

Sustainability and social responsibility

ESG report 2020

Competent
Responsive
Proper

Ringkjøbing Landbobank's ESG report 2020



John Fisker
CEO of
Ringkjøbing
Landbobank.

Ringkjøbing Landbobank faced very special demands in 2020 in order to maintain the balance between our four most important stakeholders:

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

Like everyone else, we have been strongly affected by Covid-19. In March and April we could not know how big an impact the virus would have, but we knew that it would hit many others harder than Ringkjøbing Landbobank. Therefore, at an early stage we decided, and have implemented, a number of initiatives to support our customers and other partners:

- We have stayed in close contact with our business customers and functioned as their sparring partner regarding the government's aid packages and Covid-19 loans
- We have offered our personal customers the possibility of skipping loan payments
- We have renewed our sponsorship agreements and paid in advance even though many of our partners have been unable to carry out their usual activities
- We have paid our bills on receipt and moved construction work forward
- We have supported local media in West, Central and North Jutland by placing advertisements with them as an exceptional measure, in response to appeals from a number of mayors

So far we have been affected less than feared but the situation is still uncertain. We are looking ahead, however,

and continue our sustainability efforts working with environmental (E), social (S) and governance (G) aspects – work for which we enjoy extensive support from all four stakeholder groups.

Customers

In Ringkjøbing Landbobank we strive to integrate sustainability throughout our business model – not least in the areas of investment and lending.

For many years we have cultivated niches that support green transition. The distinctive feature of a niche in Ringkjøbing Landbobank is that we have studied the area in detail. This enables us to show responsiveness, integrity and expertise in our advice. We have built relationships with national and international partners, which has increased our capacity to participate in financing investments in renewable energy production. As early as 1995, we financed wind turbines, which have developed into an important business area for the bank. Later we built expertise in solar cell and biogas plants and have lent increasing sums to them.

In the area of investments Ringkjøbing Landbobank works closely with BankInvest, which launched two Nordic Swan Ecolabelled funds in 2020: Globale Aktier Bæredygtig Udvikling and Globale Obligationer Bæredygtig Udvikling (Global Equities Sustainable Development and Global Bonds Sustainable Development). Interest has been overwhelming. At the end of 2020, more than DKK 8.5 billion had been invested in the equity fund and the bond fund also had a very satisfactory start.

In the area of annuities and personal insurance, Ringkjøbing Landbobank works with Letpension, which is planning the launch of a climate-friendly savings product in 2021. We look forward to offering this product to our customers.

Employees

At the end of 2020, we were training 28 apprentices and trainees – and besides that we generate a substantial number of knowledge-based jobs in our local areas. Employees in Ringkjøbing Landbobank develop expertise through further training – in partnership with Finanssektorens Uddannelsescenter (the Financial Sector's Training Centre), Aarhus and Aalborg Universities, local business academies, upper secondary schools etc.

Society

Ringkjøbing Landbobank's goal is to be carbon-neutral. We are carbon-neutral now, because we own Sæbygård Skov forest. Its annual growth captures approximately five times more carbon dioxide than the bank emits.

Rating agencies assessing the sustainability of businesses normally only accept carbon sequestration in forestry projects if they are certified under a UN-approved standard. Sæbygård Skov is not, which is why we have decided to supplement its role by buying climate credits equalling 300 tonnes of carbon.

As a strong local bank, we have always been conscious of our importance to the local communities in West, Central and North Jutland and are happy to shoulder this responsibility. In our advice, we place greater emphasis than ever on sustainability – including improvements to energy efficiency. We support replacement of oil and gas burners throughout Denmark, and on landbobanken.dk our personal customers can find inspiration for energy savings through Totalkredit's energy calculator. We finance investments in local business development and support more than 1,400 local clubs, associations, initiatives and events.

In 2020, Ringkjøbing Landbobank's board of directors endorsed the 25 recommendations for anti-money laundering and counter-terrorist financing measures. The recommendations were the result of the work of Finance Denmark's Anti-Money Laundering Task Force in late 2019. The bank spends substantial resources on combating money-laundering and financing of terrorism. In addition, we make a substantial contribution to society at national level by solving a range of tasks, e.g. in tax reporting and digitalisation and as one of Denmark's 100 biggest taxpayers. We are therefore disappointed that a majority in the Danish parliament, the Folketinget, has decided to levy a surtax on the financial sector which means that we will pay higher income tax than other private-sector businesses from 2023.

Shareholders

Ringkjøbing Landbobank's business model must be robust and sustainable for all our stakeholders. This is a precondition for generating a satisfactory return on our shareholders' investments. We believe we have succeeded and look forward to continue working along this path.

Reporting

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

On the following pages, which constitute Ringkjøbing Landbobank's second ESG report, you will find the status of these key figures for 2020 and much more about sustainable banking operations. The bank's ESG effort is a process and it is now up to you to judge how far we have come.

Happy reading!

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This ESG report is also the statutory statement on corporate social responsibility for 2020. The bank's annual report for 2020 contains a reference to the ESG report, which covers the financial reporting period 1 January to 31 December 2020.

The ESG report is prepared in accordance with the provisions of Section 135 of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc. It should be seen in correlation with the bank's social responsibility policy, which is reviewed annually and approved by the bank's board of directors. The latest edition of the policy was approved by the board of directors on 16 December 2020 and is available at landbobanken.com.

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

Photo on cover and back: Solar cell plant erected by Nørhede-Hjørtmose Solenergi I/S.

Ringkjøbing Landbobanks business model

Ringkjøbing Landbobank's business model is based on close relationships with our customers, responsible lending and a high level of expertise combined with efficient business processes. We focus both on being a local bank in West, Central and North Jutland and on being a niche bank within selected segments throughout Denmark.

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



In accordance with our social responsibility policy, we want to be a responsible and value-creating bank that shows social responsibility.

We do this by creating good, long-term results for our shareholders and by contributing to creating a sustainable society, focusing on customers, employees, climate, the environment and society – locally as well as nationally. It is also our goal to be seen as a reliable and attentive partner among all our stakeholders.

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

The bank bases its operations on the values:

- Competent
- Responsive
- Proper

Facts about the bank

End of 2020

24 branches 612 full-time employees

203,547 customers

End of 2020	DKK billion
Loans	36.2
Deposits including pooled schemes	39.6
Equity	8.1
Value of customer custody accounts	54.8
Mortgage loans arranged	49.0

New EU-wide rules on transparency regarding sustainability



Lars Bo Bertram,
CEO of BankInvest

In 2021, financial institutions – including Ringkjøbing Landbobank – will face new requirements. We are now required to disclose the following to our investment customers:

- Information on sustainability risks before entering into an agreement
- Policy for integration of sustainability risks
- Information on adverse sustainability impacts at entity level
- Integration of sustainability risks in the remuneration policy

The reason is a new EU regulation which is part of the European Commission's action plan on financing of sustainable growth. The purpose is to ensure investors get what they expect when making green investments. Or in other words to create transparency regarding sustainability and prevent greenwashing in investments. The corpus of legislation deals with what makes an activity green and what investment managers and banks must disclose.

Ringkjøbing Landbobank's business partner BankInvest also closely monitors the work on the regulation, and BankInvest's CEO Lars Bo Bertram expects that it will significantly affect investment managers and banks.

- The EU initiative has a direct influence on advice to customers and for this reason, it will significantly engage the entire sector. We expect the changes for investment managers and financial institutions to be the biggest since the implementation of the MiFID directive some years ago, says Bertram.

The new EU regulation contains a complete set of rules and Ringkjøbing Landbobank and its partners are currently setting up the internal processes necessary to meet the new disclosure requirements.

The Nordic Swan Ecolabelled funds from Ringkjøbing Landbobank's partner BankInvest are a great success

Mads Berendt Søndergaard, head of responsible investments of BankInvest.



Green transition needs financing and investment clients are asking for sustainable investment products. EU, in the person of the new Commission President Ursula von der Leyen, has taken charge of redirecting capital towards green transition. Investment is thus without doubt the area where the financial sector can contribute the most to sustainable development.

BankInvest

Ringkjøbing Landbobank has worked with BankInvest for many years. With an ownership interest of more than 22%, the bank is BankInvest's biggest shareholder, and CEO John Fisker is deputy chairman of its board of directors. BankInvest is owned by 36 Danish financial institutions and has DKK 115 billion under management. The majority comes from around 210,000 private investors. In 2020, BankInvest increased speed in sustainable development:

- The association launched two Nordic Swan Ecolabelled funds containing equities and bonds respectively
- In 27 of the total of 45 funds, sustainability is monitored continuously in the form of the quarterly sustainability impact report
- The association was elected best ESG responsible investor in Denmark by the London-based financial journal CFI.co

Nordic Swan Ecolabelled funds

- The two Nordic Swan Ecolabelled funds were launched to give investors a robust, sustainable and transparent investment alternative, says Mads Berendt Søndergaard, head of responsible investments at BankInvest, and continues:

- The equities fund was launched before the summer break and by the end of 2020 already had more than DKK 8.5 billion under management. This is much higher than the DKK 2 billion or so we expected in the investment association's first year. The bond fund was launched in October and also had a very satisfactory start.

Nordic Swan Ecolabelling imposes a number of 'dos' and 'don'ts' on investment funds and therefore on the equities fund. The equities fund **don't** invest in fossil fuels, tobacco and weapons.

On the other hand the equities fund **do** invest in shares with a strong responsibility profile. The BankInvest fund meets this requirement, as it is positioned comfortably above the world market.

- The bond fund invests in government, mortgage and corporate bonds, says Berendt.

- But we have defined the investment profile to avoid investing in almost 50% of the market. For example, we have not invested in US government bonds during the time of the US withdrawal from the Paris Agreement. Similarly, we do not invest in Chinese government bonds because of the Chinese rule's questionable attitude to human rights. What the fund does invest in are green bonds that directly finance the green transition.

BankInvest has decided to make the two Nordic Swan Ecolabelled funds carbon-neutral. At less than 50% of the market index, the two funds' carbon emissions are already low. The remainder was compensated for in 2020 by buying climate credits equivalent to the actual emissions from the assets in which the funds invest, and this will continue.



Sustainability impact

Each quarter BankInvest publishes a sustainability impact report measuring the sustainability of the individual funds in terms of carbon emission, ESG score and contribution to the UN Sustainable Development Goals. The association has now presented the sustainability impact of 27 of the total of 45 funds, equivalent to 60% compared to 40% in 2019. The equity portion of the Optima funds has now been included. The long-term plan is to include all of the association's funds.

- The sustainability impact report creates transparency to Ringkjøbing Landbobank's customers. In future, failure to act sustainably will be regarded increasingly as an investment risk, says Mads Berendt.

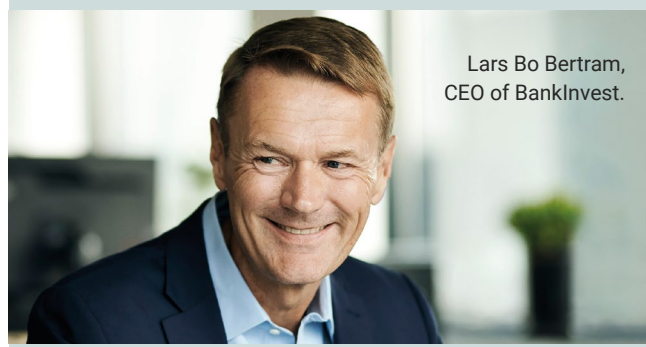
Of the investment fund certificates Ringkjøbing Landbobank had under management including in pooled schemes on 31 December 2020, 88.2% was invested in funds with a sustainability impact, compared to 64.5% the year before.

Best ESG Responsible Investor in Denmark

- BankInvest gained a high profile for its sustainable initiatives in 2020, says CEO Lars Bo Bertram.

BankInvest was elected Best ESG Responsible Investor in Denmark by the London-based financial journal CFI.co.

- It's primarily a good signal creating visibility and that is something we notice in BankInvest. External stakeholders use us increasingly as sustainability experts.



Lars Bo Bertram,
CEO of BankInvest.

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



Climate-friendly annuities in the pipeline from Letpension



Lars Stouge,
CEO of Letpension.

Letpension is an intermediary of annuity pension and insurance cover of illness and death for personal customers. Since 2010, the company has worked with the pension company PFA, which owns Letpension together with 22 financial institutions, including Ringkjøbing Landbobank. Ringkjøbing Landbobank's CEO John Fisker is chairman of the company.

- The partnership between the financial institutions and PFA is a big success, says CEO Lars Stouge and continues:

- In the last three years, Letpension has doubled its sales to personal customers and we expect to do even better in the coming five-year strategy period. Letpension distributes pension and insurance products to more than 400,000 personal customers with more than 600,000 policies. In 2020, almost DKK 5 billion was paid into annuities and insurance products.

Letpension is planning to launch a climate-friendly annuity in partnership with PFA. It will place extra emphasis on the environment and no investments will be made i.e. in oil and coal businesses. The product's emphasis on climate means a very limited investment universe and consequently a narrower portfolio. Nonetheless, in the long term, both risk and return expectations will be as in a standard portfolio.

- We are currently carrying out a preliminary analysis and a project organisation has to be established. So we don't know exactly when the product will be ready in the banks, but we expect it to be in 2021, says Stouge.

The goal is that the portfolio will be carbon-neutral in 2025 and from 2030, it will be carbon-negative.

- It's up to the customers, of course. The product is for customers who go in for green transition. And it's possible to go all-in if they want to. Most will probably steer a middle course.

- We are seeing demand for climate-friendly savings from society, authorities, businesses and customers. It's no secret that Ringkjøbing Landbobank is putting on some pressure – perhaps because the bank has been working in this area for a long time. After all, it has financed wind turbines for more than 20 years, concludes Stouge.

Partnership with Bankdata and JN Data

Lene Weldum,
manager of
Bankdata.



Ringkjøbing Landbobank works with Bankdata on IT development and operation. Bankdata, in turn, has outsourced actual IT operations to JN Data. This partnership means indirect energy consumption for the bank.

One of Bankdata's focus areas in sustainability is to increase the number of women in IT jobs, says manager Lene Weldum:

- First, teams with a more or less equal number of each gender produce the best result. Second, the reason women often do not choose to work with IT is a misunderstanding of what it really is. In our experience, IT is at least as appealing to women as to men if they give it a chance.

Lene Weldum adds that Bankdata also strives to give minority groups and newly qualified applicants a foothold on the labour market.

- As a major business we must also help make Danish society work. A part of that is to create jobs for all kinds of people. A particular obligation is to help young people get their first jobs, even though we as much as anybody dream of employing a 28-year-old with 10 years' experience.

Bankdata's focus areas

In its sustainability work, Bankdata focuses in particular on:

- Reduction of energy consumption
- Utilisation of waste heat
- Elimination of paper waste
- More digital meetings – less spend on transport
- Reduction of plastic consumption
- More women in IT jobs
- Better opportunities for minority groups on the labour market

Marked reduction in electricity consumption

JN Data is responsible for operating the IT systems and in that role it accounts for the biggest part of Ringkjøbing Landbobank's indirect energy consumption. For many years, JN Data has focused on how to reduce this substantial consumption, in particular through server virtualisation. The result is a marked reduction in the number of physical servers and consequently the electricity consumption for servers and cooling. In addition, JN Data supplies excess heat to the district heating network corresponding to the heating consumption of 400 – 500 households.

Ringkjøbing Landbobank wants to limit its impact on the environment and provide finance for the green transition

In accordance with our social responsibility policy, we strive to reduce our own negative effect on the environment, increasing our employees' environmental awareness and particularly continuing to grant loans to climate-friendly and sustainable energy.

In-house this includes major and minor activities to ensure that everyone can help make a difference.



The green leaf is a new label showing that Ringkjøbing Landbobank buys electricity from renewable energy sources – in this case wind.

Focus

- Continuous focus on reducing our resource consumption
- Regular assessment and prioritisation of the possibilities of alternative and energy-saving initiatives in the bank
- Increasing our employees' environmental awareness
- Continuing to develop our loans for climate-friendly and renewable energy – including wind turbines, solar cells, biogas and other environmentally friendly technologies
- Reducing our customers' environmental impact through access to Totalkredit's energy calculator, providing relevant home ownership advice and granting loans to improve energy efficiency

Activities

- Ringkjøbing Landbobank uses a new solution from Bankdata which emails prints generated automatically from the systems to the user in PDF format or sends them directly to the customer's eArkiv digital archive. This has reduced paper waste for this type of prints to 0.
- Ringkjøbing Landbobank expects both personal and business customers to sign documents electronically unless otherwise expressly agreed.
- The bank continuously focuses on optimising its case handling procedures and processes through digitalisation – including online meetings – and the use of IT robots.
- Collaboration with The Danish Green Investment Fund, EKF – Denmark's Export Credit Agency, The Danish Growth Fund, the Nordic Investment Bank, KfW and others to ensure financing of profitable and sustainable projects.
- The bank only buys electricity from wind turbines.
- The bank has decided to buy climate credits to neutralise our own carbon emissions.
- Energy consumption in the bank's premises is reduced by using LED lighting and motion sensors.
- The bank carries out waste sorting.
- The bank continuously replaces ventilation and cooling systems to recover heat where possible.
- The bank gives high priority to holding virtual meetings with its customers, close partners like Bankdata and BankInvest, and not least between employees of the bank's different branches.
- The bank encourages its employees to share cars to the extent possible when travelling for training, meetings etc.

Forum for Sustainable Finance's 20 recommendations

Ringkjøbing Landbobank supports Forum for Sustainable Finance's 20 recommendations on how the financial sector can accelerate the sustainable transition of the economy. We support sustainability in our business by being carbon-neutral, only buying electricity from wind turbines and otherwise.

A significant part of our loans go to industries that are particularly relevant for the sustainable transition – including financing of wind turbines, solar cell and biogas plants.



Principal activity

Loans for renewable energy production and reduction of energy consumption

Since 1995 Ringkjøbing Landbobank has worked with loans for wind turbines as a niche, and this is now one of the bank's important business areas. Loans for biogas plants are growing strongly at present and we also provide loans for solar cell farms and other energy projects.

We encourage our personal customers to use Totalkredit's energy calculator to get inspiration for concrete energy improvements in the home and we look favourably on loan applications for this.

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

Goals

Financing the production of climate-friendly energy and minimising the bank's own environmental impact are also high priorities looking forward. Our focus includes:

- Continued financing of investments in wind, solar and biogas projects etc.
- Perceiving green transition as an opportunity for continued growth in the bank's lending
- Reducing the energy consumption in the individual branches – including by installing LED lighting and motion sensors in more rooms
- Neutralising the bank's CO₂ scope 1 and scope 2 emissions
- Identifying and carrying out profitable insulation projects in the bank's older buildings
- Optimising case handling procedures through digitalisation and the use of robots
- Holding as many meetings as possible virtually
- Retention and expansion of our relationships with national and international partners for the financing of profitable and sustainable projects for the benefit of our customers and society

Our partners include:



Collaboration on financing of biogas plants etc.



Collaboration on financing of Danish wind turbines abroad etc.



Collaboration on financing of growth businesses contributing to the green transition etc.



Collaboration on funding of renewable energy projects.



Collaboration on back-to-back funding of renewable energy projects.



Ringkjøbing Landbobank is carbon-neutral

ESG key figures ¹

	2019	2020
CO ₂ , Scope 1 Emissions	29.2 tonnes	63.0 tonnes
CO ₂ , Scope 2 Emissions	307.4 tonnes	210.9 tonnes
Total CO ₂ , Scope 1 and 2 Emissions	336.6 tonnes	273.9 tonnes
CO ₂ sequestration by buying Gold Standard climate credits		300.0 tonnes
The annual growth of Sæbygaard Skov forest is calculated to sequester carbon of		1,417.0 tonnes
Ringkjøbing Landbobank is carbon-neutral both by means of compensation through climate credits and by including the carbon sequestration of Sæbygård Skov forest		
Energy Consumption	19,583 GJ	18,385 GJ
Renewable Energy Share	69.0 %	71.5 %
Water Consumption	5,098 m ³	5,254 m ³

¹ The bank's calculation of emissions and consumption does not include indirect emissions and consumption at Bankdata and JN Data.

Other key figures

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

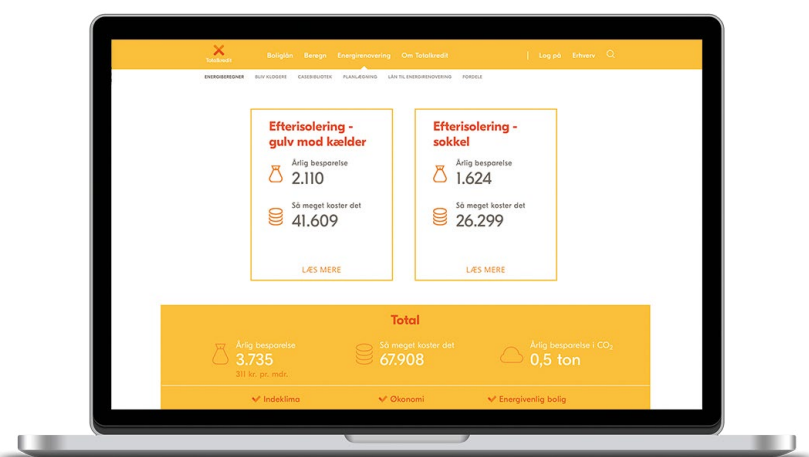
Energy calculator – inspiration for energy savings in detached houses

Energy consumption in buildings accounts for almost 40% of Denmark's carbon emissions. Therefore we must focus our attention on housing if Denmark is to achieve its target of reducing carbon emissions by at least 70% by 2030.

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

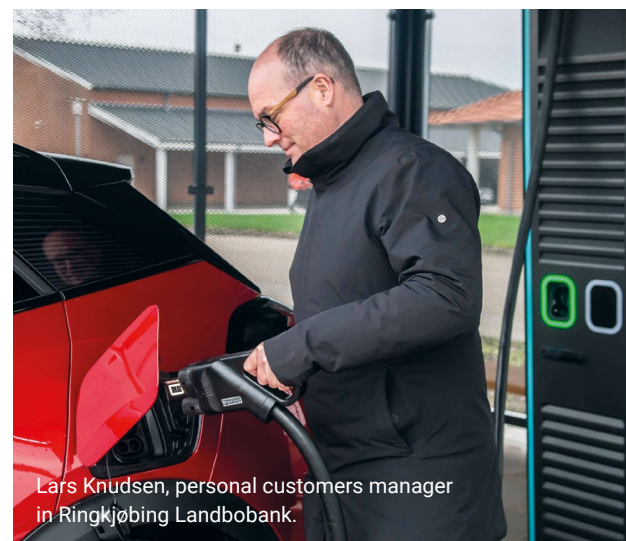
The energy calculator is quite easy to use. You just enter your address, and the energy calculator does the rest. The calculations are based on data from the Danish Energy Agency – including the property's energy rating – and the Central Register of Buildings and Dwellings (BBR). It is possible to amend the data if, for example, improvements in energy efficiency have been carried out and not been recorded in BBR. The calculator gives a clear indication if it cannot find any recommendations that will pay for themselves in the short term. But in any case you should use the calculator's recommendations as inspiration – and only inspiration – for possible energy improvements, which must be planned and budgeted for professionally.

The calculation is completed with an application form, which you can send to Ringkjøbing Landbobank for an offer of a loan for the energy improvements.



Calculation example.

Loan for an environmentally-friendly car on favourable terms



Lars Knudsen, personal customers manager in Ringkjøbing Landbobank.

In late 2020, Ringkjøbing Landbobank decided to support the changeover to more environmentally-friendly personal transport with a new, green, low-interest car loan.

The loan is made upon down-payment of at least 20% and on the same terms as ordinary car loans, but with a discount of 1 percentage point per annum.

The loan is limited to financing of electric, hydrogen and plug-in hybrid vehicles that can be recharged from a charging station.

- The loan should be seen as our contribution towards getting 700,000 environmentally-friendly cars on Danish roads before 2030, says Lars Knudsen, who is personal customers manager in Ringkjøbing Landbobank.

Replace your oil burner with a heat pump and get a DKK 10,000 subsidy

Besides placing the energy calculator at your disposal, Totalcredit is also giving 3,000 customers a subsidy of DKK 10,000 to replace their oil burners with a heat pump. All it requires is that you do not live in an area with district heating, and that you are a customer with one of the Totalcredit's financial partner-institutions. This scheme is therefore also available to customers of Ringkjøbing Landbobank. The scheme started in December 2020 and will continue until 3,000 customers have been granted a subsidy.


 Financing of biogas plants

CEO Ole Hvelplund in front of Nature Energy's plant in Glansager, near Sønderborg.

Nature Energy – a green future with biogas

Nature Energy produces large quantities of biogas, and the company's biogas plants are among the largest in the world.

- We collect biodegradable waste from the whole community – from both private households, industry and agriculture, says CEO Ole Hvelplund, and continues:

- As one of the world's largest producers of biogas, it is important that we lead from the front and work towards industrialisation and greater professionalism in the biogas sector. This helps the green transition, where biogas contributes to a reduction of carbon emissions. If we are to achieve the target of a 70% reduction in carbon by 2030, then it is imperative that we invest in green technologies that can give effective carbon savings right now. We can do this with biogas.

The biodegradable waste is stored in large tanks, where it is degassed. Nature Energy has enough capacity to treat 5 million tonnes of biodegradable waste per annum. This

is converted to 200 million m³ of biogas, which is enough fuel to power more than 10,000 lorries each driving 50,000 km a year. The waste product from this process is used as agricultural fertilizer, so all nutrients are recirculated.

- We have a clear concept for the construction of large, state-of-the-art biogas plants. By building many plants using the same design we can bring costs down. And it is not just Denmark that has a huge biogas potential. This is also true for the rest of Europe and North America. In other words, we expect that Nature Energy is on the threshold of a great export adventure, says Ole Hvelplund.

Ringkjøbing Landbobank is a financial partner

- We have a really good collaboration with Ringkjøbing Landbobank; they've been the company's financial partner since the start of 2018. In its collaboration with the Green Investment Fund, the bank has financed all of our current or projected biogas plants in Denmark, and throughout this time Ringkjøbing Landbobank has shown itself to be both flexible, positive and competent, states Ole Hvelplund.



Facts about Nature Energy

Nature Energy's plant produces biogas comprising 60% methane and 40% CO₂.

The sustainable methane is pumped into the gas network while the CO₂ can be utilised in the so-called Power-to-X process and be converted to more green energy. The CO₂ can also benefit the food industry.

For example, Nature Energy delivers CO₂ to Strandsmøllen A/S, who use a new plant in Korskro to produce up to 25% of Denmark's requirement of CO₂ for food production. So maybe the bubbles in your soda come from your own biodegradable waste!



Biogas plant (model photo).

Farm animal manure is used to produce biogas

According to the trade organisation Biogas Denmark, 20% of manure produced by Danish farm animals is used to produce biogas, which supplies 20% of Danish gas consumption, so there is a huge potential to work with. Savings in CO₂ are 70% compared with spreading the fertilizer on the fields. In addition, the waste product is a higher quality fertilizer and 95% of the odour is gone.

Pig breeder and environmentalist

Morten Glenthøj is a pig breeder, but sees himself also as an environmentalist who leads the way for agricultural ambitions of green transition. He owns and runs a biogas plant which Ringkjøbing Landbobank financed an extension of, and which reduces carbon emissions from his production by 70%.

- I needed a financial partner who understands my business, so that I don't have to start from scratch at each meeting. The bank was able to provide a team of specialists who are dedicated to financing sustainable energy projects.

- Of course, the requirements for collaboration were that the bank should be competitive. With the fulfilment of this criterion, the final decision was made based on 'softer' or green parameters:

- Ringkjøbing Landbobank was ahead of the rest when it came to understanding. It was clear that this was not the first time the bank was financing a biogas plant, and the bank evidently believe there is a future for sustainable energy.
- Ringkjøbing Landbobank proved to be a financial partner that wants to be involved in any further development requiring more capital. Therefore size and strength are also important criteria – there are significant sums of money at stake.

Morten Glenthøj has worked with biogas in Denmark since 2017. The next step will hopefully be to use that last 30% of the carbon emissions for liquid fuel or fertilisation. But this assumes that Ringkjøbing Landbobank is ready with new funds!



Morten Glenthøj in front of his biogas plant.



Karsten Sandal, managing partner,
Nørhede-Hjortmose Solenergi I/S.

Responsiveness
in management

Nørhede-Hjortmose Solenergi I/S

Nørhede-Hjortmose Solenergi was five years old at the end of 2020. This age is easy to remember, says managing partner Karsten Sandal.

- We had to be ready in time for New Year's Day 2015 in order to achieve the agreed price paid to electricity producers, so we had three months to procure 68,000 solar panels from Asia. We had to be certain they could function, there had to be a letter of credit, the panels had to be transported to Denmark and erected, we had to raise equity and lastly, we had to take out a shared loan. Once such a plant is operating, it is easy to be a bank, but until then, there are a lot of loose ends to tie up.

- Ringkjøbing Landbobank was really helpful. They managed the letter of credit and the project finances and, along the way, contributed to the management process at a vast number of status meetings online. It was a good thing they were involved at the management level.

- We probably wouldn't have got the money if we'd just shown up at the cashier's desk, concludes Karsten Sandal.

The solar power farm is owned by 10 local partners and produces 17 GW of electricity a year. It covers 26 hectares and meets the needs of 4,000 households. This equates to 2.5% of the total electricity consumption throughout Ringkjøbing-Skjern Municipality.

Purchase rights scheme

When a wind or solar power developer establishes a plant with a contract for price surcharge, then 20% of the project must be offered to the local residents in the municipality at cost price if the planning permission was granted before 1 June 2020. The objective is to encourage the commitment of the local community to the extension of onshore wind turbines and solar energy farms. This includes increasing the local interest in and support of establishing new, modern wind turbines and solar power farms.

Ringkjøbing Landbobank supports the idea of local residents owning a share in these projects. The bank has therefore provided funds over a number of years for the local residents' purchases of shares in wind and solar power. In addition to finance, the bank naturally offers advice about investing in the projects.



The chairman for Ringkøbing Development Forum Hans Christian Vestergaard (r) with Ringkøbing Landbobank's head of marketing Klaus Gamst (l).

Support for local development

The Blue Trail Vonå

In 2020 the experience universe, Naturkraft opened just outside Ringkøbing after an investment of DKK 300 million. Naturkraft's objective is to inform about the forces of nature, both inside and outside the centre itself.

- The thought behind The Blue Trail project came from the fact that the river Vonå runs right by Naturkraft, so it is possible to sail from Ringkøbing Harbour and visit the centre, says Hans Christian Vestergaard, who is chairman of Ringkøbing Development Forum.

Vonå connects Ringkøbing Fjord with Stadil Fjord and is frequently used by sailors and anglers – but not many others, as both banks are densely covered by reeds.

- Both Ringkøbing Development Forum and Naturkraft can see possibilities in making the unique natural area more accessible. We want to improve the waterway and make the area available to others apart from sailors, continues Hans Christian Vestergaard.

Ringkøbing Development Forum took on the major responsibility for the task and set up a steering group. It was quickly agreed that there was a need to define a project which would be the subject of an application to The Danish Foundation for Culture and Sports Facilities.

Therefore an approach was made to the Danish-Icelandic architect company, Krads, who delivered a complete presentation and application to the Foundation in August 2019.

- Ringkøbing Landbobank has been a great help in this work. The bank paid half of the fees for the project description, which created a fantastic foundation for getting Naturkraft, Ringkøbing Development Forum and further sponsors to finance the other half. In addition, Ringkøbing Landbobank were also involved in voluntary work and as the host for meetings etc. concludes Vestergaard.

The project description comprises five sub-projects, which all aim at improving the accessibility of the area – but on nature's terms. The first sub-project is already out to tender, and one of the others concerns renovation of the Gammel Sommerlyst, which used to be a popular dance restaurant and meeting place for people from Ringkøbing coming by boat. Rumour has it that many citizens in Ringkøbing owe their existence to this location, and the town would dearly like to have more residents ...

A unique trail

An increasing number of trails is being created in Denmark, but the 'Blue Trail' is unique. This is the name of the project, which aims at creating an open waterway connection between Ringkøbing Fjord and Stadil Fjord – namely, Vonå. It is precisely in this area, influenced as it is by the sea, fjords, streams, canals, etc. that it is natural to create not just an ordinary trail, but a waterway trail – a blue trail.

Ringkjøbing Landbobank ensures carbon neutrality and a recreational, green, breathing space



The river Sæby Å winds its way through Sæbygård Skov forest.

When Ringkjøbing Landbobank merged with Nordjyske Bank in 2018, the new bank became owner of Sæbygård Skov. The forest belonged to Nordjyske Bank, which was thinking of selling it. But these plans have been discarded by the bank, because the forest is able to sequester carbon and it offers recreational opportunities to local residents, says bank general manager Claus Andersen.

- Over 60% of the forest consists of deciduous trees, primarily beech trees. Selective forestry of the deciduous area is being carried out and the renewal of the woodland is largely done naturally, which will improve diversity of the tree species. With a prudent strategy of targeted thinning out, the mixture of trees of various ages will ensure a burgeoning growth of the forest stand for many years to come, which means that the forest will sequester increasing quantities of carbon.

Andersen says that a large number of the beech trees are 80 to 100 years old.

- This might seem quite old, but for a beech tree, it is the best and most productive age. This ensures the increasing growth of the forest stand and the sequestration of carbon.

The Forestry Association has calculated that the annual growth in Sæbygård Skov will sequester approx. 5 times as much carbon as the bank emits in total. This sequestration of carbon is enhanced by the fact that in 2015 a small plot of agricultural land was purchased. This area has since been planted and converted to forest land, so it is now part of the forest reserve as the rest of the forest.

The forest has a great recreational value

With its location close to Sæby, Sæbygård Skov also has a great recreational value for local residents. The highest point – Gedebjerg – lies 85 m above sea level and together with the area of woodland closest to the town, makes for

a popular place to go for a walk. Along the Sæby Å river, which winds its way for 2.7 km through the forest, you may be lucky enough to see the rare white-throated dipper. In the eastern part of the forest – close to Sæby – there are five tennis courts which are rented out to Sæby Tennis Club and regularly used by the club members.

With its status as a forest reserve, Sæbygård Skov can never be removed, and public access to the forest is enshrined in law. Nevertheless, Andersen sees it as an advantage for both the bank and the local area that the bank remains a long-term owner:

- We have a new, declared target of becoming carbon-neutral, and we would prefer to compensate in Denmark for our Danish carbon emissions. We do so by retaining Sæbygård Skov. We are also looking forward to a good collaboration with the forest's users to further develop its recreational value – for instance, by increasing biodiversity, concludes Andersen.



Claus Andersen, general manager of Nordjyske Bank.



On the outskirts of the forest lie five tennis courts.



Over 60% of the forest consists of deciduous trees.



If you are lucky, you can see the rare white-throated dipper.

Ringkjøbing Landbobank has decided to buy third-party certified climate credits

The rating agencies that evaluate companies' sustainability normally only accept carbon sequestration in forestry when the project has been certified according to a UN-recognised standard. Sæbygård Skov is not, which is why the bank has decided to supplement the ownership of the forest with the purchase of third-party certified climate credits for 300 tonnes of carbon via First Climate. These credits follow Gold Standard, which is based on a UN-recognised standard. First Climate acts as guarantor for the authenticity of the carbon savings. In effect the bank, via its credits, is part of ensuring the operation of wind turbines in India.

300 tonnes of carbon is more than Ringkjøbing Landbobank's scope 1 and scope 2 total carbon emissions for one year, so with the purchase of climate credits the bank is guaranteed to be at least carbon-neutral – even if one ignores the sequestration of carbon in Sæbygård Skov forest.

Ringkjøbing Landbobank wants to contribute positively to the development of Denmark and Danish society

The bank is most important locally. We now have considerable activities throughout Denmark but we remain a local bank with strong roots in West, Central and North Jutland, where we are represented under our two brands Ringkjøbing Landbobank and Nordjyske Bank. Financial advice, financing, supporting local development, jobs, training and education are a big responsibility for us in these regions – and we are happy to accept it. When Covid-19 hit Denmark, we also strove to live up to this responsibility.

Focus

- Competent advice and financing of local business and private individuals
- Contributing to the development of society through responsible granting of credit and payment of direct and indirect taxes imposed on us
- Supporting local initiatives – including local sporting and cultural life
- Contributing to continuous training and competence development – in partnership with relevant educational institutions and others
- Contributing to developing financial understanding in children and young people

Activities

- Maintaining local presence to ensure thorough local knowledge as the basis for competent advice and competitive financing of businesses and individuals
- Sponsorship agreements with more than 1,400 local associations, cultural institutions and events
- Distributions for charitable purposes from:
 - The bank's own profit distribution
 - Sdr. Lem Andelskasse's Fund
 - Ulfborg Sparekasse's Fund
 - Sulsted-Ajstrups Sognes Spare- og Lånekasse's Memorial Foundation
 - Øster Brønderslev Sparekasse's Fund
- Distribution of the award "Association of the year" in West Jutland and in North Jutland the "Nordjyske Bank's associations award", "Residential street of the year" and "North Jutlander of the year".

One of Denmark's major taxpayers

Ringkjøbing Landbobank has paid DKK 224 million in corporate tax and DKK 58 million in payroll tax for the 2020 income year. The total amount for the 2019 income year was DKK 304 million and for 2018 DKK 191 million. In the 2018 income year, Ringkjøbing Landbobank was number 39 on the list of Denmark's biggest corporate tax payers. To this should be added income tax and dividend tax paid by the bank's employees and shareholders.

“

We knew that Covid-19 would hit many others harder than us so at an early stage we decided, and have implemented, a number of initiatives to support our customers and other partners.

John Fisker, CEO
Ringkjøbing Landbobank



Principal activity

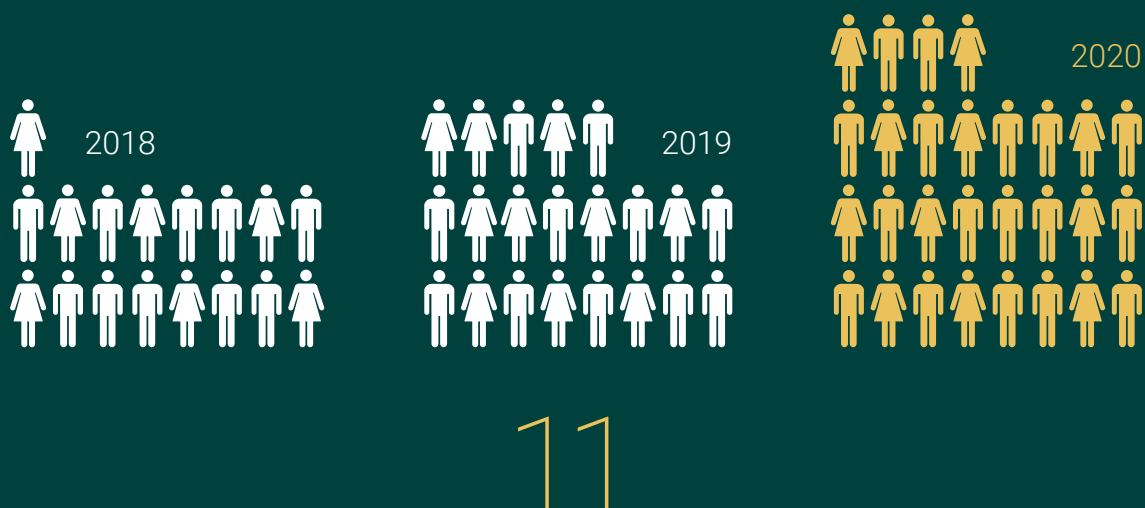
Competence development and training

- Intensive in-service training of employees in pension advice in particular. Training is also provided in home ownership advice, private banking advice and insurance intermediation. This includes statutory certification and recertification of the employees' competences in investment and insurance intermediation
- Training all investment advisers in sustainability through BankInvest and the Financial Sector's Training Centre
- Annual job appraisal reviews with all employees
- Training of interns, apprentices, financial economists trainees and financial bachelor trainees
- The bank works with a number of educational institutions including the Financial Sector's Training Centre, Aarhus and Aalborg Universities, local business academies and upper secondary schools
- The bank contributes to the extra course in Economy and Finance offered by the Higher Commercial Examination Colleges in Ringkjøbing and Skjern
- Developing financial understanding by providing teaching staff and educational materials to lower secondary and post-secondary educational institutions as requested

Goals

The work of contributing positively to developing Denmark and Danish society will continue. Our focus areas include:

- Offering attractive, broadening knowledge-based jobs with equal opportunity for all employees
- Working with relevant educational institutions on in-service training of employees, certification of the bank's advisers and introducing children and young people to financial subjects and financial understanding
- Training the bank's advisers in new EU-wide rules on transparency regarding sustainability to prevent greenwashing in investments
- Continued strong local presence both as a business and by supporting local initiatives – including sporting and cultural life in West, Central and North Jutland



additional apprentices and trainees in 2020 compared to 2018

ESG key figures

	2019	2020	
Full-Time Workforce	657.2 FTE	632.2 FTE	
Gender Diversity	50.6 %	49.8 %	
	End of 2018	End of 2019	End of 2020
Gender Diversity, Other Management Levels	25.7 %	23.5 %	26.1 %
	2019	2020	
Gender Pay Ratio	The bank does not publish a gender pay ratio. The bank gives equal pay for equal work. Differences in the average pay for men and women therefore result from differences in gender representation in different types of jobs – including as managers.		
Employee Turnover Ratio	14.0 %	14.5 %	
Sickness Absence	3,5 days/FTE	5.7 days/FTE	
Customer Retention Ratio	The bank does not publish a customer retention ratio. The bank considers the result of the largest survey of customer satisfaction etc. in Danish financial institutions to be an adequate assessment of customer satisfaction in the bank. The survey is carried out by Voxmeter and has more than 60,000 respondents in the latest survey. In the surveys from January 2020 and January 2021, the bank is placed in the top half of this scale.		

Other key figures

	End of 2018	End of 2019	End of 2020
Apprentices	13	16	20
Trainees	4	5	8
Total	17	21	28



Ringkjøbing Landbobank and Nordjyske Bank support more than 1,400 local associations.





The bank's future advisers.

The bank's great asset – the employees

Ringkjøbing Landbobank places great emphasis on having motivated employees who are always able to provide proper, competent advice to its customers. This requires continuous in-service training, explains Mogens Olesen, deputy manager and head of HR:

- For example, new certification rules have been introduced for distributors of insurances, which is one of our business areas. In 2021, our advisers must pass a test in the area and we will also be busy training our investment advisers in the new EU-wide rules on transparency regarding sustainability in investments. In investments, we also work with a green, amber and red advisory level. Green and amber are achieved through a test, whereas the red top level requires certification. Finally, we regularly provide training and testing in home loans, personal data and prevention of money laundering.

Job appraisal reviews

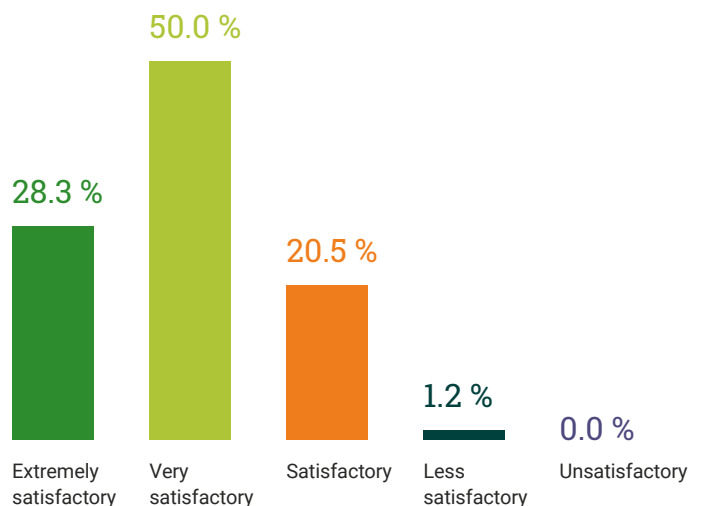
All of the bank's employees participate in a collaboration and job satisfaction survey with 20 questions in connection with the annual job appraisal reviews.

The results of the survey in the first half of 2020 shows a very high proportion of satisfied employees (satisfactory,

very satisfactory or extremely satisfactory), says Mogens Olesen:

- This result is particularly interesting because the answers were given less than two years after the merger of Ringkjøbing Landbobank and Nordjyske Bank. 2020 was the first year all employees as a whole participated in the survey and for this reason we see it as a very good result that confirms the fine welcome the merger has received.

Job satisfaction



Internal survey made in the first half of 2020.

Mogens Olesen, deputy manager and head of HR in Ringkjøbing Landbobank.



- We also annually employ a number of financial economists and bachelors of finance in a trainee programme that trains them to become advisers. We have a fine collaboration on this with the regional business academies in West, Central and North Jutland.

Historically, Ringkjøbing Landbobank has employed 10-12 persons a year for a training programme. At the end of 2020, the bank had 28 employees at different stages of their training programmes.

A third component of the bank's education and training strategy is to employ persons with academic backgrounds in central staff functions at the head office. This is done in good collaboration with the universities. The jobs are attractive and help to retain and attract well-educated employees to our local areas.

Education and training strategy

Ringkjøbing Landbobank has increased the number of finance apprentices and trainees in recent years. Part of the reason is that we have harmonised the training programme under one bank after the merger with Nordjyske Bank, says Mogens Olesen:

- But we also made the strategic choice of training our advisers at our own training academy – combined with education at external institutions (academy, graduate diploma programme (HD), and the Financial Sector's Training Centre). In practice, we train the employees from upper secondary to bachelor level. Compared with the sector, we employ a relatively large proportion of finance apprentices who come to us directly from the local upper secondary schools.

- Our collaboration on this with the local upper secondary schools is fine. For instance, we work with two local commercial upper secondary schools on a special programme that helps the students learn and contributes to professional and personal development. The programme modules include both teamwork and individual challenges. In some modules employees from the bank teach the students relevant financial subjects.

Training in the new EU regulation on transparency regarding sustainable investments

Training the advisers in the new EU regulation on transparency regarding sustainable investments will be a major task in 2021. All investment advisers have completed the first course, says Sten Erlandsen, finance manager of Ringkjøbing Landbobank:

- We are working hard to get our policies and advisory tools ready. At the same time we are awaiting the implementation standards we have to follow. When everything is in place, we will customise the contents of the training and in 2021 all advisers will be trained in implementing the new regulation.

Sten Erlandsen, finance manager Ringkjøbing Landbobank.



Mutual
assistance
to visibility



Niels Peter Olesen, chairman for the football unit in Skjern GF, in front of the stands in Skjern Sports Park.

Skjern GF Football

Ringkjøbing Landbobank has been the major sponsor for Skjern GF Football since 2012, and the chairman of the football unit Niels Peter Olesen says that the bank started by giving all members a kit bag with a towel and a drinking bottle.

- It has given a great deal of visibility in the town, and it gives the bank somewhat better advertising than the sign on the stadium.

Ringkjøbing Landbobank's sponsorship enables some things to happen, which otherwise would not have been possible.

- So we can afford to buy the last bits of equipment, the last goalposts, to throw a party for all the trainers and to arrange for a bus trip to see national games etc. And sometimes the bank donates a beer or soft drink and a sausage for everyone who turns up to watch the best team play. It happened, for example, at the last home game before the winter break – though the sausage was cancelled due to Covid-19.

It is Niels Peter Olesen's impression that Ringkjøbing Landbobank values the collaboration with grassroots clubs such as Skjern GF Football – he thinks that the partners match one another well. But this does not mean any fewer demands for the value of the collaboration, which primarily involves helping each other to gain visibility:

- The requirement of reciprocity is written into the contract. If I am interviewed by the press, I must turn up in club gear with the bank's logo. And when we host a school football rally each September for 2,000 participants from the whole municipality, Henrik from the bank comes to take lots of photos, which both the club and the bank can use. So we help each other to be visible, concludes Olesen.

Skjern GF Football has approx. 500 members of all ages from 5 years old to old boys, and is Ringkjøbing-Skjern Municipality's biggest football club. Roughly 1/3 of the members are girls and women and there is complete equality – both the men's and women's best teams play in Series 1, where the women field a team together with Tarm IF.

Continuous
dialogue

Sæby Stadium with its new LED floodlights.

IF Skjold

IF Skjold in Sæby is a football club with approx. 500 members, of whom 350 to 400 are children and the rest are adults. The men's best team compete in Denmark Series, and the best women play in Series 1.

Flemming Thingbak is club chairman, and he says that Nordjyske Bank has been the major sponsor for many years:

- The collaboration is fine and constructive, and marked by a personal relation and face-to-face meetings – these things are really important for me. Nordjyske Bank still has a large branch right in the middle of the town marketplace, and this is the glue that helps to keep a town community like Sæby together.

Flemming Thingbak,
chairman of
IF Skjold.

I'd like to keep a running dialogue on how things are going, who we are, and how the sponsorship is best activated. And it is not simply because the bank must have value for money – it just makes most sense to everyone involved.

Thingbak makes much of the fact that even though one enters into a contract for a period, Nordjyske Bank is also approachable in the middle of the period.

- We found this out, for example, with relation to our artificial pitch. We wanted to have LED floodlights. Partly in order to be more sustainable – partly to give the pitch the best possible lighting. Nordjyske Bank approved of the idea, even well into the contract period. Now the bank has its signs on the lighting masts, and there is a good reason for that!

Skjold IF on the other hand did not need special assistance during the corona lockdown.

- Members' subscriptions fell due on 1 July 2020, and even though we had not had any activity for most of the spring, not one of our members left. Neither did our sponsors withdraw their support, for which, of course, we are grateful. But if we had needed help – and we still may – I am quite sure that we would have been given it, concludes Flemming Thingbak.

Societal tasks, integrity and responsible management

Our governance work is based on our social responsibility policy and our code of conduct under the headings of integrity and responsible management. We work closely with the Danish authorities to ensure financial stability, create transparency and facilitate public tasks within tax reporting, monitoring of money-laundering and digitalisation.

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

Our social responsibility policy and code of conduct are available at www.landbobanken.dk/policies.

Focus

- Carrying out our societal tasks competently and efficiently
- Avoiding any form of corruption and bribery
- Keeping the data of our customers, employees and others safe
- Ensuring that our suppliers conform to the bank's values in terms of ESG
- Diversity and independence in the bank's management organs
- A feeling among the bank's employees that equal career and management opportunities are open to them, irrespective of gender
- The bank does not allow discrimination on account of gender, age, ethnic origin, sexual orientation or religion, and has zero tolerance for bullying, and sexual and other forms of harassment.
- A market-compatible and transparent remuneration policy for the bank's board of directors and general management
- Creating competitive and transparent returns for our shareholders
- Forum for Sustainable Finance's 20 recommendations for sustainable transition of society

Activities

- Preventing money laundering and financing of terrorism
- Mandatory reporting of our customers' interest, bank balances, debts, dividends and custody account holdings
- Offering a basic deposit account because everyone needs access to a NemKonto
- Mandatory disclosure of the bank's prices and terms and conditions based on pension information, price portals, good practice legislation, MiFID etc.
- Supporting secure and efficient digitalisation of society – including NemID and NemID's replacement in 2021
- Preparing and continuously adjusting systems and procedures to keep data safe
- The employees may neither offer nor accept gifts of more than token value
- Health and wellbeing at the workplace are facilitated by a range of social events, health insurance, stress and alcohol policies, schemes for older employees, access to consultation with a business psychologist, guidance on optimal handling of the bank's IT tools and review and optimisation of the physical workstations
- In 2020, the bank has specified in its code of conduct that it has zero tolerance for sexually-related harassment
- The bank offers no form of incentive pay or variable pay to the board of directors or general management
- The bank offers no advantages reserved for its shareholders

“
 In 2020, Ringkjøbing Landbobank’s board of directors endorsed the 25 recommendations for anti-money laundering and counter-terrorist financing measures. The recommendations were the result of the work of Finance Denmark’s Anti-Money Laundering Task Force in late 2019.

John Fisker, CEO
 Ringkjøbing Landbobank



Principal activity

Combating money laundering

- Combating money laundering is the responsibility of all employees in Ringkjøbing Landbobank – not least because they best fulfil the bank’s statutory obligation to know its customers. All employees have the right and duty to report any unusual and/or suspicious activities or transactions to the bank’s anti-money laundering department
- The procedures for combating money laundering are available on the bank’s intranet and all employees have been trained and tested in them. Training follows a two-year cycle to keep the existing employees up to date on new rules and new methods and tools implemented by the bank and to familiarise new employees with the subject
- The bank has set up a central department in charge of the work of combating money laundering and to support the employees in their efforts. The department is also responsible for monitoring and reducing the bank’s operational risks and for personal data protection
- In 2020, the bank’s board of directors endorsed the 25 recommendations for anti-money laundering and counter-terrorist financing measures. The recommendations were the result of the work of Finance Denmark’s Anti-Money Laundering Task Force in late 2019

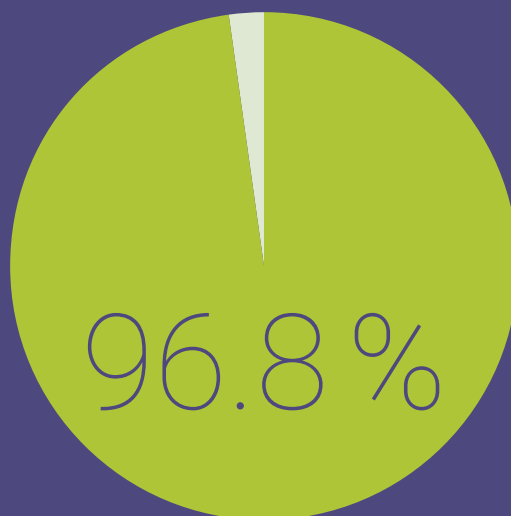
Goals

Ringkjøbing Landbobank is facing an important governance task also in the years to come. We will focus in particular on:

- Doing our bit to reduce society’s money laundering challenges
- Continuing to ensure our employees are alert to data protection
- Health and wellbeing at the workplace
- The bank is working to achieve a more equal gender distribution on the board of directors and at other management levels
- Ensuring that customers, employees, society and shareholders profit from the bank’s activities
- Translating Forum for Sustainable Finance’s 20 recommendations on how the financial sector can accelerate putting the sustainable transition of the economy into action

Danish FSA inspection of Ringkjøbing Landbobank

In December 2019, the Danish FSA conducted a functional inspection of Ringkjøbing Landbobank’s anti-money laundering area. The outcome of the inspection was orders in September 2020 regarding improvement of the bank’s policies, routines and procedures. The bank was satisfied with the Danish FSA’s inspection and the outcome and has in autumn 2020 implemented the improvements ordered.



Board Meeting Attendance Ratio

ESG key figures

	End of 2018	End of 2019	End of 2020
Gender Diversity, Board Of Directors	16.7 %	16.7 %	16.7 %
		2019	2020
Board Meeting Attendance Ratio		98.0 %	96.8 %
CEO Pay Ratio		9.9 times	10.5 times

The environment ¹

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

Social aspects

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

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

Some comparative figures for 2019 have been adjusted due to updated data, changes in calculation methods and changed information from the authorities.

¹ Indirect emissions and consumption are not included.

² For detailed explanations and reasons, please see the publication "ESG key figures in the annual report" published by the Danish Finance Society, FSR – Danish Auditors and Nasdaq Copenhagen, 2019.



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