

CSR report

2018

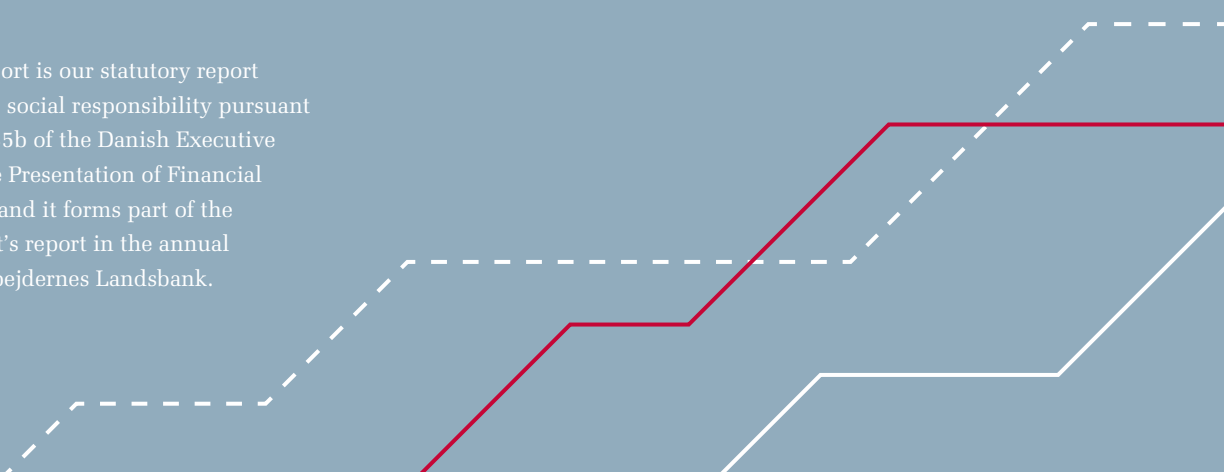


Arbejdernes
Landsbank



CSR report 2018 for Arbejdernes Landsbank

The CSR report is our statutory report on corporate social responsibility pursuant to section 135b of the Danish Executive Order on the Presentation of Financial Statements, and it forms part of the Management's report in the annual report of Arbejdernes Landsbank.



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Arbejdernes Landsbank and the society we're a part of

At Arbejdernes Landsbank, we believe that businesses that create value are also the businesses that have long-term responsible business practices. On this basis, we run a sound bank with respect for the surrounding world and our clear ambition is to make a positive contribution to the society we're a part of.

Contributing to Danish society, as a stable and responsible financial institution, has been a cornerstone of the activities of Arbejdernes Landsbank since the Bank was established back in 1919 – long before anyone had even heard of CSR. And today, one hundred years later, nothing has changed. Just like then, the Bank is committed to offering responsible, personal advisory services and sustainable loans – to all Danes. Through our core competencies in supplying financial services, we want to help develop Danish society in the best possible direction. This is part of our DNA, it determines how

we do banking, and our Board of Directors and group of owners have made it clear that they want us to continue to make our mark as a socially responsible bank. Therefore, we want to focus even more on our strategic CSR work in the future.

Our fundamental values and the Bank's approach to customers, employees, cooperation partners and investments are built on respect for people and an objective to leave the most positive impression possible on our surrounding world. This is one of the reasons

why we have developed a set of customer pledges defining the behaviour our employees should strive for every day. The behaviour is based on the following three values: accountable, attentive and straightforward. This behaviour will ensure the best possible customer experience for customers, ensure the best possible workplace for fellow employees, and ensure the best possible conditions for society and the environment.

Business model “building on sound values”

At Arbejdernes Landsbank, we have built our business on sound values such as accountability, attentiveness and a straightforward approach: for our 300,000 customers, for our 1,100 employees, and for all the initiatives we launch. We offer relevant and competitive financial products and services combined with competent advisory services for private individuals, associations and small and medium-sized enterprises. Arbejdernes Landsbank has realised solid business results and today it stands strong, ready to secure future sustainable growth.

We want to ensure that our advisory services create value for our customers, and that our level of service is one of the highest in Denmark. On this values foundation, we operate a sound bank with solid finances and with profound respect for our customers’ time and money.

Our business model has a strong customer focus. We are convinced that better and more relevant customer experiences are the key to more customers and to more satisfied customers. Creating more value in encounters with each individual customer requires the best possible understanding of our customers. Consequently, systematic and ongoing input from customers is essential and a necessary prerequisite for the Bank to continue to design services, products, processes and concepts that support customers’ needs and wishes. And for the Bank to ensure that it is not being abused for money laundering or financing of terrorism.

Our objective is that our customers always consider us an accountable and attentive sparring partner that succeeds in creating value and communicating clearly and comprehensibly. We want to be close to the customer and the customer’s financial situation in all phases of life - both in good times and bad times.

Five focus areas within CSR

We have a number of policies and objectives within CSR, seeking to ensure and promote the wellbeing and

financial security of our employees and customers, as well as our involvement in society and our environment. We are striving to live up to our social and economic responsibilities in the following five focus areas:

- Customers and products
- Employees
- Society
- Climate and the environment
- Combating money laundering and corruption and supporting business ethics

Customers and products

Arbejdernes Landsbank is a bank for

- private individuals
- small and medium-sized enterprises
- trade unions and associations.

All the Bank's business activities emanate from the needs of our customers, and as financial and economic advisors, we undertake to provide our customers with the best terms and conditions possible. We do this to enable businesses to expand their activities and to ensure that private customers are able to live life to the full within their financial means.

Our policy is to:

- Treat all customers professionally, with respect and concern for their individual needs.
- Ensure that our customers understand their financial situation and the products we offer.
- Ensure in particular that no customer leaves a meeting without having understood our advice.
- Offer all our customers personal advisory services adapted to the individual customer's needs.
- Ensure that our advisory services always create value for our customers, and that our level of service is one of highest in Denmark.
- Offer our customers ethically screened investments.
- Offer our customers the same prices for the same type of business.
- Ensure that, in connection with transactions conducted by the Bank, the Bank's customers are not being abused for money laundering, financing of terrorism and violation of financial sanctions.

Risks

When we develop new products and services and make investments, our processes guarantee that we actively address, and try to minimise, the risks of negative impacts on human rights, the environment and climate, money laundering and corruption.

Initiatives

Responsible advisory and loans policy

At Arbejdernes Landsbank, we focus on business activities aimed at ensuring safe frameworks for customers both when things are good and when the climate is less favourable. This means that we avoid business transactions that might risk seriously affecting the finances of private customers, for example on account of unfavourable trends on the capital markets.

Transparent prices

Customers must be able to see how much they pay for the services they receive from the Bank. Therefore, we have no hidden fees or charges and we are working to ensure that our price structure is easy to understand, with fair prices. Prices and terms are available at www.al-bank.dk/priser (Only available in Danish).

Dialogue and availability

Entering into close dialogue with our customers is an important prerequisite for ensuring that they are treated professionally and with respect for their individual needs. The Bank attaches great importance to long-term customer relations, and one way of ensuring this is to offer Values Interviews, carried out every three years with a large number of customers to ensure that dialogue, advisory services and solutions are based on and adapted to customers' values, wishes and needs. Our focus on availability is reflected, for instance, in the customers having the opportunity to call us Monday to Friday between 8 a.m. and 8 p.m. and on weekends between 10 a.m. and 4 p.m. Furthermore, it is possible to book a meeting with us on Monday to Friday between 8 a.m. and 6 p.m.

Customer satisfaction surveys

The Bank regularly participates in various customer satisfaction surveys, analyses and price-comparison surveys carried out by independent suppliers. Results of these surveys are published in the media, on social media and on our website in order to create openness and transparency about the Danish banking market, to the benefit of our customers and the Bank.

Bonus schemes and emoluments of the Executive Management

No managers or employees at the Bank receive a bonus solely on account of individual performance such as personal sales activities. Our bonus schemes are paid out on the basis of performance by the Bank, branch/department and the individual employee, as well as the employee's adherence to our values. Emoluments of the Executive Management, which solely comprise a fixed salary, pension and company car are published in the Bank's annual report.

Ethical investments

Since 2003, the Bank has offered its portfolio customers an ethically screened global share portfolio through the Bank's own investment association "AL Invest Udenlandske Aktier Etisk".

If the customer has granted us authority, we attach great importance to socially responsible investment alternatives. This applies when we make investments on behalf of our customers, e.g. through pooled schemes and products requiring power of attorney.

We do not want to invest in shares and bonds issued by enterprises, which deliberately and repeatedly break the UN's principles and guidelines, or which involve violations of human rights. We also take account of guidelines issued by national authorities in markets where enterprises are active, and this also applies to guidelines issued by international organisations supported by Denmark. Furthermore, "AL Invest Udenlandske Aktier Etisk" does not invest in companies generating more than 5% of their income from fossil fuels.

We do not currently work with a formalised screening process for single issuers, but if we are informed about possible conflicts, we will dispose of a given position. We also work to ensure that the Bank's cooperation partners invest responsibly. Therefore, when assessing specific investment assets, a responsible investment process will have a positive weighting in our choice of cooperation partners.

Green loans

As part of our full product package, we offer AL-Energilån (energy loans) at favourable interest rates. Green loans provide customers, and particularly homeowners, with the opportunity to borrow up to DKK 200,000 for eco-friendly home improvements. The loans may be spent

on installing energy-efficient windows, solar panels, geothermal heating pumps and similar.

AL-ProvinsKlar

As a responsible bank, we would like to help people realise their purchase and buy their dream home, even in the areas where mortgage-credit loans are not always possible. Therefore, we offer an alternative home loan, AL-ProvinsKlar, which makes it possible to finance a home purchase, no matter where in Denmark your dream home is located.

Results

High customer satisfaction

We continuously monitor the extent to which customers would recommend us to others after meetings, on completion of a change of bank and after agreeing a home loan. Based on customers' ratings and additional comments collected in 2018, we can ascertain that customers would recommend the Bank to others to a very high extent. This is fully consistent with the results of various benchmark tests carried out by several independent and external research institutes. We are proud to have so many competent employees who are dedicated to putting our customers first, and who listen to customers every single day so that they can be sure to meet customers' expectations. And we will continue to strive to improve our services so that they are always adapted to our customers' needs.

Danes' preferred bank for the tenth successive year

In January 2019, we were voted "Danes' preferred bank" for the tenth successive year in the largest independent satisfaction survey of Danish banks, conducted by the market research institute Voxmeter. In the opinion of Danish bank customers, of all the banks in Denmark, Arbejdernes Landsbank allows most time for personal and responsible advisory services for individual customers.

Extended opening hours

In 2018, we extended our opening hours so that our customers can now call us on weekends between 10 a.m. and 4 p.m. Furthermore, every weekend, we open the doors to AL², our new project and customer universe at Nørreport in Copenhagen.

Dialogue and meetings with investment associations

Our objective for 2018 was to ensure that the Bank's investment-association providers continue to screen

their investment portfolios on the basis of ethical criteria. Based on dialogue and a number of meetings in 2018, we can ascertain that all the investment associations with which we have formal collaboration screen the enterprises invested in. The screenings ensure that the enterprises comply with international guidelines for protection of the environment, human rights, labour standards and business ethics.

Measurement: Measurements are based partly on the number of implemented improvements for customers and partly on our NPS score.

Objectives for 2019

Monitoring investment associations

Objective: We will continue to ensure that the investment associations with which we cooperate screen the enterprises they invest in to guarantee their compliance with international guidelines for protection of the environment, human rights, labour standards and business ethics.

Responsibility practice: We will meet this objective by continuing to confer with the Bank's providers of investment associations about their policy on ethical screening of their investment portfolios.

Organisational adaptation: This task is to be integrated into the daily work of employees responsible for projects.

Measurement: Measurements are carried out of the Bank's providers of investment associations to determine the extent of ethical screening of their investment portfolio.

We must learn from our customers and improve customer experience

Objective: We have implemented at least 50 new customer improvements on the basis of feedback and input from customers, for example after meetings, on completion of a change of bank and after agreeing a home loan. Moreover, we have maintained our objective for a high level of NPS measurements (as a minimum, 80 for meetings and 70 for procedures) throughout 2019.

Responsibility practice: We will meet our objective by continuing to listen to our customers and learn from them. We will take their constructive criticism and feedback seriously, and we will respond to their wishes and needs whenever possible.

Organisational adaptation: This task is to be integrated into the daily work of employees responsible for projects.

Employees

As an employer, we consider it our responsibility to create the framework for a healthy, safe and inspirational working life.

Our policy is to:

- Provide working conditions which motivate and inspire our employees in their daily work.
- Offer flexible working hours which allow individual employees to create a good balance between their private life and life at work.
- Create career and development opportunities for employees at all levels in the Bank.
- Ensure a healthy physical and psychological working environment.
- Care for employees who suffer from stress or sickness.
- Prevent and establish clear guidelines for handling serious situations such as robbery, violence and threats.

Policy on absenteeism due to sickness

We have clear guidelines for managers and employees to follow in the event of sickness. For instance, we hold care and sickness interviews and, if possible, we offer a lighter job at the Bank to employees who are no longer able to take on a full-time job.

Policy on stress

Stress may be part of everyday life, but we believe that engaging in an open and honest dialogue on the subject ultimately helps prevent stress. Accordingly, we have drawn up a policy on stress, which describes how we prevent and manage stress.

Guidelines for threats against employees

Robbery, violence and threatening customers can be traumatic experiences, and the Bank invests a great deal of effort on prevention. In line with other banks, the Bank follows recommendations from Finance Denmark with regard to protecting values and branches. The measures implemented take account of employee security. In the case of robbery, violence or threats, the Bank has clear guidelines for how to handle such situations, and the employees will be offered psychological help as a routine part of the follow-up.

Risks

We are implementing preventive measures to ensure that work does not entail a risk of health impairment as a result of bullying, stress, threatening customers or poor indoor climate, for example.

Initiatives

Health and wellbeing

We consider our employees to be our most important resource and therefore we have launched a number of initiatives focusing particularly on promoting the general health and wellbeing of our employees:

- All the Group's employees are covered by joint health insurance and dental insurance.
- All employees are offered preventive musculoskeletal treatment.
- All employees are offered health checks.
- We have a special programme for employees to help with work-related challenges and issues.
- We offer employees the possibility to improve their physical fitness and social relations through various sports activities in the Bank's own fitness association, ALI.
- Funds have been allocated for all branches and departments to hold social events to encourage a sense of community and a good working environment.
- Guidelines have been drawn up on preparing healthy food in our canteens.
- To maintain a good social and psychological working environment, we measure job satisfaction for all employees, and every quarter, we measure the extent of absenteeism due to sickness.
- We ensure follow-up on the physical and psychological working environment by conducting workplace-assessment dialogues (ArbejdsPladsVurdering - APV) every three years, with subsequent action plans.

Flexitime scheme

We want to give employees as much flexibility as possible, in order to make it easier for employees to harmonise family and working life. Therefore, we have established a flexitime scheme for all employees.

Career and development plans

In order to realise the Bank's objective of being an attractive workplace, we work systematically with competence development. Each year, mandatory personal and professional development plans are prepared for all employees. Annual staff-development interviews (PU) are carried out, focusing on future career wishes and development opportunities. Every six months, the staff-development interview is followed up with the development plan and the job targets for the individual employee.

Wellbeing and management surveys

Every year, a wellbeing and management survey is conducted to ensure cohesion between the expectations of the Bank, managers and employees. The results of the survey provide a snapshot of employee wellbeing and management, and they indicate the areas requiring special attention to create an even better workplace. In consultation with their employees, all managers with staff responsibilities are responsible for deciding on actions that could improve wellbeing. Furthermore, in order to maintain focus on these actions, managers can conduct progress measurements of selected actions every six months.

Senior-policy scheme

We offer all employees over the age of 60 a reduction in working hours if they so wish (80%, 70% or 60%, depending on age). As part of the senior-policy scheme we have developed a senior-policy portal aimed at providing employees of the Bank over 55 years of age with an overview of the different possibilities offered, for instance, interviews for seniors and days especially arranged for this age group.

Results

Health at the Bank

One of our objectives for 2018 was to create increased focus on the whole person – physically as well as mentally – through our “Værdifuld sundhed” (Valuable Health) project that focuses on initiatives in areas such as ergonomics, diet, sleep and exercise.

The aim was for the initiatives to have a preventive effect. We are pleased to ascertain that generally there seems to be greater awareness of preventive health initiatives. Another positive development is a slight fall in absenteeism due to sickness. Unfortunately, our objective regarding a healthier working life through the “Værdifuld sundhed” health project has not been fully achieved. The objective was a score of 75; the result was 62.

Ensuring employee wellbeing and good management

Another objective for 2018 was to conduct a combined wellbeing and management survey, aimed at increasing focus on matters affecting our wellbeing and our ability to perform our best. With an impressive response rate of 94%, we accomplished our objective of a response rate of at least 90%. For the parameters “Job satisfaction” (objective: 75) and “Loyalty” (objective: 83), we also achieved our goal, with scores of 81% and 87%, respectively. On both parameters, the Bank scores among the top 25% of financial enterprises participating in the survey. All managers have engaged in dialogue with their employees about the result and have decided on actions to improve wellbeing and strengthen leadership.

Objectives for 2019

Focus on the whole person

Objective: To create increased focus on the whole person – physically as well as mentally - through a number of initiatives in areas such as prevention of stress, ergonomics and exercise.

Responsibility practice: Initiatives will be implemented through the “Værdifuld Sundhed” (Valuable Health) project, which includes thematic features concerning prevention of stress, ergonomics, exercise, etc. Channels: Availability of information on the intranet, involvement of focus persons and visits from the health and safety consultant to all branches and departments of the Bank.

Organisational adaptation: The Bank’s health and safety committee is responsible for planning and maintaining the project and the initiatives.

Measurement: We expect the initiatives to have a preventive effect, and that they will thus contribute to reducing absenteeism due to sickness and preventing stress. Our objective is that, at the measurement in September 2019, employees will feel that the “Værdifuld Sundhed” project contributes to a healthier working life (objective: score of 70%).

Ensuring employee wellbeing and good management

Objective: At the Bank, we believe that wellbeing and good management go hand in hand with realising ambitious results. Therefore, we are conducting a combined wellbeing and management survey, aimed at increasing focus on matters affecting our wellbeing and our ability to perform.

Responsibility practice: A wellbeing and management survey will be carried out among all managers and employees at the Bank once annually, with the possibility to conduct a half-yearly follow-up on the actions that were decided.

Organisational adaptation: The Bank’s HR Department is responsible for planning and carrying out the survey in collaboration with an external partner. Furthermore, HR is responsible for ensuring follow-up on the results of the survey, both locally and at group level, and for assessing which activities need to be launched.

Measurement: All managers with staff responsibilities are responsible for preparing an action plan with specific actions to improve wellbeing and strengthen leadership.

We aim for a response rate of at least 90%, and for a position among the top 25% enterprises in the financial sector. “High job satisfaction” – objective: score of 75%
“High loyalty” – objective: score of 85%

Society

At Arbejdernes Landsbank, we want to support and get involved in good causes locally, nationally and internationally.

Our policy is to:

- Support information campaigns through recognised institutions.
- Establish sponsorship collaboration with sports clubs and non-profit organisations.
- Get involved in the local community and contribute to developing cultural and recreational activities.
- Support humanitarian work through Danish and international relief organisations.
- Contribute to giving young people, in particular, a better understanding of their personal finances.

Risks

There is always a risk that the money we donate is not paid in full to the specific project we want to support. In spite of this, we believe it is essential that we take social responsibility, for example by supporting humanitarian work and by setting up partnerships with non-profit organisations fighting for a good cause. Furthermore, there is a risk that children and young adults grow up without a sound understanding of their personal finances. We want to help minimise this risk, for example by offering courses and events on personal finances at schools and educational institutions in Denmark.

Initiatives

Supporting aid organisations

Every year, we support a range of charitable projects with special focus on children and young people, for example “Give Hope” and +Camp. We have chosen to support Dansk Folkehjælp (a charity for marginalised groups in Denmark and abroad), for whom CEO Gert Jonassen is an ambassador. Furthermore, in 2018, we supported the Danish Cancer Society, the Danish Heart Foundation, Kids Aid, the nationwide charity collection: Danmarks Indsamling, and Diakonissehuset Sankt Lukas Stiftelsen.

+Camp

Since 2009 we have supported the project +Camp which, based on learning styles, various motivation techniques and scheduled fitness exercises, aims at eliminating social isolation, preventing children from becoming overweight, and encouraging learning.

Team Give Hope

The Bank is the main sponsor for the “Team Give Hope” cycling team, which, every year, collects funds for children and young people who witness their parents or siblings falling seriously ill or dying. The cycling team started as a voluntary initiative taken by a former employee at the Bank, and it is part of the “Børn, Unge og Sorg” association, which provides free help and counselling to grieving children and young adults. In 2018, “Team Give Hope” collected a record amount of DKK 1.6 million for “Børn, Unge og Sorg”.

Teaching young people about finance

We want to help young people gain a better understanding of their personal finances, and consequently, we have entered into collaboration with various educational institutions, where we teach finance.

- **Money Week:** Every year, Finance Denmark runs Denmark’s official Money Week, where students at many Danish schools put focus on personal finances through classes, games and group work for an entire week. We want to support this initiative, and therefore, Gert Jonassen, our CEO, along with a number of our financial advisors, took part in the event as guest teachers in March 2018. Guest teachers from the Bank will join the event again in 2019.
- **Teaching students in the TAMU programme:** In 2016, we established collaboration with TAMU, a training programme with a practical focus, targeted at young people with no real attachment to the labour market. The purpose of this collaboration is to give students in the programme a better understanding of finances, and in this way enhance their chances of getting a job. The collaboration will continue in 2019.

Collaboration with class at Rugvængets Skole (elementary school)

Since 2012, we have worked closely with Rugvængets Skole in Ballerup. The Bank has adopted two school classes and served as their mentor. For example, our financial advisors have taught pupils about personal finances, budgeting, digital security and raising loans. The aim is to prepare the pupils to make responsible and sound financial decisions. The collaboration ended in summer 2018, when the 9th graders left school.

Other collaboration projects focusing on education and learning

In 2018, two financial advisors from the Bank served as judges in the finals of the “Edison” project in Ballerup Municipality. “Edison” is a fun and educational inventor competition for pupils in the 6th and 7th grades. On the day of the finals, pupils from all over the municipality were to present two weeks’ work on a “green transition” project. Moreover, we have entered into collaboration with students at the IT University of Copenhagen (ITU). We have made cases available and given feedback on exam projects, with benefits and inspiration for both the students and the Bank.

MotorikMagi

In 2018, we joined forces with the magazine and online universe “Vores Børn” (Our Children) to increase focus on motor skills in Danish families. In collaboration with “Vores Børn”, in the autumn holiday we opened the doors to the “MotorikMagi” event, where there were good ideas for children aged 1-6 years, and their parents, about how to bring more play and physical activity into their daily lives. “MotorikMagi” was held in Copenhagen on 13 and 14 October, in Vejle on 16 October and in Aarhus on 20 and 21 October. During the five days, the event had 4,600 visitors, 2,600 of whom were children and 2,000 were parents.

Arbejdernes Landsbanks Fond

Arbejdernes Landsbanks Fond aims at strengthening Danish society through education and knowledge. The fund was established in 1957 and is operated as an independent institution. Information about dates for applications etc. are provided on the Bank’s website www.al-bank.dk/fond.

Results

Lectures

During 2018, we hosted nine lectures, attended by a total of more than 2,000 people:

One lecture was given by Arne Nielsson, a coach and former sprint canoer, and it addressed the issue of identifying factors which are motivating and can help motivate others.

One lecture was given by Christian Bitz, a health and nutrition expert, and focussed on making time in a busy schedule to make delicious and healthy food.

One lecture was given by Lindy Aldahl, known from a reality show, who addressed the issue of changing from an unhealthy lifestyle with smoking and too little exercise, to a life with a healthy diet and without cigarettes.

One lecture was given by Sofie Münster, an expert on children and parenting, who provided insight into how our children become good at something.

Five lectures were given by Lars Christiansen, a famous handball player, who talked about turning defeat into victory.

Understanding personal finances

Our objective to help our customers and others (the old as well as the young) to gain a better understanding of their personal finances was realised in the course of the year through a number of lectures at educational institutions and at events at our branches.

Open events at AL²

In the summer and autumn of 2018, we hosted various activities and events in the AL² facility, our new project and customer universe at Nørreport in Copenhagen. The events were open to everyone, and focussed, for example, on the following themes:

- Young adults and finances – focus on tax returns and budgets.
- How to make good meals on a low budget.
- Tips on avoiding examination anxiety.
- Conflict management in cooperative housing associations.

Objectives for 2019

Lectures

Objective: To disseminate messages which can help enrich life. Focus is particularly on topics related to lifestyle and sound values for ourselves and our children. We expect to host around ten lecture evenings with total attendance by more than 1,500 people. The lectures will focus on the following themes:

- How to enhance our self-knowledge and strengthen our personal self-esteem.
- How to make the most of our own potential and that of others.
- How to prepare ourselves and our children for the digital future.

Responsibility practice: The objective will be realised by the Bank hosting a number of lecture evenings with knowledgeable lecturers selected by our Branding and Communication Department.

Organisational adaptation: A project worker as well as a local person responsible for the event have been appointed for each lecture.

Measurement: Reports will be made to the Branding and Communication Department on how many people have attended each lecture.

Understanding personal finances

Objective: To help our customers and others – young people as well as the elderly – gain a better understanding of their private financial situation.

Responsibility practice: As in 2018, again in 2019, we will host a number of meetings and lectures on personal finances for our customers of all age groups.

Organisational adaptation: A project worker has been appointed to manage this task.

Measurement: Our success will be measured on the basis of demand for our meetings, and any subsequent feedback from participants.

Trainee schemes and employment of financial trainees

Objective: To employ five new financial students and 20 financial trainees by 1 August 2019.

Responsibility practice: Trainees will be recruited through a targeted campaign on Facebook and other social media.

Organisational adaptation: A person from the Bank's HR Department will be appointed as responsible for the project.

Measurement: Objective to be met by 1 August 2019.

Climate and the environment

Our objective is that Arbejdernes Landsbank is recognised as a climate-conscious and environmentally responsible enterprise. We are conscious of our responsibility for the environment, and we therefore focus on reducing our energy consumption and CO₂ emissions and on achieving efficient and sustainable utilisation of our common resources.

Our policy is to:

- Reduce our CO₂ emissions by purchasing climate-friendly electricity and heating, and through energy optimisation of electricity, water and heating installations in our buildings and rental properties.
- Make environmentally responsible purchases from our suppliers whenever possible.
- Minimise our environmental footprint, for example by performing source separation and recycling our waste.

Risks

The most significant risks relate to our energy consumption, purchases and consumption of materials. Therefore, we will continue our focus on implementing energy-savings initiatives at our locations, making environmentally responsible purchases and minimising our consumption of materials in selected areas.

Initiatives

Reduction in energy consumption

We develop building projects using energy-labelled products which impact the environment as little as possible. The environment was a high priority in connection with refurbishment and renovation of branches in 2018, e.g. the use of low-consumption technologies, LED lighting, low-energy windows and heat management. As part of our efforts to reduce CO₂ emissions, we only use electricity produced by

offshore wind turbines, and we use bio-natural gas and eco-friendly district heating whenever possible. In 2019, we will continue our work to reduce our total energy consumption and CO₂ emissions.

Environmental requirements for fixtures and equipment as well as products

In close dialogue with our cooperation partners and suppliers, in 2018 we ensured that all materials, products, fixtures and equipment purchased by the Bank were produced and used so as to impact the environment as little as possible. For example, we purchased cleaning agents carrying the Nordic Ecolabel, as well as ecolabelled stationery, furniture, fixtures and equipment. Furthermore, we focus on collaborating with suppliers who use recycled materials in their production.

Healthy food and respect for nature

Our canteens serve nutritious and healthy meals, prepared with consideration for ecology and animal welfare whenever possible. All our canteens have been awarded the bronze version of the Organic Cuisine Label ("Det Økologiske Spisemærke"), a government-controlled certification scheme indicating that 30-60% of all ingredients used in our canteens are organic. The Organic Cuisine Label is managed by the Danish Veterinary and Food Administration. Members of the scheme strive to protect nature, the environment and animals by using organic products that contain no residues of pesticides and inappropriate additives.

Results

Reductions in total energy consumption

In 2018, we reduced our total energy consumption by 3%. One of the reasons is that we increasingly incorporate low-energy solutions in our renovation work and maintenance tasks.

Green purchasing award

In 2018, Ecolabelling Denmark awarded us the “Årets grønne indkøber” (Green Purchaser of the Year) award for our efforts and commitment to making environmentally responsible purchases. In just one year, we have doubled our ecolabelled purchases, so that today, 40% of our total purchases for day-to-day operations are ecolabelled. We believe that green purchasing makes a tangible and visible difference for the environment and for society, and we have a strong ambition to focus even more on environmentally responsible purchases in the years to come. Our objective is that 50% of our purchases will be ecolabelled in 2019.

Objectives for 2019

- Reduction in electricity consumption by 5% in 2019.
- Continued focus targeting environmentally responsible purchasing and minimisation of our total consumption of materials. Our objective is that ecolabelled products are to constitute 50% of total purchases for our day-to-day operations by 2019.
- Improvement of waste separation so that source-separation of waste amounts to 50% at the end of 2019.
- Our objective is to continue reducing CO₂ emissions so that, at the end of 2019, we will have reduced emissions further through a reduction in our energy consumption.

Combating money laundering and corruption and supporting business ethics

At Arbejdernes Landsbank, we oppose and condemn any type of corruption. We have a social responsibility to combat corruption and bribery, and additionally, as a bank, we have a special social responsibility to contribute to combatting money laundering and financing of terrorism.

Our policy is to:

- Ensure that our employees do not give or receive gifts that have more than symbolic value.
- Ensure that the Bank is not abused for money laundering, financing of terrorism or violation of financial sanctions.
- Ensure that, where it cannot be ruled out that transactions or behaviour are suspicious, this will be notified to the authorities.

Risks

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

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

Nevertheless, money laundering, including tax evasion, is taking place in all parts of society, both on a small and a large scale, and the Bank needs to have constant focus in this.

Initiatives

Combating money laundering

Arbejdernes Landsbank works intensively to ensure that the Bank is not being abused for money laundering, financing of terrorism or in connection with financial sanctions. Consequently, all employees have completed training to ensure adequate attention and focus in this area.

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

Whistleblowing

At Arbejdernes Landsbank, we have strong focus on ensuring a working environment that promotes openness. To prevent important information from being withheld, the Bank has set up a whistleblower scheme to enable employees to notify unacceptable circumstances or transactions so as to ensure that any violations of financial legislation are brought to light. The Bank wants to ensure that an employee making such notification is not subjected to unfavourable treatment or consequences.

The Bank's whistleblower policy is designed with accessibility in mind, for example by including specific examples of where the whistleblower scheme can be used.

Code of Conduct

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

The Bank's Compliance Department has developed a training programme covering the Code of Conduct. In 2018, the training programme was completed by several departments. It also forms part of the introduction programme for new employees, and it is in the finance trainee education programme. The training programme will be further expanded in 2019, in order to enhance employees' knowledge and awareness of the Code of Conduct.

Results

The training programme on money laundering described above was carried out throughout the Bank in 2018.

The compliance training programme described above was completed by six departments in 2018 using a risk-based approach. Furthermore, the programme was presented to the Bank's management, and it formed part of all introductory courses for new employees as well as the finance trainee education programme. Compliance training aims to increase employees' awareness of the Bank's social responsibility with regard to compliance.

Objectives for 2019

Combating money laundering

Objective: To raise individual employees' awareness and understanding of situations in which the Bank is at risk of being abused for money laundering or financing of terrorism.

Responsibility practice: The Bank strives for continued strong focus on combating money laundering and financing of terrorism, but criminals constantly find new ways to launder money or finance terrorism. This requires constant upgrading of knowledge and competences in this area.

Organisational adaptation: The Bank's AML Department is responsible for ensuring targeted training programmes for employees across the Bank, and for departments with special training needs.

Measurement: The measurement will focus on whether the AML Department carries out training according to the plan.

Compliance training programme in departments and branches


Objective: To increase awareness among individual employees of the Bank's social responsibility with regard to compliance, including anti-corruption and business ethics.

Responsibility practice: We will continue to carry out compliance training in selected departments and branches and in relation to new employees and finance trainees according to a prioritised plan. The training will increase employees' awareness in this area and give each employee a better understanding of situations in which employees have to be particularly careful.

Organisational adaptation: The Bank's Compliance Department is responsible for planning and carrying out the training.

Measurement: The measurement will focus on whether the Compliance Department carries out training according to the plan.

AKTIESELSKABET

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