexual orientation, religion and/or political allegiance and has zero tolerance for bullying, and sexual and other forms of harassment. The bank's HR department follows up on this and the bank has established the statutory whistleblower scheme enabling all employees in the bank to report – anonymously if need be – any instances of discrimination, bullying or harassment.

Because the bank gives high priority to employee wellbeing and to support compliance with the bank's code of conduct, all of the bank's employees are asked each year to read it and reaffirm that they understand its contents.

Ringkjøbing Landbobank supports the employees' freedom of association and upholds their right to collective bargaining. The bank thus fully supports and complies with what is known as the Danish model: voluntary agreements between trade unions and employers.

Most of the bank's employees are members of Financial Services Union Denmark (Finansforbundet) and the bank is a member of Finance Denmark (Finans Danmark), who as of 1 January 2024 is also an employers association after having integrated the activities from the Danish Employers' Association for the Financial Sector (Finanssektorens Arbejdsgiverforening – FA). The bank complies with the standard collective agreement which was entered into between FA and Financial Services Union Denmark in the first quarter of 2023. The standard collective agreement helps assure proper working conditions for the employees including with regard to working hours, minimum pay and overtime pay.

In addition, the bank, the bank's employees and Financial Services Union Denmark have entered into a local workplace agreement which covers all of the bank's employees and contains further details on remuneration.

### **Risks with respect to employees**

The bank's policies and code of conduct and the description in this section on social aspects reflect the bank's emphasis on wellbeing, equality, recruitment and competence development. Compliance with the bank's policies etc. in these areas requires continual focus by both employees and managers. Loss of focus bears the risk that the bank will fail to achieve its goals with respect to the employees.

### **The bank's risks with respect to human rights**

As previously stated, Ringkjøbing Landbobank supports the UN's human rights principles in respect of the bank's employees, and the bank makes use of the principles for compliance with human rights both in customer relations and the bank's evaluation and selection of collaboration partners. The bank's work on compliance with human rights is based in part on the bank's code of conduct.

The bank's primary partner in the area of investments is BankInvest, of which the bank owns 22.4%. BankInvest wishes to work seriously and targeted with responsible investment and amongst other things has chosen not to invest in businesses that have a problematic relationship with human rights. Stricter requirements apply to Nordic Swan Ecolabelled funds.

As a Danish relations-based bank with close ties to both customers and employees, Ringkjøbing Landbobank believes the risk of it violating human rights is low. The bank only has physical departments and branches in Denmark and loans and guarantees outside Denmark accounted for only 5% of the bank's total portfolio of loans and guarantees at the end of 2023.

## **Recruitment and education**

### **New employees**

To the extent possible it has for many years been the bank's strategy to ensure our basis for recruitment by educating our own future employees. During 2023, thirteen finance apprentices and six trainees, including five finance trainees and one finance bachelor trainee, started in the bank.

The education of apprentices and trainees takes place at the bank's own internal academy in collaboration with universities and business academies. In 2023, the internal academy had a total of 39 students in six classes.

During their apprenticeship in Ringkjøbing Landbobank, finance apprentices start on the graduate diploma programme (HD) at a university. When they have completed the university graduate diploma programme, they have reached bachelor level. As part of their training programme in the bank, they are also enrolled in one of two courses: The competent adviser or The business customer adviser. These courses are offered by the Financial Sector’s Training Centre (Finanssektorens Uddannelsescenter) and take a year.

In 2023, the bank launched its own new graduate programme for academics at bachelor and masters levels. The programme takes 18 months and was developed to attract highly-educated candidates for a range of specialist jobs in the bank. Three such employees commenced work during the autumn. The programme has increased the interest in Ringkjøbing Landbobank among bachelor and master-level applicants and the bank employed an additional two of the many applicants for other positions.

Ringkjøbing Landbobank has never had more employees in on-the-job educations than at the end of 2023.

### *Employees in on-the-job education*

	End of 2019	End of 2020	End of 2021	End of 2022	End of 2023
Apprentices	16	20	19	18	23
Trainees	5	8	4	13	6
Graduate programme					3
<b>Total</b>	<b>21</b>	<b>28</b>	<b>23</b>	<b>31</b>	<b>32</b>

### **In-service training and further education**

Ringkjøbing Landbobank has made the strategic choice that customer advisers must have the expertise to provide competent advice on home ownership, pensions and investment and – if relevant – also business matters. It creates an overview for both customers and employees, and we believe it is one of the most important reasons for the bank’s high level of customer and employee satisfaction. But it requires the advisers to have a broad range of competences within the above areas.

Training and education of the employees are therefore a very high priority and are provided continually. In 2023, 53 advisers of personal customers received training in investment advice, bringing the total number of personal customer advisers who have completed this course up to 153. All of the bank’s business customer advisers have completed the course “Sustainable customer dialogue” on ESG matters.

The bank’s investment, personal customer, business customer and private banking advisers have been trained in the statutory (and in 2023, adjusted) profiling of investment customers’ sustainability preferences.

Six of the bank’s employees completed an instructor course in 2023 and 40 completed a management course at UCN act2learn, the University College of Northern Denmark (UCN), in North Jutland.

The need for in-service training and competence development is part of the bank’s annual employee interview.

Relevant in-service training and competence development is offered, e.g. in partnership with Aarhus and Aalborg Universities, Financial Sector’s Training Centre, Business Academy MidWest (EAMV) and the University College of Northern Denmark (UCN).

A large part of the qualifying training and education is completed with the statutory certification of the employees. The certifications are documentation to prove that the advisers have the necessary knowledge

of the products and are competent to advise on the customers' finances. If an employee does not attain certification at the first attempt, the bank follows up with remedial education.

## *Statutory certifications*

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

\*Completion percentage at 30 November 2023 among employees in the target group.

Finally, the employees are trained continually in IT awareness and conduct-related subjects to prevent money laundering, data abuse, cyber crime etc.

## *Training and education in the area of conduct and awareness etc.*

<b>Area</b>	<b>Target group</b>	<b>Completed*</b>
Code of conduct	All employees	100.0%
Awareness training regarding market abuse	All investment and private banking advisers and other selected employees	100.0%
Sustainability in the financial sector	All personal, business, private banking and investment advisers	99.5%
E-learning regarding market abuse	All back office employees plus other selected employees	100.0%
Prevention of money laundering and financing of terrorism (required by law)	All employees	98.9%
Processing of personal data	All employees	99.6%
IT awareness	All employees	96.9%

\*Completion percentage at 30 November 2023 among employees in the target group.

## Ringkjøbing Landbobank's contribution to local and national development

The bank happily contributes to developing Denmark and Danish society. We now have customers throughout Denmark but we are also a local bank with deep roots and a special responsibility in West, Central and North Jutland. Through the bank's employees, operating activities and support to more than 1,000 local events, sports clubs and cultural associations, we help provide the framework for a good, healthy life for people in the local communities where the bank is represented. The bank encourages its employees to participate, preferably actively, in 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-Ajstrup Sognes Spare- og Lånekasse's Memorial Fund
- Ø. Brønderslev Sparekasse's Fund

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

- Association of the Year 2023 in West Jutland (six awards)
- Ringkjøbing-Skjern Business Council's Entrepreneur of the Year and Entrepreneurship Challenge (two awards)
- Nordjyske Bank's associations award (three awards)
- 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

As one of Denmark's top 50 taxpayers (no. 27 in the 2021 income year), the bank also makes a considerable, increasing contribution to our common national economy.

2023 was the first year companies in the financial sector – including Ringkjøbing Landbobank – were charged an extra tax, which in fact is a corporate tax increase, to finance early retirement from the labour market. The extra corporate tax levy payable by Ringkjøbing Landbobank for 2023 is thus DKK 86 million more than companies with the same profit in other industries have to pay.

### Ringkjøbing Landbobank's tax payments and withholding taxes by type

	2019	2020	2021	2022	2023
Corporate tax (DKK million)	251	224	294	375	590
Extra tax (DKK million)					86
Payroll tax (DKK million)	53	58	57	58	65
<b>Subtotal (DKK million)</b>	<b>304</b>	<b>282</b>	<b>351</b>	<b>433</b>	<b>741</b>
Tax deducted from income at source and labour market contribution (DKK million) – employees	144	139	138	144	155
Withholding tax on ordinary dividend (DKK million) – shareholders	54	58	37	39	39
<b>Total (DKK million)</b>	<b>502</b>	<b>479</b>	<b>526</b>	<b>616</b>	<b>935</b>

## Governance

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

It is part of Ringkjøbing Landbobank's social responsibility and sustainability policy that the bank wants to contribute positively to the development of Denmark and of a sustainable society. As a business, we work with the Danish authorities to ensure financial infrastructure and stability, create transparency and facilitate public tasks within tax reporting, digitalisation, monitoring of money-laundering etc.

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

In partnership with Bankdata and consequently also JN Data and by means of effective technology and employee competence development, the bank works dedicatedly to protect its customers, society and the bank against cyber crime and data abuse.

We also work closely with public organisations and authorities to ensure responsible financing in society – including the Export and Investment Fund of Denmark (EIFO), the Nordic Investment Bank (NIB), the European Investment Bank (EIB), and the German Kreditanstalt für Wiederaufbau (KfW).

In accordance with Ringkjøbing Landbobank's code of conduct, the bank has zero tolerance for corruption and bribery of any kind.

It is part of the bank's remuneration policy that the bank's management, which comprises the board of directors and the general management, is awarded transparent and competitive fixed remuneration.

It is a goal for the bank to have a committed board of directors in accordance with the bank's policy for diversity in the board of directors.

The bank seeks to create competitive and transparent returns for its shareholders.

The bank's governance work is based on our social responsibility and sustainability policy, code of conduct, remuneration policy, policy for a sound corporate culture and responsible purchasing policy. The bank's policies are available at: [landbobanken.dk/en/ir-english/thebank/policies](https://landbobanken.dk/en/ir-english/thebank/policies)

In accordance with the bank's values and policies and the UN Global Compact's anti-corruption principle, the bank aims to:

- Avoid any form of corruption and bribery
- Reduce the challenges faced by society, the customers and the bank regarding money laundering, data security and cyber crime
- Ensure continued diversity and commitment on the board of directors
- Ensure competitiveness and transparency in the remuneration policy for the bank's management and the return to shareholders



## Societal tasks

As in previous years, Ringkjøbing Landbobank carried out a range of tasks essential to society in 2023:

- Giving customers access to a NemKonto (EasyAccount)
- Giving customers access to a basic deposit account if they want one
- Mandatory reporting to the tax authorities of our customers' interest, bank balances, debts as well as value and return on custody account holdings
- Mandatory disclosure of the bank's prices and terms and conditions by means of price portals, good practice legislation, MiFID etc.
- Supporting secure and efficient digitalisation of society – including implementing MitID and the final phase-out of NemID on 31 October 2023.
- Combating money laundering and financing of terrorism, notifications on suspicious matters and checking that the bank's customers comply with sanctions against e.g. Russia

Ringkjøbing Landbobank's board of directors has endorsed the 25 recommendations made in the report issued in November 2019 by the Anti-Money Laundering Task Force, which was appointed by Finance Denmark. The 25 recommendations for anti-money laundering and counter-terrorist financing measures are aimed at various stakeholders including authorities, the banking sector in general and the individual banks.

One of the 25 recommendations is that the banks dedicate a page on their websites to targeted and publicly available information about their anti-money laundering and counter-terrorist financing efforts. The bank has complied with this recommendation by creating the web page: [landbobanken.dk/en/ir-english/policies/antimoneylaundering](https://landbobanken.dk/en/ir-english/policies/antimoneylaundering)

Another of the 25 recommendations is that the individual banks undertake to outline their commitment to action against money laundering and terrorist financing, including their anti-money laundering policy, in the management's review section of their annual reports. The bank also complies with this recommendation. Please see the management's review in the bank's annual report for 2023: [landbobanken.dk/en/ir-english/reportsaccounts/accounts](https://landbobanken.dk/en/ir-english/reportsaccounts/accounts)

Finance Denmark's 25 recommendations on combating money laundering and financing of terrorism: [finansdanmark.dk/aktuelle-emner/forebyggelse-af-hvidvask-og-terrorfinansiering/](https://finansdanmark.dk/aktuelle-emner/forebyggelse-af-hvidvask-og-terrorfinansiering/)

On 19 April 2023, the bank received the Danish FSA's report on the inspection of the anti-money laundering area carried out in Ringkjøbing Landbobank in November 2022. The bank received a total of five orders from the Danish FSA, all of which were complied with by the end of 2023. The bank is pleased to note that the examination of its risk assessment, policies, records and notifications to the Money Laundering Secretariat did not result in any supervisory reactions and no cases of failure to notify the Secretariat were found.

On 11 January 2024, the bank received the Danish FSA's report on Ringkjøbing Landbobank's handling of EU sanctions including against Russia and Belarus. The examination commenced in May 2023, and the Danish FSA judged that the bank – like the other financial institutions examined – bears an inherent risk that the bank's transactions, carried out for its own purposes or on behalf of its customers, could violate current regulations regarding financial sanctions against countries, persons etc.

However, The Danish FSA also concluded that the institutions examined are handling the EU sanctions well because their work with compliance, supervision and implementation of sanction regulations gives them a good basis for interrupting transactions and subjecting them to manual checks to verify compliance with the sanctions. The bank is pleased to note that the examination, on the described basis, did not occasion any supervisory reactions from the Danish FSA toward the bank.

## Anti-corruption and bribery

The bank's code of conduct and policies specify that the bank is against and wants to combat any form of corruption and bribery. Corruption and bribery are defined as any payment, gift or other advantage which induces someone to act illegally, or illegally to refrain from action, in breach of their duties.

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. An employee who is offered a bribe, or is aware that a colleague has been offered a bribe, must always report this offer at once to their immediate superior, to the bank's HR department and/or to the bank's division for operational risk and anti-money laundering.

If in doubt, employees must contact their immediate superior or the bank's HR department and/or compliance function. The bank continually oversees whether the current rules are being complied with.

Any violation of the rules will be dealt with internally and if necessary reported to the relevant authorities.

The bank has no recorded cases of violation of the anti-corruption and bribery provisions in 2023.

## Data security and combating cyber crime

Ringkjøbing Landbobank has continually followed up on and adapted its systems and routines to keep data secure and prevent cyber crime. During 2023, the bank has reorganised its IT security work to ISO standards. This is in preparation for the Digital Operational Resilience Act (DORA), which will be implemented in stages until 17 January 2025. The reorganisation of the work strengthens the connection between the bank's efforts and those of Bankdata and JN Data and thus makes control and follow-up easier and more efficient.

The bank has informed its customers of potential IT and data security issues. This includes actively supporting the campaign of the Danish Agency for Digital Government, KL – Local Government Denmark, and Danish Regions, which helps Danish citizens avoid identity theft and abuse.

The bank gives high priority to in-house training and education in IT awareness:

- Six times during 2023, we collaborated with an external provider on education and training of all the bank's employees on a specific topic
- Four times during 2023, we carried out in-house tests to check that the bank's employees live up to the IT awareness requirements

Please also see page 22 for a list of training and education completed by the bank's employees in the areas of conduct and awareness.

## Data ethics

The aim of the bank's data ethics policy is to describe how the bank works with data ethics and data use as well as the underlying principles. The policy provides the framework for the bank's conduct in relation to data ethics, based on the bank's customers, the bank's internal initiatives and the outside world. The policy deals with the customer data collected and processed by the bank as well as any other data which the bank may receive.

The bank wishes to process data in an ethically correct, responsible and transparent way. For example, customers of Ringkjøbing Landbobank have, of course, a right to the secure processing of their data. But customers also have a right to be forgotten if they no longer use the bank. The bank is obliged to delete data when there is no longer a legal reason to preserve data. This is a result of GDPR compliance legislation and amongst other things, the bank uses automatic routines to delete emails, depending on legal requirements. In addition, the customers can always see in their online bank everything that the bank has in the form of contracts, agreements etc. The bank's data protection officer (DPO) continually checks that the bank does not have any data in contravention of GDPR compliance legislation.

The bank publishes an annual "Statutory statement on data ethics" on its website: [www.landbobanken.dk/en/ir-english/thebank/policies](http://www.landbobanken.dk/en/ir-english/thebank/policies)

## Governance

The bank awards no incentive or variable pay – including share-based pay or share options – to the board of directors or general management and this is not an option in the bank's remuneration policy. The objective of the remuneration policy is to support the bank's business strategy of organic growth and long-term interests, as the policy does not encourage excessive risk taking and remuneration is not linked to short-term goals and operating results.

The bank uses the following remuneration components for the management:

- Board of directors: Fixed amount in the form of a cash fee
- General management: Fixed amount in the form of a fixed basic pay, pension contribution and employee benefits
- Other major risk takers and employees in control functions: Fixed amount in the form of a fixed basic pay, pension contribution and employee benefits plus variable remuneration in the form of a payment for extra effort. The total variable remuneration of the above-mentioned employees must not exceed 10% of their total remuneration

The remuneration for the bank's general management is determined with a view to attracting and retaining competent general management members and ensuring compliance with the bank's remuneration policy.

The CEO pay ratio (times) increased from 11.5 times in 2022 to 13.5 times in 2023. This level is lower than in other large Danish companies<sup>K</sup>.

In addition, it has been recommended internationally that the CEO pay ratio should be no higher than 20; the bank's key figure is lower<sup>K</sup>.

### CEO pay ratio

	2019	2020	2021	2022	2023
CEO pay ratio (times) <sup>8</sup>	10.2	10.7	10.7	11.5	13.5

The percentage of board members of the under-represented gender elected by the shareholders' committee increased from 25.0 at the end of 2022 to 33.3 at the end of 2023. The bank has thus achieved the minimum target of 30% set for the under-represented gender and thus complies with the Danish Business Authority's definition of equal gender distribution. Furthermore, the bank's employees have elected four members for the board of directors and after the latest election there has been a gender parity between the four members with two women and two men.

Considerable skills, experience and integrity are required to obtain the Danish FSA's 'fit and proper' approval rating to serve as a bank's board member elected by the shareholders' committee. It also takes time for a new board member to master the tasks of the board and contribute fully to its work. It is thus of great value to the bank that board members serve several terms and that the board's composition in terms of member seniority is good.

### *Diversity of the board of directors*

	End of 2019	End of 2020	End of 2021	End of 2022	End of 2023
Gender diversity, board of directors (%) <sup>B/L</sup>	12.5	12.5	12.5	25.0	<b>33.3</b>
Average seniority of Ringkjøbing Landbobank's board of directors (years) <sup>M</sup>	3.3	4.3	5.3	5.8	<b>6.2</b>

For a more detailed description of the bank's board of directors, please see the management's review in the annual report for 2023: [landbobanken.dk/en/ir-english/reportsaccounts/accounts](https://landbobanken.dk/en/ir-english/reportsaccounts/accounts)

Ringkjøbing Landbobank's board members are committed to their work and the board meeting attendance ratio for the last five years has been consistently high. The ratio was 97.1% in 2023 and has been above 95.0% throughout the period.

### *Board meeting attendance ratio*

	2019	2020	2021	2022	2023
Board meeting attendance ratio (%) <sup>B</sup>	98.0	96.8	98.0	95.4	<b>97.1</b>

## Shareholders

Ringkjøbing Landbobank reserves no advantages for its shareholders.

In 2023, the bank paid a dividend of DKK 7 per share for 2022, and from February 2023 to January 2024, completed a share buyback programme totalling DKK 770 million. Return on the bank's share in 2023 was 5% including dividend.

The board of directors has recommended to the general meeting that a dividend of DKK 10 per share be paid for the 2023 financial year and has initiated a share buyback programme totalling DKK 1,525 million.

## Practice for main and key figures

### 1 Loans – CO<sub>2</sub>e scope 3

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

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

#### Personal customers

It is not possible to calculate the carbon footprint for the entire loan portfolio because loans to personal customers often have no specific purpose. An example of this is overdraft facilities. The specific purposes of loans are most often homes and cars. In accordance with the CO<sub>2</sub> model, only financed emissions from home and car loans are thus included for personal customers.

The carbon footprint from housing loans is a calculated average based on the average carbon emission per DKK million lent. The bank is working to calculate the carbon footprint from housing loans based on the individual building's energy rating or an estimated rating based on the building's energy source, age, size and location. Only emissions from loans on the bank's own balance sheet are stated. Arranged mortgage credit loans are thus not included in the statement.

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

#### Business customers

The carbon footprint from loans to business customers is primarily based on a sector average broken down by industry. The data for determining the sector average are obtained from Statistics Denmark, which shows total carbon emissions excluding combustion of biomass in its table "Drivhus2". The bank's data are based on emission figures for 2021 after reallocation of emissions from electricity and district heating. The bank has customers in a range of sectors where this method can not be readily applied since no sector average can be calculated. For these sectors, the bank has used an average for the other sectors and in this way calculated emissions for all loans to business customers nonetheless.

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

#### Data quality

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

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

<b>Data quality</b>	<b>Score 1</b> Highest quality	<b>Score 2</b>	<b>Score 3</b>	<b>Score 4</b>	<b>Score 5</b> Lowest quality	<b>Total</b>
Housing loans	0%	0%	0%	0%	100%	<b>100%</b>
Car loans	0%	0%	0%	0%	100%	<b>100%</b>
Loans to business	0%	0%	0%	0%	100%	<b>100%</b>

During 2023, Statistics Denmark updated the data for carbon emissions from businesses several years back. Ringkjøbing Landbobank therefore recalculated carbon emissions from the loan portfolio for 2022. Carbon emissions from the loan portfolio at the end of 2021 and the end of the base year 2020 are calculated for the first time. It must be expected that Statistics Denmark will update data with retroactive effect several years back also in future.

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

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

### Investments covered

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

The statement covers:

- The bank's asset management products (comprising "FormuePlejen", "Den Globale Aktieportefølje" and "RLB – Danske Aktier")
- Investments managed under other individual mandates, including the products "RLB – Fuldmagt" and "RLB – Wealth Management"
- The bank's pooled scheme "Puljeinvestering Bankvalg"
- The bank's own portfolio (excluding trading portfolios and shares in banking sector companies).

Compared to previous years, the number of products covered has increased.

The statement does not cover investments made by the customers themselves or which customers instruct the bank to make.

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 fully developed and investment activities for which the individual businesses have not reported any carbon data. Upscaling was applied to compensate for lack of data coverage.

### **Calculation method**

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

### **The data used**

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

For mortgage credit bonds issued by DLR Kredit, Jyske Kredit, Nordea Kredit and Realkredit Danmark, emission estimates published by the issuers were used.

### **Data quality**

As stated, both issuer-specific and estimated emissions data were used. The proportion of assets for which data are available has increased and the general data quality has thus improved over the years. This can be seen from the fact that the data coverage ratio, which indicates the percentage of the portfolio for which businesses have reported carbon data, increased from 64% in 2020 to 83% in 2023. Until the data coverage ratio reaches 100%, the figures will remain uncertain. Data coverage and data quality are expected to continue to increase over time. An actual data quality score is not computed.

When setting targets and compensating for lack of data through upscaling, Ringkjøbing Landbobank recalculated carbon emissions from the investment portfolio for the end of 2022 and the end of 2021. Carbon emissions from the investment portfolio for the end of the base year 2020 are calculated for the first time.

In the re-calculations and statements the bank has thus adjusted for data gaps for the years 2020, 2021, 2022 and 2023 by upscaling the available data to achieve a calculated data coverage ratio of 100%.

## 3 Net Zero Asset Managers

The Net Zero Asset Manager initiative has the support of more than 315 investment managers from all over the world, who collectively represent around half of the world's managed assets. Among the founders are the UN PRI (the UN-backed principles for responsible investment) and CDP, the world's biggest collaboration on emissions measurement. BankInvest is a member of both.

Via the Net Zero Asset Manager initiative and in line with the Paris agreement, BankInvest has committed to both achieving a 55% reduction of carbon emissions from the portfolios by 2030 and to neutralising carbon emissions from the investments by 2050 or sooner. The target applies to that part of BankInvest's total assets, for which usable carbon data are available, i.e. at the moment 62%.

## 4 Definitions in accordance with the Sustainable Finance Disclosure Regulation (SFDR) / the disclosure regulation

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

## 5 Definition of Sustainable Footprint

Sustainable Footprints are reports which summarise how BankInvest's funds address various forms of sustainability. The data for the summary are provided by BankInvest's partner, the international data provider MSCI ESG, which analyses enterprises based on their approach to responsibility. A Sustainability Footprint report is prepared if MSCI ESG has data for at least 65% of the fund's assets.

## 6 Definitions of ESG key figures – environment

Key figure/unit	Explanation and definition of the key figure	Reason for the key figure
CO <sub>2</sub> e scope 1 Metric tonnes	Scope 1 emissions: Direct emissions resulting from the company's own combustion of fuels and materials. Calculation: See footnote N.	The development in CO <sub>2</sub> e emissions compared with the quantities produced or revenue is useful to identify the companies that have been able to change to an economy less based on fossil fuels – either over time or compared with their competitors.



CO <sub>2</sub> e scope 2 Metric tonnes	<p>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.</p> <p>Calculation: See footnote N.</p>	<p>The development in CO<sub>2</sub>e emissions compared with the quantities produced or revenue is useful to identify the companies that have been able to change to an economy less based on fossil fuels – either over time or compared with their competitors.</p>
Energy consumption GJ	<p>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.</p> <p>Calculation: See footnote N.</p>	<p>The development in energy consumption compared with the quantities produced or revenue is useful to identify the companies that have been able to change to an economy based on less energy-consuming processes/activities – either over time or compared with their competitors.</p>
Renewable energy share %	<p>The share of total energy consumption coming from renewable energy sources.</p> <p>Calculation: (Renewable energy / Total energy consumption) x 100</p>	<p>The ratio can be used to identify companies that have switched their activities and energy consumption to renewable sources.</p>
Water consumption m <sup>3</sup>	<p>The sum of all water from all sources including surface water, groundwater, rainwater and municipal water supply.</p> <p>Calculation: Sum of all water consumed gross</p>	<p>Water consumption illustrates the risk relating to disruption of the water supply and/or changes in water cost.</p>

## 7 Definitions of ESG key figures – social aspects

Key figure/unit	Explanation and definition of the key figure	Reason for the key figure
Full-time workforce Full-time equivalents (FTEs)	<p>Computed as a measure of the full-time workforce required to perform the work that has generated the financial ratios.</p> <p>Calculation: Full-time employees + FTE-calculated hourly workers and FTE-calculated temporary workers</p> <p>Please note that the bank has not taken compensated overtime into account in its key figure.</p>	<p>Indirectly important as the full-time workforce is the base for a range of other social indicators (see the following key figures).</p>

<p>Gender diversity %</p>	<p>Gender diversity is calculated for FTEs. Calculation: (Female FTEs / Full-time workforce) x 100 Please note that the bank has calculated its key figure at FTE level since the number of temporary employees in the bank is very low. The key figure for 2019 is calculated at the end of the year.</p>	<p>Several surveys show that gender diversity correlates with better financial performance.</p>
<p>Gender diversity, other management levels %</p>	<p>The bank's other management levels are computed using the same method as in the "Target figures and policy to increase the percentage of the under-represented gender in the bank's management". Calculation: (Number of female managers at end of year / Total number of managers at end of year) x 100 Please note that the bank has calculated its key figure at the end of the year. See also footnote J.</p>	<p>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.</p>
<p>Gender pay ratio Times</p>	<p>The bank gives equal pay for equal work. Differences in the average pay for men and women therefore result from differences in gender representation in different types of jobs – including as managers. Calculation: Male median pay / Female median pay Please note that the bank has calculated its key figure at the end of the year. See also footnote I.</p>	<p>Several surveys show that gender diversity correlates with better financial performance.</p>
<p>Employee turnover ratio %</p>	<p>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</p>	<p>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.</p>
<p>Sickness absence Days/FTE</p>	<p>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</p>	<p>If the undertaking 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.</p>

Customer retention ratio  %	Share of retained customers from one period to the next. Calculation: $((\text{Number of customers at end of period}) - (\text{New customers in the period})) / (\text{Number of customers at beginning of period}) \times 100$ . See also footnotes G and H.	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 and/or more problematic.
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## 8 Definitions of ESG key figures – governance

Key figure/unit	Explanation and definition of the key figure	Reason for the key figure
Gender diversity, board of directors  %	Gender diversity for the board members elected by the shareholders' committee. Calculation: $(\text{Number of women board members elected by the shareholders' committee} / \text{Total number of board members elected by the shareholders' committee}) \times 100$ See also footnote L.	Several surveys show that gender diversity correlates with better financial performance.
Board meeting attendance ratio  %	Measures the activity level of the board members. Calculation: $(\sum \text{Number of board meetings attended per board member} / (\text{Total number of board meetings} \times \text{number of board members})) \times 100$	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: $\text{CEO compensation} / \text{Median employee pay (payroll and pension)}$ 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.

## Footnotes

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- A.** The bank states and reports scope 1 and scope 2 emissions and, for loans and investments, scope 3 emissions. Other scope 3 emissions including the share of indirect emissions at Bankdata, JN Data etc., are not included in the statement.
- B.** At 31 December 2023, "Puljeinvestering Bankvalg", "FormuePlejen", "Den Globale Aktieportefølje", "RLB – Danske Aktier" and "RLB – Wealth Management" were included in the distribution of managed investment products in Article 6-, 8- and 9-funds. At 31 December 2021 and 2022, only "Puljeinvestering Bankvalg" and asset management were included in the distribution.
- C.** The figure shows the percentage of the sums invested in BankInvest investment fund certificates in the bank's pooled scheme "Puljeinvestering Bankvalg" and asset management schemes "FriFormuePleje", "FriFormuePleje – Gavekonto", "FriFormuePleje - Kreditorbeskyttede midler", "FriFormuePleje VSO" and "PensionsFormuePleje", which are invested in BankInvest funds with a Sustainable Footprint.
- D.** The bank uses the market-based method. Compared to the location-based method, guarantees of origin bought (also called green certificates) are deducted following the market-based method. The figures are thus stated net after deduction of the green electricity bought. Carbon emissions are based on annual statistics from the Danish Energy Agency. However, figures from 2022 are used as figures from 2023 are not yet available.
- E.** When computing data and key figures for 2023, the 2022 figures were recalculated.
- F.** Voxmeter's analysis is based on 39,000 interviews across the 20 biggest banks. For smaller banks, additional interviews are conducted so that the results are based on at least 500 interviews for each bank. All respondents are recruited by phone. The analysis is published twice a year, in February and September, but includes data collected for a full year. Every time a new analysis is published, the oldest half of responses is replaced by new ones, meaning that results are always based on 50% responses included in the previous analysis and 50% responses obtained since the collection of responses for the previous analysis was completed.
- G.** Voxmeter's analysis is based on 224,000 interviews with approximately 60,000 respondents. The analysis is built up of a so-called CEM score. Up to and including the 2022 survey, the score was calculated based on 319 customer touchpoints and a bank could achieve 11,000 points at most. From 2023, the calculation method changed and a bank can now achieve 1,000 points at most. The score is based on three key parameters: 1) The share of super-loyal customers, 2) the share of customers who would recommend the bank, and 3) the share of new potential customers. The collection of data takes place every week and the analysis is published each year at the end of January in collaboration with Ritzaus Bureau.
- H.** The key figure was included for the first time in 2022, when comparative figures for 2020 and 2021 were also added.
- I.** The key figure was included for the first time in 2022, when comparative figures for 2021 were also added.
- J.** The definition of other management levels was changed in 2022. Other management levels are defined as: Members of the general management (reported to the Danish Business Authority); employees placed at the same management level, in organisational terms, as the general management; and employees with staff responsibilities reporting directly to the general management or to employees placed at the same level, in organisational terms, as the general management. The comparative figures for the end of 2021 were adjusted to the new definition in 2022. Comparative figures for the end of 2019 and the end of 2020 have not been included. In 2023, the comparative figure for 2022 was recalculated at 20.7, whereas the figure stated in the ESG report for 2022 was 20.0.

**K.** The level for the C25 companies was 11 times to 173 times in 2022, and when excluding the three highest and the three lowest ratios, the remaining C25 companies averaged 37 times. The analysis was based on 19 companies that were part of the C25 on 11 May 2023. Of the six remaining companies five did not publish the key figure for the CEO pay ratio (times) and one had only just started doing so and was not included for that reason. Source: Finans, 11 May 2023.

The recommendation has been put forward internationally several times that the CEO pay ratio should be no higher than 20. This limit was for example advocated by Oxfam in the context of the G20/OECD Principles of Corporate Governance revision in 2022: <https://web-archive.oecd.org/2022-11-09/645128-Oxfam-2022-review-principles-corporate-governance-comment.pdf>

**L.** The key figure was changed in 2022 and is now calculated on the basis of board members elected by the shareholders' committee rather than the full board. The comparative figures for the end of 2019, the end of 2020 and the end of 2021 were adjusted in 2022.

**M.** The average seniority of the board of directors is stated at the end of each year for board members elected by the shareholders' committee and calculated from the date the board member joined the board to the year end date.

**N.** For detailed explanations, definitions and reasons, please see the publication "ESG key figures in the annual report" published by the CFA Society Denmark, FSR – Danish Auditors and Nasdaq Copenhagen, January 2022.

## New requirements for sustainability reporting

In consequence of the new EU Corporate Sustainability Reporting Directive (CSRD), new rules regarding sustainability reporting/ESG reporting will enter into force from 2024. The purpose of the new rules is to standardise ESG reporting across businesses in the EU member states to increase transparency and comparability.

The new rules on ESG reporting will be phased in gradually and will become mandatory for large businesses. Commencing as early as 2025, Ringkjøbing Landbobank must report on various ESG-related results and policies in its annual report based on the 2024 financial year. The purpose is to give stakeholders clearer, more extensive information on how businesses address sustainability.

### *Who must report under the CSRD?*

Financial year 2024	Large undertakings that are public-interest entities and entities that are parent undertakings of large public-interest groups – both with more than 500 employees
Financial year 2025	Other large undertakings and undertakings which are parent undertakings of a large group
Financial year 2026	Listed small and medium-sized undertakings (except micro undertakings)

An undertaking is defined as being of public interest if it is either:

- Listed on the stock exchange
- A credit institution
- An insurance company
- Designated by the member state as being a public-interest entity

New classifications of the sizes of undertakings are in the pipeline. The following numeric limits are expected to be adopted:

- An undertaking is defined as “large” if it exceeds two of the following three limits for two consecutive years:
  - Balance sheet total >DKK 195 million
  - Net revenue >DKK 391 million
  - >250 employees
- An undertaking is defined as a “micro undertaking” if it does not exceed two of the following three limits for two consecutive years:
  - Balance sheet total >DKK 3.5 million
  - Net revenue >DKK 7 million
  - >10 employees

In practice, micro undertakings and non-listed small and medium-sized enterprises are expected to be indirectly affected by the new directive because the affected undertakings will request say climate-impact reporting from their suppliers and providers to be able to make their own climate-impact reporting.

The CSRD is supplemented by a delegated regulation – European Sustainability Reporting Standards (ESRS) – with specific reporting templates, that will be published gradually.

Twelve non-sector-specific standards have been published to date. They are ESRS 1 and 2, which contain general mandatory information that must be reported.

A number of topical standards have also been published: E1-E5 on environmental aspects, S1-S4 social aspects and G1 on governance.

The frameworks for the disclosure requirements and datapoints in the topical standards that businesses must report are assessed based on a double materiality analysis, which the businesses must perform.

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