

dlr.kredit

Transitioning to a sustainable future

SUSTAINABILITY REPORT 2023



The Sustainability Report is complemented by DLR's ESG Fact Book, which is published together with the report at dlr.dk.

This Sustainability Report also constitutes DLR's statutory report on corporate social responsibility for 2023. DLR's annual report for 2023 includes a reference to the Sustainability Report for the financial reporting period from 1 January to 31 December 2023. The Sustainability Report has been prepared with due consideration to the provisions of section 135 of the Danish Executive Order on the Presentation of Financial Statements (the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.) and should be seen in the context of DLR's sustainability policy, which is reviewed and approved annually by the Board of Directors of DLR.

The most recent version of the policy was approved by the Board of Directors on 9 February 2024 and is available at dlr.dk. The Sustainability Report is complemented by DLR's ESG Fact Book, which is published together with the report at dlr.dk (dlr.dk/investor/regnskaber--rapporter/-#baeredygtighed). DLR's ESG Fact Book contains DLR's total non-financial highlights (ESG key figures), including a number of key figures other than those contained in this report.

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Preface by the Executive Board

DLR is a major lender to Danish agricultural and commercial real estate customers. Almost 40% of food producers and one in ten commercial properties in Denmark are financed by DLR. We therefore have a major responsibility to help finance the sustainable transition.

We closely monitor the sustainability performance of our loan portfolio. DLR more than doubled its volume of green loans in 2023. But our work with sustainability extends far beyond green loans. We are an active lender and work together with our loan-distributing banks to encourage customers to move in a sustainable direction. We also help finance energy efficiency improvements at properties that may not meet the criteria for green loans. It is more important for us to motivate customers to take sustainable actions than to exclude those who are not frontrunners.

We are committed to supporting our borrowers on their sustainability journey. We do this in partnership with our loan-distributing banks around the country which have the direct contact with our shared customers.

Data and documentation remain a focus area for our work with sustainability. In 2023, we improved the sourcing of data on climate risks and expanded the collection of ESG data from borrowers. This gives us better insights and enables us to assess both the risks and the opportunities in the green transition.

Sustainability is now part of everyday work for the vast majority of employees at DLR. We have embedded it throughout the organisation with ongoing training for our employees. We look forward to continuing to strengthen our partnership with our shareholder banks on our shared customers' green transition in 2024.

Jens Kr. A. Møller
Managing Director &
CEO

Pernille Lohmann
Managing Director





Introduction

About DLR

DLR Kredit (DLR) has been financing Danish agriculture since 1960, when DLR was established as Dansk Landbrugs Realkreditfond. As a result, we have unique insights into and special ties with Denmark's agricultural sector, to which we have provided finance in good times and bad for more than 60 years.

Today, our business also includes financing of commercial properties at large. We have been providing finance for commercial properties since 2001, and mortgage financing of commercial real estate properties makes up an increasing share of our overall loan portfolio, which broke down as follows at end-2023: agricultural properties 50.6%, commercial real estate properties 43.9% and owner-occupied homes and residential farms 5.5%.

In all respects, we aim to run a responsible business in accordance with our core values, paying due regard to the interests of DLR's stakeholders, who include borrowers, bond investors, shareholders and loan distributors, authorities, employees and the wider community.

Business model

DLR's financing of customers' agricultural and commercial properties is undertaken in collaboration with 42 national and local banks, which also represent the largest part of DLR's owners. The business model is based on a daily and close interaction with advisers at DLR's loan-distributing shareholder banks with branches in Denmark, the Faroe Islands and Greenland. The shareholder banks own shares that generally equate to their shares of DLR's lending.

The partner banks advise customers on DLR loans. They have insight into their customers' finances and can provide the best individual advice. The bank is remunerated for providing advice, loans, customer care and risk hedging through the provision of guarantees for the loans provided. The guarantee concept, which also includes the possibility of offsetting losses in commissions, ensures that any loss is mainly borne by the bank providing the loan.

DLR is responsible for property valuations, credit processing, calculation, disbursement and administration of loans and procuring funding for DLR's lending



by the issuance and sale of bonds listed on the stock exchange in Copenhagen (Nasdaq Copenhagen). Furthermore, DLR acts as a professional sounding board for advisers in the banks.

DLR is furthermore responsible for the management and risk monitoring of the loan portfolio and supports the loan distributors through system solutions for the collaborative process, including for advisory services, loan applications, fixed-price agreements, guarantee provisions, remortgaging, portfolio overviews, etc.

Through good times and bad, DLR has been financing Danish agriculture since 1960. Since 2001, DLR has been financing commercial properties.

DLR's role in society



Lending across Denmark

We want to make financing available to everyone who owns a property, wherever it is in the country – also in peripheral regions. We offer financing of agricultural and commercial properties across Denmark, on the Faroe Islands and in Greenland. Assisting in fulfilling this important social responsibility is something we take very seriously



Contributing to a more sustainable Denmark

DLR offers green loans funded by the issuance of green bonds. At the end of 2023, DLR's green loans amounted to DKK 4.7bn. Furthermore, we have financed properties and renewable energy sources of DKK 13.2bn that comply with the green eligibility criteria.



Supporting establishment and succession in Danish agriculture

DLR has earmarked a pool of DKK 2bn to improve financing opportunities for young farmers by offering establishment loans on financially favourable terms in collaboration with local and national banks. Lending through this pool amounted to DKK 1.52bn at end-2023.



Systemically important financial institution

DLR has been designated a SIFI (Systemically Important Financial Institution) in Denmark since the first SIFI designations in 2014. As a SIFI institution, DLR is aware of the importance of mortgage financing to society and operates as a responsible business in compliance with both statutory requirements and its own business objectives.



Among the largest tax contributors in Denmark

For several years running, DLR has appeared on the list of the 100 largest corporation tax contributors in Denmark. DLR's tax payments amounted to DKK 450m in 2023, as compared with tax payments of DKK 207m in 2022.



Active participant in sector collaborations

DLR is a member of Finance Denmark (*Finans Danmark*) and the Association of Mortgage Banks (*Realkreditrådet*) and takes an active part in a number of committees under Finance Denmark. We also participate in various working groups and sector collaborations focusing on sustainability, EGS-risks and carbon footprint standards.

Overview 2023

Profit for the year
after tax

1,347
DKKm



42
Loan-distributing
banks

AA

MSCI
ESG ratings

Employees and
valuation experts

270

Green loans

4.7
DKKbn

Number of customers

45,503

Loan portfolio

189.3
DKKbn

Strategic sustainability efforts

As a significant lender to Danish agricultural and commercial real estate costumers, DLR naturally assumes an active role in financing their crucial transition toward sustainability. This active participation is a key element of DLR's social responsibility and provides the background for DLR's strategic approach to sustainability.

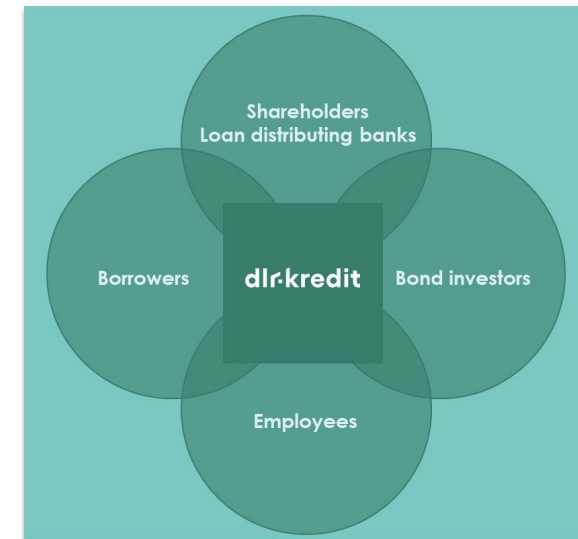
DLR's strategic sustainability efforts reflect its key stakeholder groups: borrowers, shareholder banks, bond investors and employees. Our strategic position on sustainability is largely defined by these stakeholders' preferences and requirements with respect to sustainability. DLR's approach to sustainability is therefore a balancing act, where we take account of our shareholder banks' differing ESG policies, our borrowers' possibilities to transition and investors' wishes to reduce the CO₂ emissions financed by DLR's bonds. Another part of DLR's corporate social responsibility, and an important element of its risk management approach, is helping reduce sustainability risks through measures, such as collecting ESG data by asking ESG-related questions that motivate customers to be more sustainable.

DLR's approach to borrowers

The green transition must, above all, make commercial sense for borrowers in terms of both risks and opportunities. DLR finances profitable investments by creditworthy borrowers and is an active lender that works together with the loan-distributing banks to encourage borrowers to move in a more sustainable direction. There is currently no sufficient basis to make specific ESG-related requirements to customers or to differentiate prices and terms or exclude customer groups on sustainability grounds.

Borrowers vary widely in how actively they work on sustainability. Some have come a long way and are already taking action to reduce their impact on the climate and the environment and adapt to climate change, while others have barely begun. Agricultural customers are generally well ahead of other industries in terms of data.

Common to many customers, however, is uncertainty about future rules and regulations on sustainability that in the years ahead will determine which sustainability investments are worth making.



Evolving consumer preferences and market standards also play a key role for conditions in the market.

DLR plays an important role in facilitating, monitoring and collecting data on borrowers' green transition.

DLR includes ESG matters in the credit process and also monitors and manage sustainability risks. We do not wish at this stage to impose sustainability requirements on borrowers beyond the actual sustainability requirements set out by legislation in this area.

DLR's approach to loan distributing banks

For DLR and the banks that distribute its loans, sustainability is a business area where DLR contributes to the banks' financing solutions so that customers benefit from sound advice and a competitive product range. We aim to stay on top of market developments and regulatory changes so that we can serve as a knowledge centre for the banks. We share data with the banks (with customers' consent) and engage with the banks on relevant sustainability topics, such as customer ESG data. It is the banks who engage with customers and discuss how they can benefit commercially from incorporating sustainability into their business, and how they can address sustainability risks.

DLR's shareholder banks have differing ESG policies, and DLR's approach to sustainability takes account of this. This ensures that DLR's sustainability work creates value both for DLR and for the loan-distributing banks.

Approach to bond investors

DLR has an ongoing dialogue regarding sustainability with bond investors. When we meet investors, we typically update them on our approach to sustainability and new initiatives. DLR also publishes a wide range of data requested by investors, partly because investors themselves are subject to sustainability disclosure requirements.

In the dialogue with investors, DLR promotes understanding of the climate efforts being done in agriculture, the need for food, and the fact that financing food production will always result in some CO₂ emissions. DLR believes that it's more relevant to look at developments in the overall portfolio's sustainability ratio and realistic climate footprint reductions towards the 2030/2050 goals, than to look at the actual climate footprint of the individual farm, given the uncertainty around measurements of the climate impact of biological processes.

DLR's approach to employees and its own performance

Employee well-being and job satisfaction are crucial for DLR's performance. DLR is continuously striving to provide a safe and developing culture characterised by high professional standards and strong cross-organisational collaboration, both to retain our existing skilled and dedicated employees and to attract new ones.

We are very aware of our own ESG performance at our head office in Copenhagen. We save energy, avoid food waste, sort our waste, promote a good working environment and maintain structured and documented processes. We encourage diversity and equality and continuously address ESG issues in our organisation so that DLR remains an attractive employer.

Governance

DLR's business model is established on long-standing relationships based on trust with our customers, bond investors and shareholder banks. We are focused on ensuring that DLR consistently acts responsibly in all respects.

DLR has integrated sustainability in processes, governance set-up, compliance and risk management.

Organisation of DLR's sustainability efforts

To ensure an unwavering focus on ESG in all parts of the organisation, DLR has set up a sustainability committee. The sustainability committee is responsible for DLR achieving the strategic goals in accordance with its sustainability policy and for establishing processes at DLR to promote sustainability, including sourcing data for use in analysis, target setting and reporting.

The committee is charged with monitoring regulatory and market requirements relevant to DLR and ensuring compliance with applicable rules and regulations and the recommendations the sector has agreed on under the auspices of Finance Denmark etc. The committee regularly reviews new business opportunities, product offerings and value creation relative to the collaborating banks.

It is also responsible for updating policies in relation to specific sustainability initiatives to be submitted to and approved by the Board of Directors. These include the credit policy, the human resources policies and the procurement policy.

The Board of Directors outlines the strategic direction for DLR's sustainability initiatives and discusses DLR's overall sustainability approach at board meetings and board seminars.

The Executive Board is represented on the Sustainability Committee. The Executive Board and the other internal committees at DLR (Credit Risk Committee, Liquidity and Market Risk Committee, IOC Risk Committee, Data Committee and IT Committee) are also informed about ESG efforts in DLR's sustainability committee. The Board of Directors is updated on selected matters and progress at board meetings and is responsible for approving DLR's sustainability policy.

New initiatives in 2023

Collecting ESG data from more customers

In 2023, DLR expanded the collection of ESG data to include customers who are remortgaging their loans. This will give us ESG data for a larger share of DLR's loan portfolio, which already includes customers taking out new loans.

Improved model and data for climate risks

DLR improved the collection of data on climate risks during the year, and developed a model that can translate physical risks and transition risks into losses in stress scenarios.

Collecting ESG data across the financial sector

DLR has participated actively in steering and working groups under the auspices of e-nettet with the aim of obtaining better and more consistent ESG data in the Danish financial sector.

DLR's green bonds

In May 2023, DLR refinanced all green loans that were not previously financed with green bonds through DLR's 'Green ARM-Short' bond series. This

refinancing boosted both the volume and the liquidity of DLR's green bonds.

Additional criteria for green loans

In January 2023, DLR expanded the eligibility criteria for green loans to include sustainability-certified forestry and solar cells on own or leased land.

ESG meetings with shareholder banks

DLR had meetings with most of its shareholder banks during the year to discuss how DLR and the individual bank can help customers move in a more sustainable direction.

Work begins on CSRD

In autumn, DLR began the initial work on the EU's Corporate Sustainability Reporting Directive (CSRD). This included setting up a taskforce to handle preparations for DLR's first CSRD report in early 2026.

Mortgage training for staff at farming advice centres

As part of the annual training day for staff at farming advice centres, DLR contributed a module on the Danish mortgage system and the financing of agriculture.

Collaboration with the Danish Financial Sector Education Centre on sustainability training

DLR helped deliver a course on sustainability for banks' agricultural advisers organised during the year by the Danish Financial Sector Education Centre. We provided information on how DLR is working on sustainability, green finance and collecting customer ESG data. We also gave the advisers ideas for the dialog with customers about sustainable investments and properties, and about options for green financing from DLR.

In 2023, DLR started to also collect ESG data from customers remortgaging their loans.

In this way, we collect ESG data for a larger share of the loan portfolio.

Webinar on the agricultural sector's 2030 roadmap for DLR's shareholders

We invited our shareholder banks to a meeting during the year where the Danish Agriculture & Food Council gave an introduction to the industry's climate roadmap through to 2030. Local and national banks together with DLR are the biggest lenders to the Danish agricultural sector. It is therefore vital that we share a responsibility to support them in the transition.

Prize for biodiversity

DLR shone a spotlight on farmers' work on biodiversity during the year, awarding prizes to both a farm and a project working actively on protecting and caring for nature.



DLR's overarching SDGs

Affordable and Clean energy

DLR offers green financing for renewable energy sources. This helps ensure access to sustainable energy and increase the percentage of energy consumption that is based on renewables. DLR also issues loans for properties with high levels of energy efficiency (grade A or B energy performance certificate).

Climate Action

DLR offers green loans for energy improvements, renewable energy sources and selected climate investments in pig barns. In this way, we are indirectly financing greenhouse gas reductions that will help achieve Denmark's goals for the green transition.



Zero Hunger

DLR's loans to farmers contribute to the production of healthy food with a low carbon footprint by global standards. Part of Denmark's food production is exported to developing countries, and some Danish milk is used in the production of breastmilk substitutes which ensure healthy infant nutrition and help reduce hunger and malnutrition in developing countries.

Sustainable Cities and Communities

DLR offers green loans for energy improvements and energy-efficient buildings. Almost 38% of the energy-labelled urban commercial properties financed by DLR have a grade A or B energy performance certificate.

Life on Land

DLR offers green financing for more sustainable farming and organic agriculture, thus helping support sustainable use of ecosystems. DLR also offers green loans for certified forestry, thus contributing to sustainable forest management and preventing loss of biodiversity.

DLR's internal SDGs

Good Health and Well-being

DLR focuses on employees' well-being and working environment. We offer an ergonomic assessment of the physical workplace at DLR and facilitate breaks and exercise during the working day. Employees have opportunities to work from home, and DLR makes home office facilities available to those who are interested. DLR's employees are covered by medical and dental insurance and by group accident cover.



Gender Equality

DLR works on equality and diversity both when recruiting and when developing the organisation. The Board of Directors has issued a policy for increasing the share of the under-represented gender both at executive level and at other levels of management.



Decent Work and Economic Growth

DLR's employees are covered by the standard collective agreement for the Danish financial sector, which deals with working hours, remuneration, pension contributions and various aspects of social welfare, including maternity/paternity leave, sick leave and leave to care for seriously ill children and other close relatives. The agreement also sets a minimum wage. Employees have the right to unionise, and DLR appreciates the good collaboration with union and health and safety representatives.



Responsible Consumption and Production

DLR is focused on reducing its own carbon footprint. We work on this continuously by making both minor and major adjustments to working processes, choice of partners, purchasing, etc.



2023 target status

Increase the volume of green loans to DKK 4bn by the end of 2023

In 2023, DLR more than double the volume of green loans from DKK 1.9bn at end-2022 to DKK 4.7bn at end-2023.

Collecting ESG data, also for customers' remortgaging DLR loans

Since 2022, DLR has collected ESG data from new borrowers and existing customers applying for new loans. In 2023, DLR started to collect data from customers remortgaging their loans. Using a new solution to collect the information, we have increased the customer response rate from 55% to 81%.

Dialogue with all shareholder banks' ESG officers about sustainability with respect to borrowers

DLR has held meetings with 84% of its shareholder banks on how we can jointly help customers move in a more sustainable direction.

Continue to develop the sustainability skills of DLR's collaboration partners and employees

In 2023, DLR held a management seminar dedicated to sustainability and helped deliver a course on sustainability for agricultural advisers organised by the Danish Financial Sector Education Centre.

Continue to focus on gender equality and diversity – both in connection with recruitment and organisational developments

As in the preceding years, DLR focused on diversity in the recruitment phase in 2023 – both in terms of gender, competencies, personal profile and age.

Greater focus on sustainable procurement and supplier partnerships at DLR

In 2023, DLR prepared an internal sustainability policy and a code of conduct for our suppliers and business partners. We expect to publish both in 2024.

Targets and focus areas for 2024

Expand the eligibility criteria for green loans and explore the possibility of expanding DLR's green mortgage product range.

Collect more and better farm- and property-specific data on at least 90 percent of the loan portfolio to improve sustainability assessments of customers.

Share more ESG data with DLR's shareholder banks.

Structured development of sustainability skills among DLR's employees.

Conduct stakeholder and double materiality analyses for use in CSRD reporting

Prepare an internal policy for diversity, equality and diversity.

LOAN DISTRIBUTING BANKS

Active lender

A sustainable and responsible lender

In collaboration with the loan-distributing banks, DLR wants to contribute to financing borrowers across Denmark becoming gradually more sustainable. DLR is doing this by taking account of customers' ESG profile when issuing loans, by working on skills development for our partners and employees, and by collecting more ESG data from customers.

It is important to DLR that people have opportunities to finance property purchases, including those in remote areas and young farmers looking to start up on their own.

Collaboration with the shareholder banks is a priority for DLR, because it is loan officers at these banks who distribute our loans and handle contact with our shared customers. Besides day-to-day interaction on individual loans, we therefore work hard to equip them to advise on our various loan types, including green loans, and invite them routinely to get involved in development initiatives at DLR.

ESG in the lending process

As part of our responsible credit policy, DLR focuses on ESG factors in connection with inspections and valuations of properties as well as when performing credit assessments of customers.

As regards credit risk, we start from an assumption that, other things being equal, customers and properties with a good ESG profile will be in a better position in terms of sustainable development in the years ahead. Customers with a good ESG profile will typically also be more financially robust and the value of the properties more stable.

However, we also take into account the risks associated with the transition, such as the risk attaching to the use of new technology.

ESG data from borrowers

In 2021, DLR began collecting and processing ESG data which can be used to evaluate ESG factors in our lending, including climate data in conjunction with the financial sector and from the Danish

Meteorological Institute. Since 2022, DLR has also been collecting ESG data from new borrowers and existing customers applying for new loans. This means that agricultural and commercial customers are asked to answer relevant questions about ESG factors on the farm or in their business as part of the application process.

In November 2023, DLR switched to a digital and more user-friendly solution for collecting customer ESG data. DLR also expanded the group of borrowers receiving ESG questions to include customers who remortgage their loans.

The new solution for collecting ESG data is more userfriendly and also allows us to better gather data. It enables DLR to better store data for building records, extract data for analyses and, longer term, rating customers on the basis of their ESG data. The new solution has also helped to increase the customer response rate. Until November, the response rate was 55%, but after switching to the new solution, DLR has received responses from 81% of the



As part of its responsible credit policy, DLR focuses on ESG factors in connection with inspections and valuations of properties as well as when performing credit assessments of customers.

customers who receive questions about their ESG factors.

By collecting ESG information from customers, DLR can make a holistic assessment which covers not only financial matters but also the extent to which the customer focuses on ESG. This also makes it possible to calculate ESG performance across DLR's loan portfolio and, for example, monitor developments in the impact on the climate and the environment. Subject to customer acceptance, this information is shared with the loan-distributing bank and can support the dialogue with borrowers on ESG risks and opportunities for contributing to a more sustainable future.

It is nothing new for DLR to take an interest in how customers run their farms or businesses. Efficient operations and good, stable earnings have always been important factors for us in the credit assessment process. When it comes to agriculture, DLR's valuation experts have always paid attention to how the individual farmer performs in areas such as resource optimisation, environmental impact, employees and neighbours. The difference now is that we are compiling this information systematically and reporting on it. For commercial properties, the green profile and energy consumption for heating have also gained greater importance for the valuation of the properties.

Focus on ESG education and training

Educating employees in ESG factors and ESG risks in lending is a key priority for DLR. DLR staff have completed an e-learning course on sustainability in the financial sector developed by the Danish Financial Sector Education Centre. All new employees also have access to the course, which is regularly updated.

In addition, all staff in commercial and agricultural lending, including valuation experts, attended full-day courses held in conjunction with the Danish Financial Sector Education Centre and agricultural knowledge centre SEGES Innovation to improve their know-how in this area.

Sustainability knowledge sharing

DLR is prepared to actively give presentations at conferences or similar arrangements where sustainability is on the agenda and where stakeholder groups in DLR's groups of borrowers meet. For example, DLR in 2023 made a presentation at a conference hosted by Kvægxperten on the cattle barns of the future: 'Tomorrow's cattle production – a bond investor perspective'.



CASE:

Growing crops with precision agriculture

"Ultimately, precision agriculture means that I can save time on some things and spend it on other things instead," explains young arable farmer Kristian Bak Larsen. "Resources are then used where they are needed most, and so used most effectively. It's both sustainable and more economical."

Kristian uses soil tests and satellite data to grow crops with precision agriculture. From his computer, he can plan the doses to apply to the fields, and the tractor's GPS does the rest. He also monitors soil temperatures to optimise the use of pesticides. By waiting until the soil temperature reaches the right level, he can limit losses in the form of evaporation, degradation and leaching.

Kristian is a good example of a new generation of farmers who are actively seizing the opportunities opened up by new technologies.

ESG factors for business customers

Anders Ravnshøj Møller
Commercial Property
Team Leader at DLR



Here are some of the questions DLR asks its business customers:

Environmental factors (E)

Energy performance certificate?
Primary heat source and consumption?
Does the property have solar panels, a heat pump or geothermal heating?
Does the customer buy green electricity?
Initiatives to reduce power consumption?

Social factors (S)

Relations with local communities and social initiatives?
Special facilities for tenants?
Collective agreements for employees?
Does the business hire trainees, apprentices, students?
Diversity targets for employees?

Governance factors (G)

Active/professional board?
Strategic approach to sustainability?

”It is important to us that our customers have sustainable long-term finances. ESG initiatives help demonstrate whether customers keep abreast of developments and thereby safeguard the future operating efficiency of their business.”

ESG factors for agricultural customers

Jørgen Matzen
Agricultural
Team Leader at DLR



Here are some of the questions DLR asks its agricultural customers:

Environmental factors (E)

Are low-yield areas transformed into grazing fields, forest, etc.?
Are green energy sources used?
Is animal feed produced nearby?
Is slurry delivered to biogas facilities?
Is reduced tillage applied in soil preparation?
Is precision farming applied in soil preparation?
Multi-year crops, grass etc. in the field planning?
Buying and selling of climate credits?
Organic farming?

Governance factors (G)

Active use of farm committees/board?
Does the farm have a strategy?
Is there a plan for continued operations in case of breakdown or crisis?
Has an inspection given rise to any comments/remarks?

Social factors (S)

Collective agreements for employees?
Does the customer hire trainees, apprentices, students?
Employee seniority?

“A great many customers already work with many of the things we ask about. In this way, our questions give rise to tell about all the good initiatives already undertaken.”

CO₂ footprint of DLR’s loan portfolio

DLR has estimated the CO₂e footprint of its loan portfolio since 2021. In 2023, DLR financed CO₂e emissions of 2,260,910 tonnes of CO₂e, equivalent to 12.2 CO₂e per DKK million in loans, compared with 2,178,752 tonnes of CO₂e, equivalent to 13.5 tonnes of CO₂e per DKK million in loans in 2022.

Most of DLR’s total financed CO₂e emissions derives from the agricultural sector, even though loans to farmers make up only just over half of DLR’s loan portfolio. The rest of the emissions stems primarily from residential rental properties and from office and retail properties. The reason for this high figure for agriculture is that it includes emissions from natural biological processes in the soil and in livestock that are part of the conversion of nutrients into food. For office and retail properties and residential rental properties, only emissions for heating buildings are included.

The calculated emissions from commercial properties in the loan portfolio increased from 2022 to 2023. The increase in emissions is caused by the data underlying the calculation, with especially the size of the heated area being calculated more accurately in 2023 than in the year before. DLR has no data showing an increase in actual emissions.

DLR’s current calculation methods are not based on actual CO₂e emissions for DLR’s lending. The calculation of CO₂e emissions for buildings with heated areas is based on the energy performance certificate or an estimated energy performance certificate and the heating source. The estimate of CO₂e emissions for agricultural lending is based on standard emissions data for livestock and crops. Some

uncertainty therefore attaches to DLR’s financed CO₂e emissions.

DLR is continuously working to improve the precision of emissions calculations.



	Agriculture		Commercial, etc.	
	2023	2022	2023	2022
Outstanding debt, DKKm	95,868	93,689	93,435	88,184
Financed emissions tCO ₂	2,049,848	2,012,686	211,062	166,066
Financed emissions t/DKKm	21.4	21.5	2.4	1.9

DLR’s calculation generally adheres to the principles for measuring and calculating financed emissions provided in Finance Denmark’s CO₂ model for the financial sector, see <https://finansdanmark.dk/media/rb1f2rwe/co2-model-for-den-finansielle-sektor.pdf>. As for agricultural loans, DLR has chosen to calculate CO₂e emissions based on a method developed by Senior Researcher Troels Kristensen from Aarhus University, see https://pure.au.dk/portal/files/196779902/Klimaeffekt_ved_oml_gning_til_ko_jordbrug_04092020.pdf. The method is based on the standard number and species of animals as well as on the number of hectares of cultivated land. Data for these calculations was retrieved from DLR’s own data bases. Additional data on estimated CO₂ emissions are available in DLR’s ESG Fact Book.

Long-term goal of net zero CO₂ emissions

In 2022, DLR published its first action plan for reducing its financed CO₂ emissions. The action plan and our ambitions build on the Danish government's emissions target for 2030 and goal of climate neutrality in 2045.

DLR wishes to remain a major player in the Danish mortgage market, including in agriculture. Together with the loan-distributing banks, DLR will help ensure that customers have the information, encouragement and incentive to participate in the green transition and so help achieve Denmark's goal of climate neutrality in 2045.

Data improvements are an important first step

Reliable data are a fundamental requirement for calculating the current footprint, setting goals and calculating the reduction achieved. An important step on the way to net zero CO₂ emissions is therefore to improve the data and obtain more accurate estimates of actual emissions in order to be able to prioritise, promote and implement the most significant and profitable reductions first. Collecting and improving sustainability data have therefore been given much attention in 2023 and will remain a priority in 2024.

Green loans and sustainable lending policy

In 2019, the Forum for Sustainable Finance, under the auspices of Finance Denmark, released 20 recommendations on how the financial sector could accelerate the sustainable transition of the economy.

DLR actively supports these recommendations and takes action in all relevant areas. One of the recommendations is "More sustainable products on the shelves", which encourages the sector to offer loan and investment products for green and sustainable activities.

DLR offers green loans for energy-efficient buildings, energy improvements, climate investments in agriculture, renewable energy sources, sustainability-certified farm properties and PEFC and FSC-certified forests.

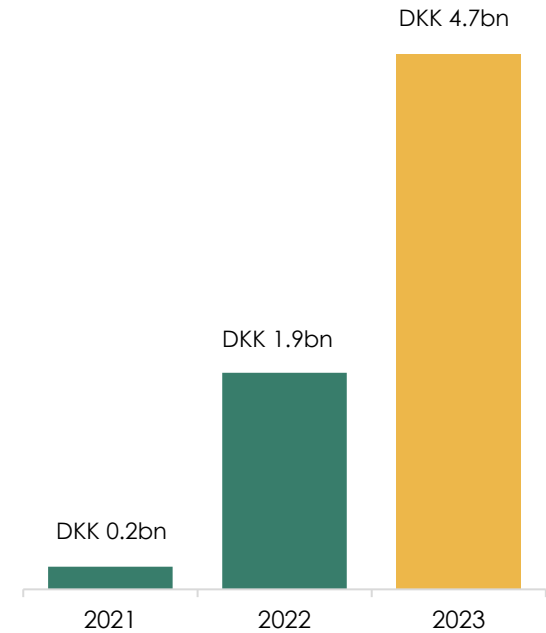
As reliable and solid data becomes available, and the EU Taxonomy is extended to include more sustainable criteria, including agricultural criteria, we want to expand DLR's green loan criteria to include more types of properties and investments.

At the beginning of 2023, DLR set a target of doubling the volume of green loans from just under DKK 2bn to DKK 4bn. To achieve the goal, DLR teamed up with the shareholder banks in 2023 to promote the raising of green loans. The efforts were successful, and DLR's green loans amounted to DKK 4.7bn at end-2023 (measured as outstanding bond debt).

By issuing green loans funded by the issuance of green bonds, DLR contributes to putting sustainable products on the shelves and making them available to borrowers and investors alike.

Development in green loans at DLR

Outstanding bond debt



The criteria for DLR's green loans are regularly expanded within the framework of the EU Taxonomy for sustainable activities and other recognised standards, allowing us to finance more types of sustainable properties and investments with green loans.

DLR currently only offers green loans for which the interest rate is reset once every six months. Customers with sustainable properties who meet the criteria for DLR's green loans, but who for example prefer 5-year or 30-year interest rate fixations, will therefore opt for a conventional loan. In this way, DLR finances a substantial number of properties that meet the criteria for DLR's green loans, such as properties with a grade A or B energy performance certificate, but which are financed with DLR's other loan types.

DLR pursues a goal of expanding the criteria for green loans in 2024 and to investigate the possibility of widening our green product offerings so that more customers can access green loans.

Framework for and reporting on green loans

DLR's green framework (dlr.dk/investor/regnskaber-rapporter/#baeredygtighed) describes the criteria and preconditions for offering green financing. The framework adheres to ICMA's Green Bonds Principles' (GBP) as is the case with other green mortgage bond issues in Denmark. It is assessed on an ongoing basis by ISS ESG to ensure that the framework for DLR's green loans is fully compliant with the GBP principles and that DLR's criteria for green loans on a best effort basis meet the screening criteria in the EU Taxonomy for sustainability.

DLR's Green Bond Impact Report provides an overview of the distribution of the proceeds from the green bonds issued by DLR and the environmental impact achieved through the properties financed with our green mortgage loans.

Sustainable lending policy extending beyond green loans

In addition to financing with green loans, with its lending policy DLR also generally promotes sustainable developments throughout Denmark. The great majority of the green assets financed by DLR are financed with conventional loans. All green assets financed by DLR are shown in DLR's Cover Pool reports.

We also participate in financing the ongoing energy optimisation of the mortgaged properties, also if the individual property or investment fails to meet the green loan criteria.



Criteria for green loans at DLR

Green buildings	<ul style="list-style-type: none">• New green buildings constructed after 1 January 2021 with an A2020 or A2015 energy performance certificate• Energy-labelled buildings constructed before 1 January 2021 with A2020, A2015, A2010 or B energy performance certificates
Green energy sources	<ul style="list-style-type: none">• Wind turbines• Solar power plants• Heat pump systems
Energy improvements	<ul style="list-style-type: none">• Investments in buildings that reduce energy consumption by at least 30%
Sustainability-certified farms	<ul style="list-style-type: none">• Farms certified for organic production with or without organic livestock production
Green agricultural investments	<ul style="list-style-type: none">• Pig barns with slurry acidification• Pig farms with frequent slurry discharge and delivery to biogas facilities
Sustainability-certified forests	<ul style="list-style-type: none">• PEFC- and FSC-certified forests

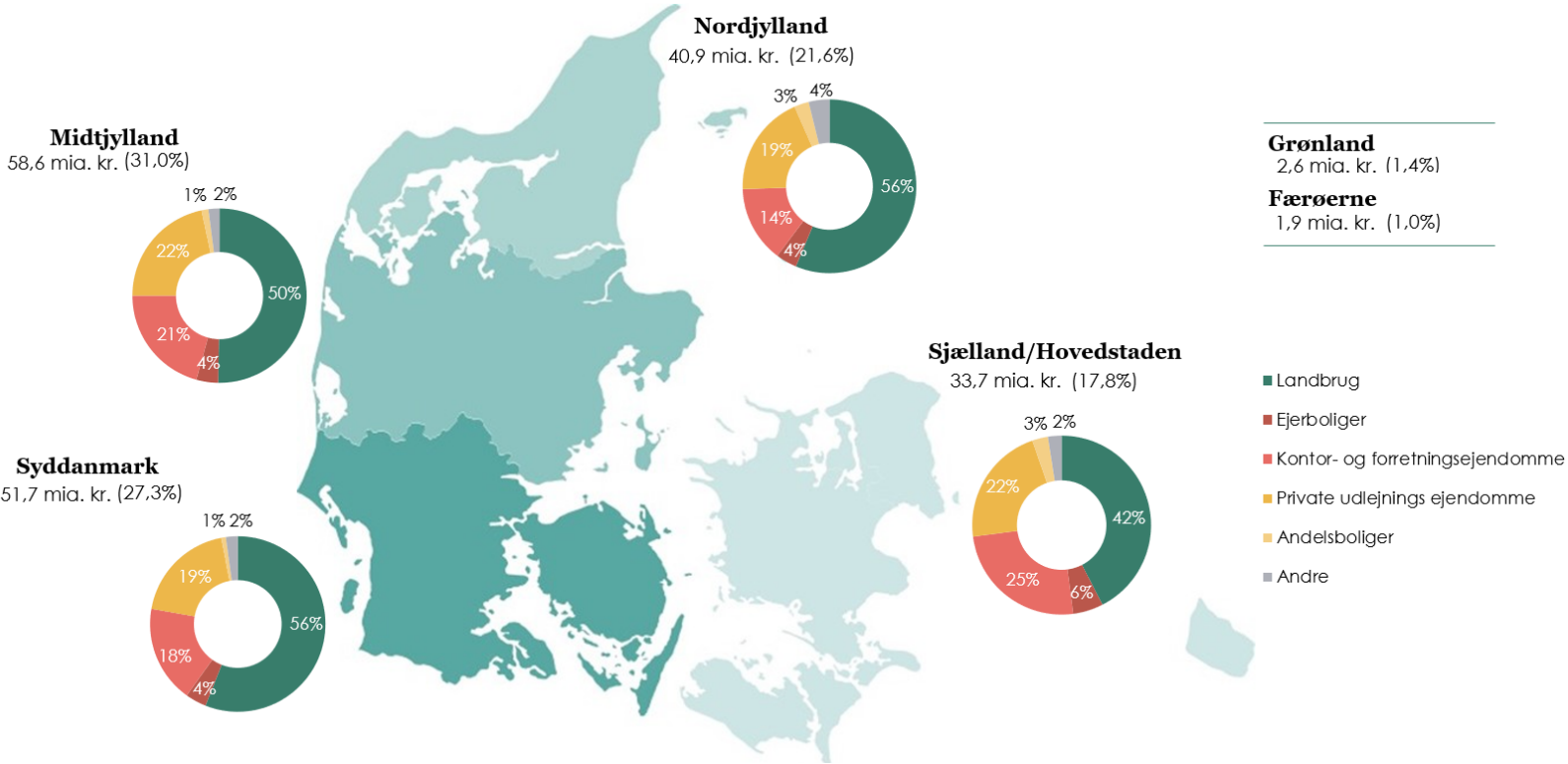


Financing regardless of geographical location

DLR's loan-distributing shareholder banks are geographically spread across Denmark, the Faroe Islands and Greenland.

We therefore offer, after a thorough credit assessment and an assessment of the value and transferability of the mortgage, to grant loans to all credit-worthy loan applicants regardless of geographical area. Lending is always provided in collaboration with one of DLR's partner banks that already knows the customer. This ensures a sound credit granting process, while the individual borrower obtains a loan that is adapted to his or her individual needs and circumstances.

Geographical breakdown of DLR's outstanding loans
End-2023



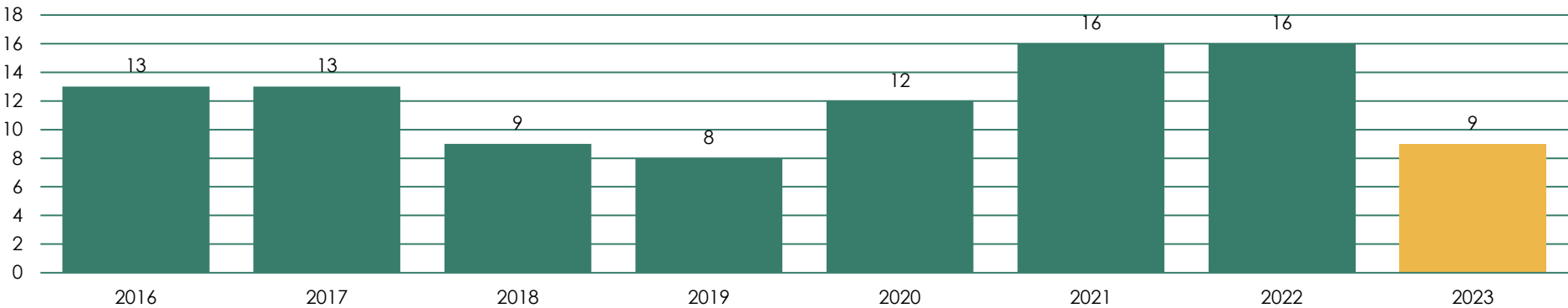
Supporting ownership transfer and young farmers setting up

Both the financing opportunities and changing economic trends may be crucial to the ability of young farmers to set up or to transfer ownership of a farm, for instance under an estate planning procedure. In the wake of the financial crisis, a particularly strained period followed in which young farmers who wanted to establish themselves experienced limited financing opportunities. During this period, much

attention was also focused on the agricultural sector's need for generational transfers of ownerships. In 2015, DLR therefore set aside a loan pool of DKK 1bn to improve financing opportunities for young farmers by offering establishment loans on financially favourable terms in collaboration with local and national banks. At end-2021, DLR had granted loans of DKK 1 bn,

and from 2022 DLR expanded the establishment scheme by another DKK 1bn. Lending through the establishment scheme amounted to DKK 1.52bn at end-2023 and was spread across the three major agricultural production areas but the majority of the lending was provided to dairy production. Nine more young farmers benefited from the scheme in 2023.

Number of new customers under the establishment scheme for young farmers



CASE

Prize for biodiversity

Biodiversity efforts is a key priority for the green transition in Danish agriculture. In 2023, therefore, DLR awarded a prize for biodiversity to two businesses or projects working actively to protect and care for nature.

"Although carbon reductions often grab the headlines when it comes to the green transition, we at DLR think it's just as important to protect and preserve habitats, especially for species that are in decline," says DLR's Managing Director Pernille Lohmann. "Once a species disappears from an area, it can be almost impossible to get it back. Luckily, there are some amazing trailblazers in Danish agriculture who are making a big difference every single day. So it was a real pleasure to award the prize of DKK 15,000 to each of the two winners of DLR's prize for biodiversity in 2023."

The jury chose arable farmer Peter Dalsgaard Rasmussen from Præstø and the Katstrup Wilderness project as the winners among the candidates proposed.

"Luckily, there are some amazing trailblazers in Danish agriculture who are making a big difference every single day."



Prize ceremony on the Katstrup Estate

Managing Director Pernille Lohmann awards DLR's prize for biodiversity to Anders Møller for the Katstrup Wilderness project.

Actively engaging in the green agenda dialogue

We are working actively to strengthen DLR's influence on defining the framework for the transition to sustainable practices. DLR is therefore in ongoing dialogue with relevant stakeholders on how sustainability can be defined and documented. This is for instance done in dialogue with representatives of local banks and national banks and their trade organisations. DLR also participates in central forums and working groups dealing with sustainable financing. Below follows a description of the working groups and sector collaborations in which DLR participates.

Sustainable Financing Working Group

Finance Denmark supports the European Commission's climate action plan and wants to contribute to a rapid and efficient Danish implementation of the United Nations Sustainable Development Goals and the reduction targets of the Paris Agreement. Under the auspices of Finance Denmark, a cross-sectoral Sustainable Financing Working Group has been set up, of which DLR is represented. The working group aims to ensure that Finance Denmark can influence national and international sustainability initiatives of relevance to its members while ensuring a

coherent strategy for Finance Denmark in terms of sustainable financing. One of the objectives of DLR's work is to ensure that future initiatives in connection with the implementation of the common European taxonomy for sustainable activities, including issuance of green bonds, will be able to accommodate the special Danish mortgage-credit model, which is the main source of financing for properties in Denmark.

Green Mortgages Working Group

In addition, Finance Denmark has set up a Green Mortgages Working Group, in which DLR also takes an active part. Based on energy labelling and environmental standards for different property types, the working group has uncovered to what extent Danish mortgage loans can be described as green and, accordingly, open up the possibility of funding through issuance of green mortgage bonds. The working group is trying to influence the setting of standards etc. in various EU forums based on how energy efficiency is a component of Danish mortgage lending terms. In this context, DLR emphasises the need to ensure that the working group focuses

on all types of property, including buildings that are not subject to energy labelling requirements, which is especially true of agricultural and industrial properties.

Sustainable Credit Working Group

In December 2023, Finance Denmark established a new working group focused on sustainable credit, in which DLR participates. The purpose of the working group is to promote Finance Denmark's strategy track "sustainable finance" for the 2024-2026 strategy period in the field of credit.

Carbon Footprint Model Working Group

DLR also sits on the Carbon Footprint Model Working Group under the auspices of Finance Denmark. The working group has developed a quantitative model for how Danish banks, mortgage-credit institutions and investment funds can assess the carbon footprint of the activities they finance. The model, which is also used by DLR, is designed to present an opportunity to compare calculations across the sector. When developing the model, DLR found it very important that the working group was in dialogue with

relevant authorities and other stakeholders to ensure that the calculation would be based on scientifically recognised methodology while using the data already available.

Working group on Article 8 of the Taxonomy Regulation

DLR participates in Finance Denmark's working group on article 8 of the Taxonomy Regulation, which defines transparency in non-financial sustainability statements. In its efforts, DLR attaches importance to complying with article 8 of the regulation resulting in publication of data that is comparable and may be used by investors in Danish mortgage bonds.

ESG Risk Task Force

DLR is a member of the Task Force of the European Banking Federation (EBF), which monitors and discusses the risks associated with environmental, social and governance (ESG) issues in the financial sector. The Task Force is engaged in a dialogue with authorities and others and ensures that EBF members are kept up to date. It is crucial to DLR that the discussions and dialogue are based on facts and specific circumstances that can reduce risks associated with environmental, social and governance issues.

The Danish Climate Forest Foundation

Jens Kr. A. Møller, Managing Director & CEO of DLR, is a member of the Board of Directors of the Danish Climate Forest Foundation (*Klimaskovfonden*). The purpose of the Danish Climate Forest Foundation is to make a difference to the climate by enabling businesses and private individuals to make climate contributions to the objects of the foundation. The national Danish Climate Forest Foundation will create more forest and fallow low-lying land for the benefit of the climate and a greener future. The foundation may be supported by private individuals, businesses, municipalities, regions and other bodies. In 2020, DKK 100m was allocated to launch the Climate Forest Foundation, and an additional DKK 100m was allocated in the 2024 Budget.

Agriculture Committee

DLR is an active member of Finance Denmark's Agriculture Committee, the purpose of which is, among other things, to follow and influence national and international trends within the regulation in the agricultural sector, affecting the financing of the sector and its business scope. This applies particularly to the area of sustainability where DLR has focused a great deal on achieving solid agricultural sustainability data which the financial sector can apply.

e-nettet steering committee for sustainability data and digitalisation

In June 2023, Finance Denmark's board launched an ESG programme with the aim of building key skills in ESG data and sector digitalisation. The ESG project is anchored in e-nettet and will be carried out in the period August 2023 - June 2024. The work will be facilitated by e-nettet, which will report to an ESG steering committee set up by sector representatives. DLR participates in the steering committee.

Managing ESG risks

Sustainable development brings both risks and opportunities. The opportunities are the sustainable investments and properties that DLR finances. As a financial institution, DLR can help reduce the risks by working with the banks to promote sustainable choices in our dialogue with customers on ESG matters.

ESG risks can be divided into transition risks and physical risks. Both can materialise within more traditional categories of risk, such as credit, insurance, market, liquidity and operational risk.

DLR has integrated ESG risks into its framework of risk management. DLR's management of ESG risks focuses initially on identifying even more clearly the extent of ESG risks for its customers and the properties put up as collateral for its loans.

DLR must then ensure sufficient awareness of ESG risks in its loan portfolio also in the longer term, and finally that ESG risks are reduced.

As part of its management of ESG risks, DLR has incorporated them into business strategies and processes, governance and risk management. This is described in more detail in the Risk and Capital Management Report. The report can be downloaded at [dlr.dk](https://dlr.dk/investor/regnskaber-rapporter/#risikoogkapitalstyring) (dlr.dk/investor/regnskaber-rapporter/#risikoogkapitalstyring).



SHAREHOLDER BANKS

Collaboration
focused on joint
value creation

Collaboration with shareholders and loan distributors

DLR is an important business partner for the loan-distributing banks, who are also DLR's owners. The banks represent our local presence and distribution capabilities. The cooperation model between DLR and its owners ensures a cost-efficient lending process, thus ensuring maximum joint value creation. The banks are remunerated for arranging loans to customers, advisory services, customer care and risk hedging through the provision of a guarantee, while DLR handles property valuations, loan processing and loan limits together with the issuance and sale of bonds to fund mortgage loans.

The loan officers provide advice to the customer about the overall financing solution – including mortgage financing through DLR. They know their customers and customers' finances and are familiar with DLR's products and lending policy. Loan officers in DLR's lending departments Commercial and Agriculture act as sounding boards for the bank's loan officers when conducting loan applications, just like the loan officers can contact DLR's expert valuers for a discussion on the customers' properties. In every individual loan case, DLR is in contact with the

customer when our expert valuer is inspecting the customer's property in connection with the valuation of the property, credit processing of the customer, calculation of the lending permit and preparation of offers.

If the borrower, following the disbursement of a loan, has any questions concerning the annual statement from DLR or mortgage payments, DLR employees are available to clarify the questions. DLR is also in contact with the borrower to address any temporary problems that may occur with timely mortgage payments.

Close dialogue with banks' customer relations managers on collaboration and development

Successful cooperation and daily interaction are important factors to us. We are therefore continuously making a huge effort to develop our skills and pay attention to our loan-distributing banks, enabling us to work constantly to be the preferred business partner for the benefit of our customers. To achieve this goal, each partner bank has appointed a

representative to serve as its "customer relations manager".

The customer relations managers are important facilitators who provide the link between the banks and DLR. DLR reaches out to the customer relations managers on a regular basis to get ideas, clarify needs and discuss potential opportunities for DLR, just like the customer relations managers contact us when they or their colleagues have questions or requests.

E-learning targeted at bank employees

It is our task to prepare our business partners adequately for providing advice on DLR's financing options. As a result, we offer new advisers and customer service employees at the banks to attend training sessions on both mortgage finance and cooperation with DLR. This ensures that the customer receives the best advice and the right loan products. Among other measures, we offer the e-learning course entitled "Interaction with DLR Kredit", which caters for advisers and customer service employees of the loan-distributing shareholder banks.

Successful cooperation and daily interaction are important factors to us.

We are therefore continuously making a huge effort to develop our skills and listen to our loan-distributing banks.

The course, developed in collaboration with the Danish Financial Sector Education Centre, is available free of charge to the banks' users via VidenBarometer.dk. The e-learning course has regularly been updated and extended, most recently to include a module on DLR's green loans for sustainable investments and energy-efficient properties.

Intro days for advisers and customer service employees

Since 2016, DLR has invited business partners to its training sessions. DLR's "intro days" have attracted immense interest, and in the period 2016 to 2023, approximately 410 advisers and 675 customer service employees attended altogether. We held four intro days in 2023; two for advisers and two for customer service employees.

Webinars for DLRxperten users

DLR invites advisers and customer service employees to webinars when we launch new functions in DLRxperten. DLRxperten is DLR's digital platform for handling the lending process between DLR and the banks. DLRxperten has functions that support collaboration with DLR on everything from advising customers to loan applications, obtaining digital signatures from customers and paying out loans.

The webinars are recorded and saved within DLRxperten so that all users can quickly view or revisit the

webinars for an explanation of the functions and make optimal use of them.

Webinar on new solution for collecting ESG data from customers

DLR invited partners to a webinar following the switch to a digital and more user-friendly solution for collecting customer ESG data in November 2023. The new solution makes it easier for customers to answer our ESG questions, meaning that DLR gets both a higher response rate and fuller answers.

Collaboration partners at the banks have access to customer ESG data through the DLRxperten portal, subject to the customer's consent. Advisers at the banks can then use the data to engage with them on ESG issues and their opportunities and goals for sustainability and risk management.

DLR as knowledge centre for sustainability

DLR aims to be a knowledge centre for sustainability by staying on top of market developments and regulatory changes. We are keen to share our knowledge with our partners so that our work creates value for everyone.

We make a wide range of data available to the individual bank for use in areas such as risk management. We are working on making even more sustainability data available to our partners, along with insights from our data at portfolio level.

We are also keen to talk to the banks about their insights in this area and our view of sustainable development, with the focus on opportunities and risks. It is the advisers at our shareholder banks in their day-to-day work with those applying for loans who get to talk to customers about how they can benefit commercially from incorporating sustainability into their business, and how they can address sustainability

Number of intro days	2023	2022	2021	2020	2019	2018	2017	2016
Advisers	2	3	2	0**	9	6	4	4*
Customer service employees	2	5	4	0**	5	7	6	4*

* In 2016, training sessions were held as combined events for advisers and customer service employees.

** No intro days were held in 2020 due to Covid-19.

risks. DLR is keen to support this dialogue with inspirational information on how other customers are promoting sustainable development by seizing commercial opportunities and addressing risks, including video case studies.

ESG meetings with loan-distributing banks

DLR encourages dialogue regarding sustainability by meeting ESG officers at the loan-distributing banks. Here, we discuss how DLR and the banks can inspire customers to move in a more sustainable direction.

The aim of these meetings is primarily to obtain input from the shareholder banks, but they are also interested in hearing about DLR's approach to sustainability, including the requirements and expectations of DLR's bond investors. The banks often also want to learn more about DLR's collaboration at sector level on collecting sustainability data and shaping and interpreting new legislation.

Sustainability training for farming advisers with the Danish Financial Sector Education Centre

In autumn 2023, DLR participated in a modular webinar programme for banks' farming advisers organised by the Danish Financial Sector Education Cen-

tre. DLR's representative focused on ESG and the issues we explore with agricultural customers to assess their approach to sustainability risks in different types of production (arable, pig and dairy farmers).

DLR's green working group

As part of the ongoing collaboration, DLR has set up a green monitoring group with participants from selected shareholder banks and the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark. DLR has held five meetings since the group was formed in January 2021. External presenters at these meetings have included SEGES Innovation, the Danish Property Federation, LandboNord, Energy Leap and DLG. There have also been workshops where DLR obtained valuable input for its work with sustainability. DLR has also been able to update the group on its own sustainability initiatives.

**DLR Day 2023**

48 representatives from 37 banks participated in the DLR Day.

CASE

DLR days focused on collaboration and development

Co-determination on business development at DLR

In 2023, DLR again invited all customer relations managers from the collaborating banks to a DLR Day. The recurring DLR Days serve to provide information about DLR's development, discuss joint sustainability initiatives and engage in close dialogue with the customer relations managers about the loan collaboration between loan officers at the banks and DLR's valuation experts and loan officers in the loan departments for agriculture and commercial property, respectively.

Furthermore, we use the DLR Day to receive wishes from the relationship managers about DLR's ongoing business development initiatives – including their input about our prioritisation of digital development steps and measures to promote green financing. These days help ensure that developments at DLR continue to create value for both DLR and our collaboration partners.

“These days help ensure that developments at DLR continue to create value for both DLR and our collaboration partners.”

DLR supports social purposes and the development of Danish agriculture

Red Cross' Corporate Club

DLR is a member of the Red Cross' Corporate Club (Røde Kors' Erhvervsklub), which contributes to the Red Cross organisation's important efforts to help people in need.



Save the Children's Corporate Club

By providing financial support to Save the Children, DLR supports the fight for children's rights. The Save the Children fights for a world that respects children's rights and is committed to making sustainable improvements in children's and young people's lives.

World's Best Food Products

DLR is a member of the World's Best Food Products (Verdens Bedste Fødevarer), a grassroots movement striving to unify the Danish population in supporting a visionary and sustainable food production.



Think Tank Frej

For a number of years, DLR has signed up for supportive membership, and until the end of 2023 DLR was a partner of the Think Tank Frej, Denmark's first and only independent food-policy think tank. The Think Tank Frej conveys knowledge, promotes dialogue and supports cooperation between food manufacturers and consumers with the aim of "creating an increasingly sustainable food market in Denmark".

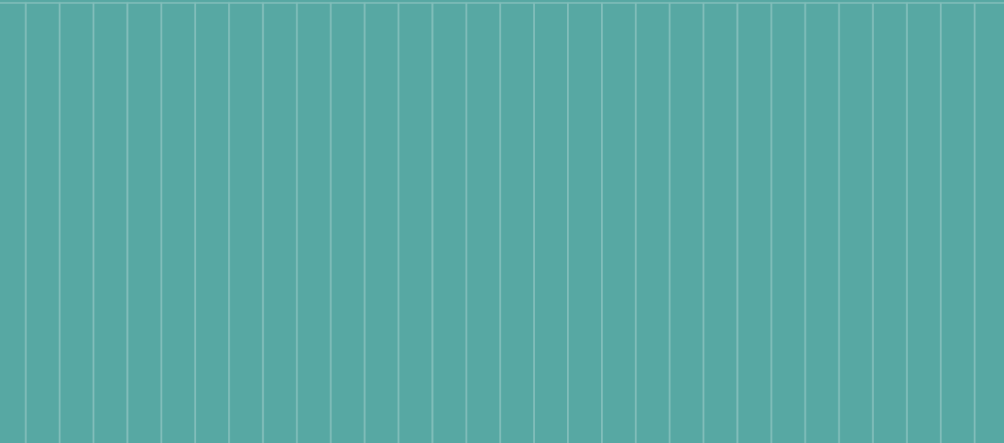
Rural Youth

DLR supports Rural Youth (LandboUngdom), which is committed to improving the conditions within e.g. transport, education and job opportunities in the countryside and in the rural areas. This is done through a mix of professional, social, learning and developing activities. Rural Youth is tasked with boosting activity and development, making young people believe in the future of the individual, the community and a life in the countryside.



INVESTORS

Openness and dialogue



DLR's approach to investors

As a mortgage lender, DLR finances loans exclusively through the issue of bonds. The bond investors are therefore a key stakeholder group and collaboration partner for DLR. The group of investors consists primarily of financial and institutional professional investors in Denmark, with whom we maintain a close dialogue.

Meetings with bond investors

DLR holds regular meetings with bond investors, who generally have a strong interest in sustainability and DLR's approach to the green transition of its loan portfolio. These meetings are an important part of the efforts to maintain a stable investor base so that DLR can continue to offer mortgages at competitive prices.

At the meetings, we typically present DLR's work with sustainability and the green transition. We stress that agricultural customers are generally starting from a strong position in the transition, as there is a broad political consensus that agriculture needs to be moved forward rather than held back, including in the context of future CO₂ levies on biological

processes in agriculture. Investors are often also given an update on the agricultural sector's roadmap towards the Danish government's 2030 climate goal, and on collaboration in the financial sector on collecting ESG data. In addition, investors are interested in coming ESG rules and regulations affecting DLR and its borrowers.

Presentations at investor meetings

DLR also gives presentations for investors. For example, we gave a presentation in 2023 on green bonds and CO₂ data at a bank/investor seminar for Sydbank and another for Jyske Capital's pension fund network on the green transition in Danish food production from a mortgage perspective. These external activities contribute to dialogue and visibility around not only the challenges and dilemmas but also the opportunities associated with the sustainability agenda. DLR also receives useful feedback and input which can be used to improve its day-to-day work on sustainability.

CO₂ metrics

In February 2023, DLR published an action plan to reduce its financed CO₂e emissions, including specific targets for reducing its CO₂e footprint based on the Danish government's climate goal for 2030 and climate neutrality in 2045.

As the majority of DLR's financed CO₂e emissions stem from the agricultural sector, achieving these targets in the sector is crucial for reducing DLR's total financed CO₂e emissions.

In the action plan, DLR commits to reducing financed CO₂e emissions in its agricultural portfolio at least as quickly as needed to achieve the reduction of 55-65% by 2030 agreed by a political majority in October 2021.

The base year for this political target is 1990. Using data from the Danish Energy Agency's climate projections, this translates into a need to cut emissions by around 45-55% from 2021 levels.

Better data crucial for DLR's CO₂e action plan

DLR's current calculations of financed CO₂e emissions are based on Finance Denmark's CO₂e model. Given DLR's substantial share of the agricultural market, this currently provides an adequate picture at portfolio level but does not reflect the actual performance of individual borrowers.

As is also the case with other banks, DLR's data are not yet good enough to measure CO₂e reductions at the level of the individual farm/property and thus be used to assess customers on a large scale.

When borrowers reduce their CO₂e emissions, for example by optimising sustainability and energy use on the farm/property, this is not reflected in DLR's current calculations. There is therefore a need for better data so that DLR can follow reductions in borrowers' CO₂e emissions and include them in our risk assessment of each exposure. DLR is working on collecting better sustainability data which also reflect reductions in CO₂e footprint at the farm/property level, partly through the sector collaboration via e-nettet as mentioned on page 31.

Green bonds

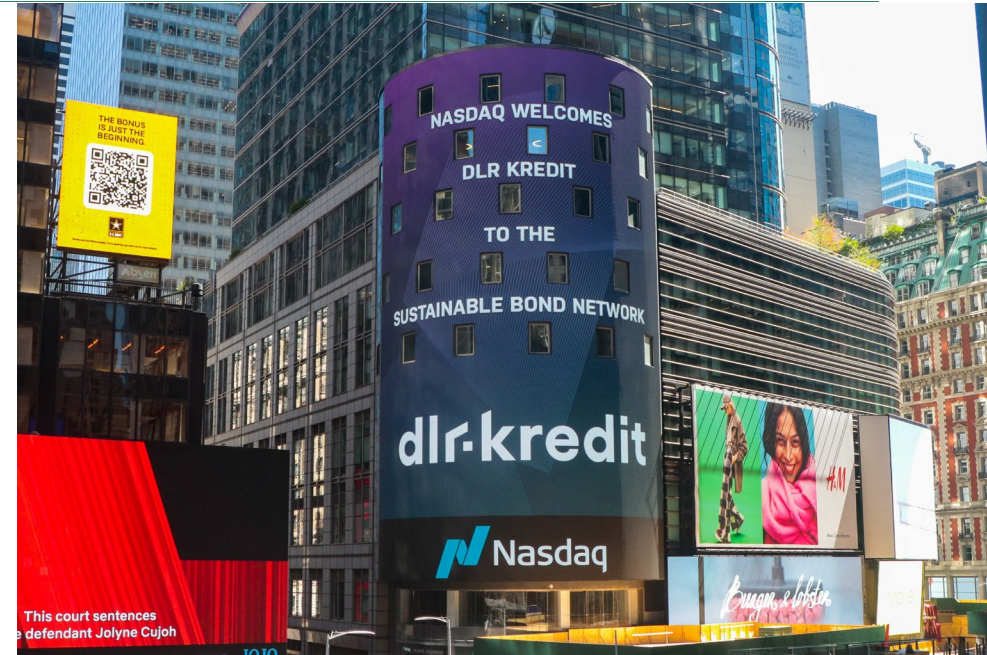
Since 2021, DLR has provided green financing for selected sustainable purposes. During 2023, DLR more than doubled its volume of green loans from DKK 1.9bn at end-2022 to DKK 4.7bn at end-2023 (measured in terms of outstanding bond debt). DLR pursues a goal of expanding the criteria for green loans in 2024 and of investigating the possibility of widening its green product offerings so that more customers can access green loans.

Since August 2022, DLR's green loans have been funded by the issuance of green bonds. The outstanding amount of green bonds amounted to DKK 4.7bn at end-2023. DLR's green bond series thus meets the LCR issue size requirement of EUR 500m (Level 1B) which, all else being equal, makes it more attractive to bond investors.

At the end of 2023, about half of the green loans funded with DLR's green bond series were used to finance energy-efficient buildings with either a grade A or B energy performance certificate.

38% of the funds from the green bond series financed certified organic farms. The remaining part financed renewable energy sources and certified forests.

DLR's issuance of green bonds promotes the market for green bonds and, by extension, investors' possibilities of investing sustainably, which is the foundation for the European Green Deal. Sustainable investments that meet DLR's criteria facilitate the granting of green loans and the issuance of green bonds, which will benefit the green transition in the long run. The criteria for green loans are set out on page 26.



Times Square in New York
on the day of DLR's first
issue of green bonds.

EMPLOYEES

Responsible employer

Responsible employer

At DLR, we are committed to being an attractive workplace. As a responsible employer, we have a responsibility for creating an environment in which employees thrive, feel respected and valued and in which there are equal opportunities for all. This is an important part of building a healthy corporate culture. We know that committed, highly qualified and responsible employees are crucial for DLR's ability to continue to generate good results in collaboration with the loan-distributing banks.

At the end of 2023, the total number of employees was 247, including 21 valuation experts in the commercial property area. Furthermore, DLR has 23 agricultural valuation experts attached to the company. The valuation experts support DLR's core business and handle the valuation of the properties, against which DLR provides a mortgage. They all have extensive knowledge about the geographical area in which they appraise properties and about the relevant property segments.

DLR has many high-seniority employees, and we take this as a sign that DLR is an attractive

workplace. Moreover, the high seniority adds great value for DLR in a diverse range of fields that require a high degree of professional skills, experience and specialist knowledge.

In 2023, we welcomed 32 new colleagues. In the recruitment phase, we emphasise diversity – both in terms of gender, competencies, personal profile and age, and we recruit a broad range of employees. We believe employees of all ages have something to contribute, and the age range of our staff spanned from 23 to 64 in 2023.

We are very committed to properly introducing new staff to DLR to make them acquainted with DLR's business, strategic objectives and culture. We hold intro days for new employees on a regular basis, where our new colleagues meet a broad selection of managers and specialists from DLR, gaining an insight into the breadth of disciplines the organisation covers. In 2023, we made a small adjustment to our concept and held four intro days for new DLR employees.

Organisation numbers	2023	2022	2021	2020
Number of permanent employees, year-end	247	246	240	226
FTEs	234	230	230	210
Agricultural valuation experts	23	23	23	26
Employee turnover rate	11.5	12.2	11.2	10.6
Average seniority in years	8.8	8.8	8.2	8.3
Average age this year	48	48	48	48
Proportion of women in %	33	35	35	40
Proportion of men in %	67	65	65	60

Job satisfaction and commitment

One of our strategic focus areas in 2023 was well-being and the working environment.

This work took many forms and covered both physical and mental health. For example, after the summer holidays employees were able to take part in active breaks throughout the autumn and spend ten minutes working out with resistance bands together with an instructor twice a week. This initiative was warmly welcomed. More than 100 employees took part, reporting that it benefited both their physical and mental health. We were also visited by motivational speaker Chris MacDonald, who gave a talk during the autumn on mental health, sleep and the importance of social relationships.

Much of our employees' well-being is also tied to feeling involved and empowered in their day-to-day work. Helping to plan your own working day and being able to develop your skills are key factors for well-being and engagement. This too was a priority in 2023 and will remain so.

Activities to support social networks

Our everyday work benefits from good social networks. We therefore attach importance to providing frameworks for social interaction at DLR.

We are keen to support initiatives that come from employees themselves, and we also hold numerous regular social events during the course of the year. These include summer outings, after-work talks, Christmas lunches, participation in the DHL relay, departmental events and traditional Friday evening get-togethers where the departments take turns to choose a theme.

Abusive behaviour

DLR does not tolerate any form of abusive behaviour, including bullying, harassment, sexual harassment, violence, threats of violence and discrimination, whether this is towards employees, managers or guests. Abusive behaviour is completely unacceptable, regardless of form and how it occurs. DLR has clearly defined guidelines for the prevention and handling of abusive behaviour.

It is paramount for DLR to maintain a dialogue on the importance of treating each other properly, and this is one of the preconditions for a safe and good working environment.

DLR asks employees experiencing or witnessing abusive behaviour to report this to their line manager, a union or health and safety representative, Human Resources or via DLR's whistleblowing scheme.

Again in 2023, DLR received no reports on abusive behaviour.

Skills development

At DLR, the focus has always been on ensuring that our employees have ample opportunities to build and refine their knowledge, skills and competences on an ongoing basis. Skills development was one of our strategic focus areas in 2023 and one of the mandatory topics discussed by managers and employees in performance reviews.

At DLR, skills development is defined to mean “developing and upgrading new knowledge and skills in the individual, in the team, within a certain professional area of the business or throughout DLR”. It can be professional, social and personal skills that are instrumental in driving up the level of skills of the workforce and, as a result, taking DLR's business and organisation to a higher level, as well.

Skills development can be generated in many ways and may be anything from peer training, in-house and external courses/e-learning to help employees to be given new assignments or greater responsibility in their daily work. Individual skills development is primarily planned in cooperation between the employee and the line manager.

In 2023, for example, we had employees sent on loan or on visits to other departments. One recurring wish from the staff appraisals was for everyone to have a better understanding of DLR's core business. This is good for the individual, the team and DLR as a whole.

Several employees have started on economics diplomas, and new managers are sent on a New Leader course at the Danish Financial Sector Education Centre, a nine-day course to strengthen the individual's leadership tools and skills. DLR sent three managers on the course in 2023.

We also worked on developing internal training for our employees on sustainability. There are many, very varied areas to consider when providing training on the sustainability agenda. DLR's employees already have a fundamental understanding of sustainability in relation to the banks we work with, in society in general and internally within DLR, and they will learn more in their own particular areas in 2024.



CASE:

Successful trainee programme

DLR has been running a one-year trainee programme for newly qualified financial economists and bachelors of finance since 2019.

The programme helps give these fresh graduates an introduction to the financial sector. There is also real value for DLR in recruiting these young people at the very beginning of their career, as it helps create a diverse and dynamic working environment. The combination of new graduates and more experienced employees also contributes to a good learning environment.

Of the 14 trainees who have completed the programme at DLR since 2019, 12 are now permanently employed in DLR's commercial department. A further three graduates started on the programme in 2023.

Leadership communities

DLR focuses on supporting an organisational culture characterised by a flat management structure and strong and trustful cooperation between the organisation's numerous players with widely differing responsibilities and duties.

DLR has three management tiers. This means that employees with the drive and desire to take on the responsibilities of being a leader have space to develop.

In DLR, we believe that leadership is one of the capabilities that bring us together across the organisation and are important for everyday well-being. In 2023, we launched a cross-cutting programme on leadership networks where we work on leadership at different levels: individually, in groups and at all management levels. The overall goal is to give leadership at DLR a common direction which leaves room for the individual to lead in their own unique way but ensures that leadership is a strength across DLR.

Leadership communities are also supported through our middle manager network, which met seven times during the year. The aim of this network is to provide a forum where managers can discuss dilemmas, well-being and trends with their peers. This provides breathing space for reflection and mutual inspiration. The middle manager network is also used for debate and skills development. Topics covered by the network in 2023 included feedback, bias and personal leadership values.

Twice a year, we bring DLR's management team together for a seminar to discuss topical issues around leadership, organisation and employees. Besides leadership communities, the seminar in 2023 had a focus on ESG and sustainability.



CASE:

Strong leaders from within our own ranks

Karin Abildhauge Andersen was appointed head of the agriculture department at DLR in 2023. She has a strong background in agriculture both as a team leader in the agriculture department and most recently as head of the credit competence centre where she was in charge of a wide range of more portfolio-oriented tasks for DLR's lending division.

Karin is one of a total of nine employees who were promoted internally to a new or more senior managerial role in 2023.

We are proud that DLR has so many skilled employees and is able to fill the vast majority of key positions with people from within our own ranks.

Flexible working

At DLR, we believe that it is more important than ever to build and maintain social interaction. It is good for both the individual and the organisation for us to attend the workplace physically so that we can see and get a feel for one another and meet for an informal chat around the coffee machine or over lunch.

Our work on flexibility therefore focuses on both cohesion at DLR and striking the right balance in individual working lives.

DLR is operating a model where employees are able to work from home one day a week. This opportunity to work from home helps the individual achieve a more balanced working life and increases well-being. On Fridays, everyone must go into the office. We eat breakfast together, and many joint workshops, department meetings and social arrangements are planned here.

Another way of supporting flexible working is allowing employees to work reduced hours. Wherever possible, we aim to accommodate requests to go

part-time – irrespective of the underlying reason for the employee's request. Such requests may come from parents of young children, those nearing retirement or needing time for self-care to find the right work-life balance. All in all, 5.7% of employees work reduced hours.

Flexibility also includes planning the working day of each individual employee. Here, DLR will to the widest extent possible allow flexibility for its employees. Requests for flexible working hours will most often be accommodated.



5.7%
of DLR's
employees work
reduced hours.

Employees working reduced hours are aged 37 to 65 years.

Working conditions

Well-defined labour rights

DLR employees are covered by the standard collective agreement of the Danish financial sector, which means that many employee-related working conditions have been negotiated between the Danish Employers' Association for the Financial Sector and Financial Services Union Denmark. The collective agreement deals with working hours, remuneration, pension contributions, health and dental insurance, holiday conditions, staff training and skills development as well as various social provisions, including maternity/paternity leave, illness and leave to care for seriously ill children or close relatives.

At DLR, the collective agreement is supplemented by our own policies and guidelines for working from home arrangements, retirement, pension and insurance matters and ways of obtaining health-related assistance and support.

DLR respects the employees' right to unionise, and management cooperates closely with the union and health and safety representatives of the Joint Consultation and Health and Safety Committee.

DLR works systematically on maintaining a safe and healthy working environment and on ensuring that employees are aware of their own and their colleagues' safety. DLR reported one occupational accident in 2023.

Human rights

DLR's collaborative relationships are based on equal, respectful and appropriate relationships between managers and employees at all levels. At DLR, we strive to observe human rights and to treat our employees with dignity and respect.

We support and respect the protection of internationally proclaimed human rights as described in the UN's Universal Declaration of Human Rights and in the ILO's conventions and recommendations, and DLR has defined a separate policy for human rights.

In 2023, DLR has, in accordance with the policy, monitored human rights in all significant business areas, which has not given rise to reports or other indications of human rights violations.

The collective agreement is supplemented by DLR's own policies and guidelines as set out in our employee handbook.



Diversity

The Board of Directors has formulated a policy and set targets for the under-represented gender in the supreme governing body.

DLR's Board of Directors consists of nine members, six of whom are elected at DLR's annual general meeting, whereas the remaining three are employee representatives. Of the AGM-elected members of DLR's Board of Directors, there were six male members at the end of 2023, which means that men accounted for 100% of the AGM-elected members. Of DLR's employee-elected board members, there were two male members and one female member, which means men account for 67% and women 33%. Of the entire Board of Directors, men account for 89% of the members and women 11%.

Pursuant to the Danish Financial Business Act, DLR's Nomination Committee must propose candidates for DLR's Board of Directors. The Nomination Committee will work to ensure an equal gender distribution on DLR's Board of Directors with due consideration to the qualifications of potential candidates and the requirement that DLR's Board of Directors

maintains the necessary knowledge and experience relative to the company's key risk areas,

The Board of Directors has defined a target that, by 2027 at the latest, one of the AGM-elected members of the Board of Directors will be a female member.

Given the historical composition of DLR's Board of Directors, the target is considered a long-term and realistic one. This is because the AGM-elected members of DLR's Board of Directors are most often members of the executive boards of DLR's shareholder banks, which historically have been overrepresented by men.

DLR's Nomination Committee proposes members for DLR's Board of Directors, and in this connection the committee asks the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark and the National Banks in Denmark to nominate board members for election at the general meeting, as the two associations, in accordance with DLR's shareholder agreement, nominate board members.

The target of having one AGM-elected female member was not met in 2023.



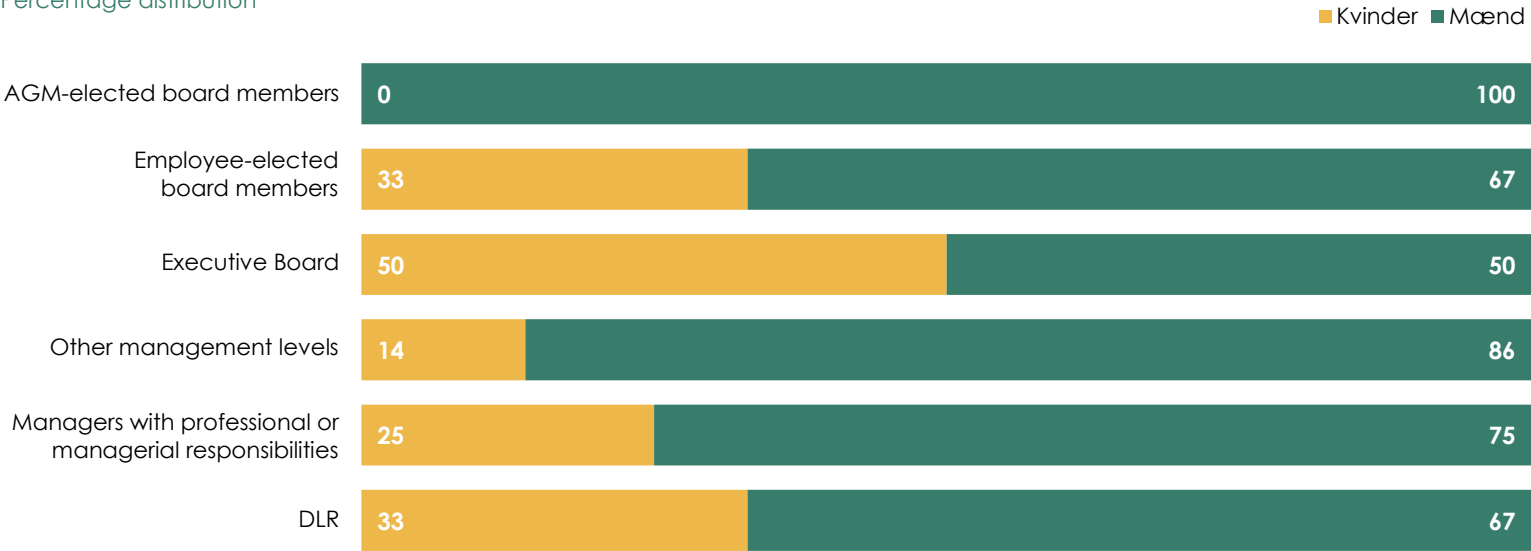
DLR's Executive Board consists of one female and one male member. This equal gender split on the Executive Board means no targets have been defined for this level.

The other management level is defined as leadership positions reporting directly to the Executive Board. This group counted seven managers in 2023 of which 86% are men and 14% are women. The Board of Directors has defined a target of 80/20 within the next four years, after which time no gender should represent more than 80%. The current distribution of 87/14 does not meet the target.

In addition to the Executive Board and the other management level, DLR currently has 24 managers with professional or HR management responsibilities, of whom 25% are women and 75% are men.

Gender diversity at DLR

Percentage distribution

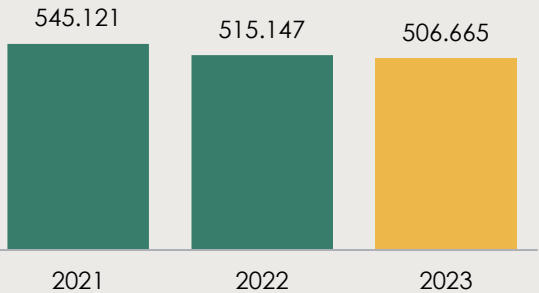


Climate and environment at DLR

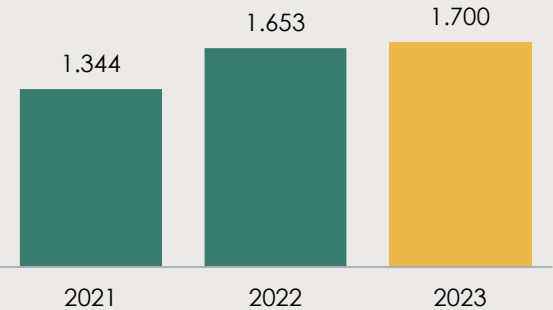
At DLR, we are aware of the impact our organisation has on the climate and the environment. DLR strives to gradually reduce our own footprint.

In DLR, we are doing this by continually making small and large adjustments to work processes, selection of business partners, procurement, etc.

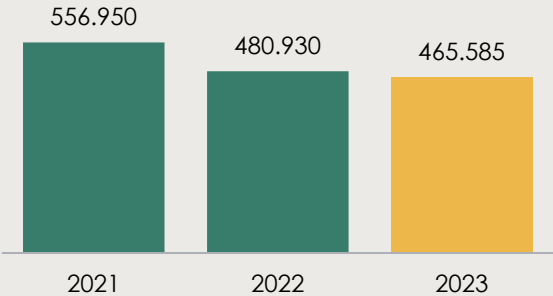
DLR's total electricity consumption (kWh)



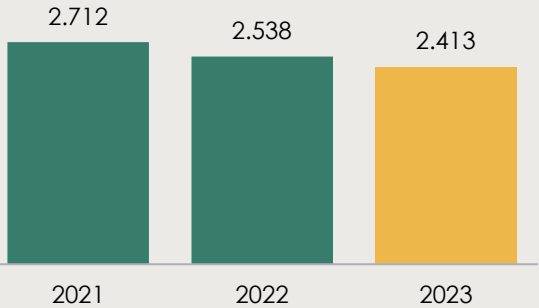
DLR's total water consumption (m3)*



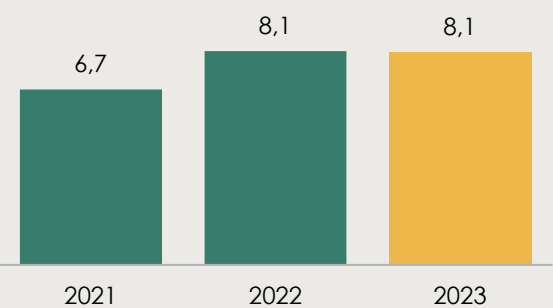
DLR's total district heating consumption (kWh)



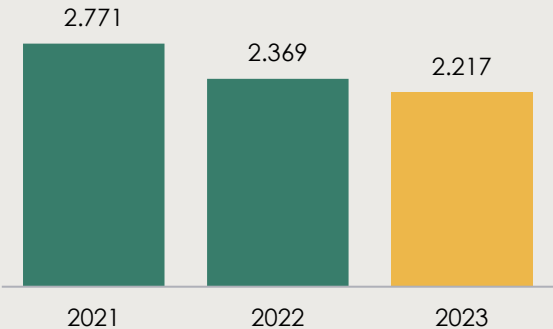
Electricity consumption (kWh) per employee



Water consumption (m3) per employee*



District heating consumption (kWh) per employee



* In 2022 and 2023, the water consumption was affected by two major cases of water damage.



Electricity consumption

DLR's electricity consumption primarily comprises electricity for IT hardware, server rooms, lighting, cooling systems and canteen kitchen. DLR has already taken measures to reduce its electricity consumption, and it will therefore be difficult for DLR to significantly reduce its consumption further. DLR has considered installing solar panels on its head office roof to generate green electricity for its own use but chose instead to purchase green electricity. DLR changed its procurement policy for electricity in 2020 so that we only purchase green electricity.

DLR regularly optimises operations by converting to sustainable sources when renovating or replacing lighting sources. In connection with the rising energy prices and the risk of energy shortage, DLR has taken a number of steps such as checking light sensors and adjusting timing intervals. Also, we have reduced the number of printers, disabled the automatic morning startup function for printers, printers have been set to go into sleep mode faster and the air-condition timer has been reduced by two hours per day.

DLR changed its procurement policy for electricity in 2020 so that we only purchase green electricity.

Furthermore, all employees have been asked to pay attention to switching off computer screens and office lighting when they leave the office.

The electricity consumption was lower in 2023 than in 2022. Energy-saving initiatives were introduced in autumn 2022. The initiatives resulted in a lower consumption in 2022, the but effects thereof also had a positive impact on DLR's electricity consumption in 2023.

District heating consumption

DLR's heating consumption comprises heating of office facilities and hot water for DLR's employees. DLR's head office is heated by district heating.

The energy-saving initiatives in 2022 covered several actions, the most important being lowering the temperature in DLR's buildings. Combined with the mild autumn weather in 2023, this resulted in a reduced district heating consumption per employee in 2023. The district heating consumption per employee thus fell by 152 kWh per employee, or 6.4%, relative to 2022.

Water consumption

DLR's water consumption primarily comprises the employees' daily consumption related to drinking water, operating the canteen and for toilet and shower facilities. DLR continues to focus on any

measures that may be taken to reduce its water consumption. For example, we replace water taps, toilets and showers with water-saving alternatives.

The water consumption per employee was 8.1 m³, which was in line with the consumption in 2022. In 2023, the water consumption was affected by a major case of water damage.

The water consumption figures have changed substantially compared with previous reports. The reason is that consumption data was not included for both DLR's properties in earlier reports. DLR has opted to adjust the data retrospectively to 2020.

IT equipment

It is important to DLR that our IT equipment has the longest possible life and the least possible impact on the environment. As well as placing demands on our IT equipment suppliers, we have therefore entered into a cooperation with a company that buys our discarded IT equipment, cleans it and passes it on for reuse. If it is not possible to reuse the equipment, it will be reprocessed under proper conditions and recycled into new materials.

We regularly collect discarded iPads and phones and donate them to a business that guarantees the recycling of IT equipment.

Cleaning

Our cleaning provider uses cleaning products that fully comply with the standards set by several of Europe's and the Nordic countries' toughest eco-labeling schemes. They mainly include the EU Flower, the Nordic Swan Ecolabel and a wide range of European certificates.

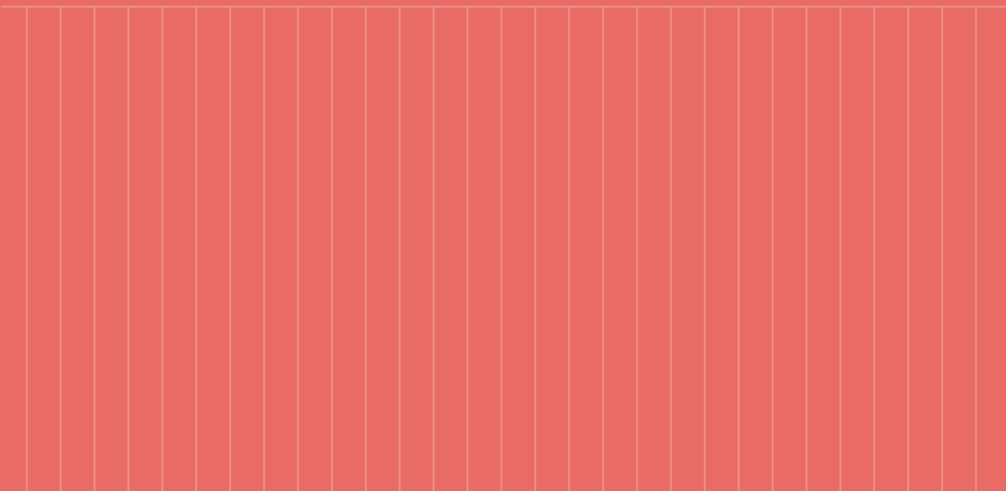
Better waste sorting

DLR has long been focusing on waste sorting, and at end-2022 we implemented new waste stations throughout our head office building to sort a greater proportion of waste according to the different fractions. In this way, we comply with the Danish Executive Order on Waste Management and contribute to meeting the vision of a climate-neutral waste sector in Denmark by 2030.

In 2023, DLR produced a total of just under 41 tonnes of waste, or 175 kilos per employee/FTE.

GOVERNANCE

Transparent corporate governance



Corporate governance based on long-standing, trusting customer relationships

Corporate governance has always been pivotal for DLR as a company. We are committed to pursuing a responsible credit policy through all stages of the business cycle, during periods of economic expansion as well as contraction. We see a responsible credit policy as the basis for a healthy loan portfolio.

DLR's customer base is characterised by the fact that mortgage financing provided by DLR often accounts for a significant portion of total financing, and the objective of our credit policy is to be able to offer loans to creditworthy customers for viable projects in compliance with statutory requirements, regardless of the prevailing economic climate. Together with its partner banks, DLR has therefore actively granted loans to agricultural customers, even in the years in which the sector was facing particularly difficult conditions.



DLR keeps a close eye on developments in its loan portfolio with regards to the financial strength of customers measured on the basis of, among other things, financial ratios, loan-to-value ratio based on current property valuations, the scope of agreements for extension of payment, arrears, debt collection cases, forced sales, impairment charges and losses, reporting thereon to the Executive Board and the Board of Directors at least once every quarter. We have carefully defined and standardised follow-up process for loans in arrears. At DLR, this responsibility lies with Special Exposures and Debt Collection. DLR has also integrated the assessment of ESG risks in its business procedures and risk management process.

Part of DLR's corporate social responsibility, as we see it, is to make the organisation adequately equipped to ensure confidential processing of personal data through an active approach and to prevent money laundering, terrorist financing, corruption and tax evasion. Our business model is based on long-standing, trusting customer relationships, which are reflected in our policies at all times.

Regulation

DLR is governed by the Danish Financial Business Act. The act lays down rules for all financial institutions in Denmark with respect to financial reporting, ownership, management, capital requirements etc.

As a provider of mortgage loans, DLR is also subject to the Danish Mortgage Credit Loans and Mortgage Credit Bonds etc. Act and related executive orders issued by the Ministry of Industry, Business and Financial Affairs and the Danish FSA. The act and related executive orders provide detailed rules on the activities of mortgage credit institutions, including rules on valuation and calculation of lending limits.

The Danish FSA supervises all Danish mortgage credit institutions, which must regularly report on capital adequacy, financial risks and credit risks to the FSA. The Danish FSA conducts regular inspections at mortgage institutions.



DLR is governed by the Danish Financial Business Act.

Processing of personal data

The General Data Protection Regulation (GDPR) of the European Union lays down rules for the protection of individuals with regard to the processing of personal data. At DLR, we constantly strive to ensure that personal data is processed in the best possible way and in compliance with the applicable rules.

It is important to DLR that our customers and employees trust us to process their personal data in a safe and responsible manner with a strong focus on confidentiality.

DLR's policy in this area determines the overall framework and principles for how DLR processes personal data, including collects and stores such data, to give data subjects assurance of a high level of protection at all times. The policy also provides a launch pad for preparing business procedures which, together with in-house training, are the foundation for a culture where all employees help ensure that the fundamental principles of good data processing practices are complied with at DLR.

Moreover, we work continuously to review both IT and physical processes to ensure a high level of protection.

In the context of GDPR compliance, DLR has appointed a Data Protection Officer (DPO). The role of the DPO is, among other responsibilities, to inform and advise the organisation and employees on data protection to ensure continuous focus on maintaining a high level of security.

Errors are inevitable, and the DPO is the person to be notified if employees experience or suspect a data security breach.

New DLR employees are introduced to and trained in the processing of personal data. Moreover, all employees regularly complete training in the appropriate processing of personal data.

At DLR, we constantly strive to ensure that personal data is processed in the best possible way and in compliance with the applicable rules.



Data ethics

DLR has adopted a data ethics policy. The policy contains the framework for DLR's data ethical principles and conduct and is available at dlr.dk.

At DLR, we use data and our views on data ethics are as follows:

DLR's processing of customer data

At DLR, we collect and store large volumes of data, including personal data. We are therefore aware of our great responsibility as a data controller and of the trust placed in us to use the data responsibly.

It is important to DLR that DLR's customers, employees and society have a high degree of trust in our ability to store their data. One of DLR's core values is *integrity*. It is therefore a natural extension of this value to respect the privacy of our customers and employees, and DLR safeguards people's right to protect their privacy.



Openness and transparency about DLR's processing of customer data

We strive to be open and transparent to our customers and the individual employee about the data we store in order to ensure our customers' integrity. Our customers must always be able to obtain information about the personal data which we store about them and how and for what purpose we store the data.

To ensure our customers' insight into the data we store about them, we continually strive to make sure that our processing is as structured as possible so we know what data we store about the individual customer at any given time.

Procurement of data

DLR solely collects and stores data which is necessary, and that DLR may lawfully process. DLR must always ensure that personally identifiable data is collected lawfully, for example pursuant to current legislation or according to agreement with or with the consent of the customer.

DLR's focus on the community

Besides our customer relationships, DLR has widespread contacts within the community. We are aware this means that we also have a wider responsibility when it comes to ethically correct data processing.

For example, we collaborate with the authorities and comply with our obligation to provide information as requested. We also collaborate with the authorities by reporting relevant information with respect to money laundering and other criminal activity, but also in case of personal data breaches.

Data processing by third parties

When DLR collaborates with third parties, e.g. DLR's loan-distributing banks, we ensure that the third parties protect our customers' data to the same high standard as we do.

DLR enters into data processing agreements with relevant third parties and monitor that such third parties comply with DLR's requirements, including our data ethics policy.

Compliance within DLR and training of employee skills

All managers and employees of DLR are bound by the data ethics policy. Managers have a special responsibility in this respect and should lead by example as well as ensure that all employees of DLR are aware of and comply with this policy.

DLR prioritises keeping our employees well informed about data ethics, data security and the appropriate processing of personal data by means of awareness campaigns and training at regular intervals.



When DLR collaborates with third parties, e.g. DLR's loan-distributing banks, we ensure that the third parties protect our customers' data to the same high standard as we do.

Money laundering and terrorist financing

Combating money laundering and terrorist financing is an important social mission to which DLR is strongly committed. It is DLR's duty – based on the knowledge of our customers – to identify and report suspicious behaviour to the Money Laundering Secretariat under the Special Crime Unit (NSK).

DLR's anti-money laundering efforts are based on a risk assessment. Against the background of the risk assessment, we determine the risk that DLR is used for money laundering or terrorist financing purposes. The risk assessment, which is presented to DLR's Board of Directors every year, allows priority to be given to the effort and the establishment of relevant policies, systems and business procedures.

An essential element in the fight against money laundering and terrorist financing is to ensure that DLR's employees are familiar with the rules and comply with the obligation of attentiveness prescribed by the rules. With this in mind, DLR provides ongoing training of DLR employees who have customer contact or process data about customers etc. in connection with DLR's lending activity.

As a mortgage-credit institution, unlike a bank, DLR has no customer accounts that can be used for incoming and outgoing payments. DLR's business model means that DLR pays the proceeds of a mortgage loan to a customer, and the customer will then repay the loan over a number of years. In connection with loan processing, DLR collects information about the customer's purpose of raising the loan. DLR monitors the loan to check whether something unusual happens in connection with the repayment.

DLR is dedicated to transparency, and we have dedicated a section at dlr.dk/bekaempelse-af-hvidvask-og-terrorfinansiering/, where we describe how DLR combats money laundering and terrorist financing. The website also contains a link to "DLR's Anti-Money Laundering and Counter-Terrorist Financing Policy".

DLR's anti-money laundering efforts are based on a risk assessment.



Anti-bribery and anti-corruption

DLR defines corruption as the abuse of entrusted power for private gain, and bribery is defined as giving another person money or goods to gain an unfair advantage.

When performing their jobs, DLR employees risk being exposed to attempts at either bribery or corruption. At DLR, we do not tolerate any form of bribery or corruption or any other inappropriate business practice. DLR expects all its employees to adhere to that.

DLR has adopted an anti-bribery and anti-corruption policy that specifically describes and provides instructions on how DLR's employees should react if, during their work at DLR, a situation occurs in which they experience bribery or corruption.

Whistleblowing protection

DLR places great emphasis on doing business in a proper and fair manner that everyone can have confidence in. At DLR, we are focused on promoting well-being and openness, and we therefore have guidelines on the prevention and handling of abusive behaviour. We ensure that all employees can feel safe approaching their line managers to discuss worries of any kind.

To support the values at DLR, we have had a whistleblowing scheme for many years, enabling our employees to report actual or suspected infringements of financial regulations. The opportunity to make a report via the whistleblowing scheme is a supplement to the direct and day-to-day communication in DLR.

The whistleblowing scheme allows employees, in addition to reporting suspicion of non-compliance with financial regulations, to report abusive behaviour. Reports may also be made on suspicion of infringement of other regulations or standards which DLR is required to observe, such as the rules on personal

data, combating money laundering and the financing of terrorist activity.

Whistleblowing reports, which may be anonymous, are made to an external portal and investigated and processed within a reasonable timeframe by an appointed impartial person. The person who made the report is guaranteed feedback on the processing of the case, and a whistleblower is protected by the provisions of the Danish Whistleblower Act and thus against reprisals, provided the report is made in accordance with the rules.

No reports were submitted to DLR's whistleblowing scheme in 2023.



Complaints

Customers who are not satisfied with DLR's loan application processing should initially contact the branch which has handled the loan case. The branch will then revisit the loan application. If the customer is still not satisfied with the reply given by DLR, the customer may send a complaint to DLR's complaints officer. At dlr.dk, we provide guidance on how to lodge a complaint, and we have a clear process for handling complaints. All complaints will be handled by DLR's complaints officer. If a satisfactory outcome can still not be reached, and if the customer is a private individual, he or she may complain about DLR to the Danish Financial Complaint Board. Private customers residing in the EU may also use the European Commission's online platform when lodging a complaint. This is particularly relevant if the customer resides in an EU member state other than Denmark.

DLR's compliance officer reports annually to the Board of Directors with respect to the number of complaints handled by the complaints officer. In 2023, DLR's complaints officer did not receive any complaints.

ESG ratings

Since January 2020, Morgan Stanley Capital International (MSCI) has, on its own account, assigned ESG ratings to DLR. The first time MSCI rated DLR, DLR was assigned a rating of BBB (MSCI's rating scale runs from CCC to AAA). In September 2021, DLR's ESG rating was upgraded to AA, and most recently on 28 March 2023, MSCI published a rating report affirming DLR's ESG rating of AA.

DLR is actively working to improve its ESG rating by consistently becoming more transparent and by employing factors we can affect and develop ourselves, for example by publishing key ratios etc. in DLR's ESG Fact Book for sustainability, which can be downloaded at dlr.dk/investor/regnskaber-rapporter/#baeredygtighed.

Rating agency	Score	Scale
MSCI 	AA	CCC to AAA

ESG key figures

DLR's ESG Fact Book provides an overview of DLR's non-financial highlights (ESG key figures). DLR's accounting policies are also described in DLR's ESG Fact Book, which is published on [dlr.dk](https://www.dlr.dk) together with the Sustainability Report.

DLR's scope 1, 2 and 3 emissions

CO₂ footprint of DLR's loan portfolio distributed on capital centre, loan type and ISIN.

Electricity, water and heat consumption (per employee)

Share of energy-efficient real estate assets

Sick days

Employee satisfaction

E-learning carried out

Pay gap between CEO and employees

Number of women on the Board of Directors, Executive Board and management

Taxonomy-eligibility

Employee turnover rate

Employee composition (age, gender and seniority)

UN Principles for Responsible Banking

Principle 1: Alignment

In all respects, DLR aims to run a responsible business in accordance with our core values, paying due regard to the interests of DLR's stakeholders, who include borrowers, bond investors, shareholders and loan distributors, authorities, employees and the wider community.

Principle 2: Impact & Target Setting

Since 2021, DLR has measured and published its financed CO₂ emissions. In 2023, DLR published its first action plan for reducing its financed CO₂ emissions in accordance with the recommendations of the Forum for Sustainable Finance. In 2023, DLR also published its first Green Bond Impact Report. The purpose of these measures was to understand DLR's impact and set targets and the direction of DLR's future sustainability efforts.

The next action plan will be published when the details of the climate levy on biological processes in farming have been presented.

Principle 3: Clients & Customers

DLR will set sustainability targets together with the loan-distributing banks and in step with the transition at our shared customers. In so doing, DLR will help promote the green transition in agriculture, industry and society as a whole. For DLR as a mortgage institution, it is through our lending and collaboration with the loan-distributing banks and customers that we can contribute directly to sustainable development.

Principle 4: Stakeholders

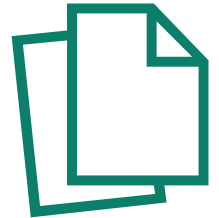
DLR is working actively to strengthen its influence on defining the framework for the transition to sustainable practices. DLR is therefore in ongoing dialogue with relevant stakeholders on how sustainability can be defined and documented. This is for instance done in dialogue with representatives of local banks and national banks and their trade organisations. DLR also participates in central forums and working groups dealing with sustainable financing.

Principle 5: Governance & Culture

At DLR, we make a committed effort to integrate sustainability in all parts of our business. This applies both within our business and in our dialogue with business partners and other stakeholders, in in-house procedures, our governance set-up, compliance and risk management. The integration of sustainability also involves DLR acting responsibly as a workplace and employer.

Principle 6: Transparency & Accountability

As a mortgage lender, we are aware of our role in the green transition, and we consider it part of our social responsibility, in collaboration with our loan-distributing banks, to promote the transition of the agricultural sector, trade and industry and society at large, while we also endeavour to be transparent and trustworthy about our approach to sustainability.



DLR became a signatory to the UN Principles for Responsible Banking in 2022.

DLR reports annually on in progress towards implementing the Principles. The full reporting is available in DLR's ESG Fact Book.

Accounting policy

Environmental data

Scope 1

Includes CO2 emissions from heating with natural gas.

Heat

The emissions from heating with natural gas. This is calculated using the Danish Business Authority's emission factors for emissions per m3 using the Climate Compass.

Scope 2

Emissions include electricity and district heating from external suppliers.

Electricity

Emissions from used electricity from the grid and own production of electricity in the period 01.01.2023 to 31.12.2023. The Climate Compass and emission factors from the Danish Business Authority are used for the calculation.

District heat

Emissions from used district heating at DLR's offices in the period 01.01.2023 to 31.12.2023. The Climate Compass and emission factors from the Danish Business Authority are used for the calculation.

Scope 3

The emission is made up of the financed CO2 emission from DLR's loan portfolio.

Financed emissions

Emissions for agriculture are calculated on the basis of standard figures for the number and type of animals and the number of hectares of cultivated area.

Emissions for buildings are calculated on the basis of Finans Danmark's CO2 model.

Water consumption

The water consumption has been calculated for DLR's offices for the period 01.01.2023 - 31.12.2023.

Consumption per employee

Employees are based on FTE over the year, excluding valuation experts.

Accounting policy

Social data

Unadjusted gender pay gap

Difference between male and female employees' average gross hourly wage, measured in how many times the female median wage can be covered by the male median wage. Average salary includes salary, company pension, lump sum, extra holiday allowance, care days and holiday entitlements, value of free car and value of free telephone. Education level, seniority or work function/role are not taken into account.

Adjusted gender pay gap

Salary statistics from the Financial Sector Employers' Association (FA). The salary difference between male and female employees calculated according to the same job weight, calculated on groups with at least 10 of each gender with the same job function (DISCO code).

Management data

CEO to worker pay ratio

Difference between CEO and employees' pay, measured in how many times the employees' median salary can be covered by the CEO's compensation. Average salary includes salary, company pension, lump sum, extra holiday allowance, care days and holiday entitlements, value of free car and value of free telephone.

Policies

ENVIRONMENT

SOCIAL

Policy	Reporting
Credit policy	Risk and Capital Management Report
Sustainability policy	Sustainability Report
Procurement policy	Sustainability Report
Diversity policy	Sustainability Report
Policy and targets for gender diversity on DLR's Board of Directors and other management levels	Annual Report and Sustainability Report
Human rights policy	Sustainability Report
DLR's code of conduct	Sustainability Report

DLR's sustainability policy sets the overall framework and direction for DLR's sustainability efforts. Several aspects of DLR's sustainability efforts are also described in separate policies which elaborate on the implementation of specific initiatives, and some of the areas are reported on annually in various documents and at [dlr.dk](https://www.dlr.dk).

Policy	Reporting
IT security policy	Risk and Capital Management Report
Policy and guidelines on remuneration	Annual Report
Anti-money laundering and counter-terrorist financing policy	Risk and Capital Management Report
Tax policy	Sustainability Report
Anti-bribery and anti-corruption policy	Sustainability Report
Data ethics policy	Risk and Capital Management Report
Policy and guidelines for non-financial risks	Risk report to the Board of Directors
Policy for processing of personal data	DPO Report
Whistleblower policy	Compliance Report
Policy and guidelines on managing the risk of excessive leverage	ICAAP
Policy and guidelines on ensuring adequate employee resources and avoiding reliance on key employees, etc.	Risk report to the Board of Directors

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