

Statement of Carbon Neutrality 2015

CORPORATE RESPONSIBILITY
DANSKE BANK

Danske Bank has achieved carbon neutrality for six consecutive years since 2009. In 2015, the Group remained carbon neutral and neutralised tonnes of CO₂ by investing in carbon credit projects and buying renewable electricity.

Our carbon-neutral status helps us better understand the implications and impact of an increasingly carbon-constrained economy, for both the Group and our stakeholders. Carbon neutrality also acts as a catalyst for organisational efficiency. The cost of offsetting emissions gives us an extra incentive to keep energy consumption and emissions to a minimum.

This is our equation for carbon neutrality in 2015:

CO₂ emissions [Tonnes]

	2015	2014	Change
CO ₂ emissions from electricity*	0	16,718	- 100%
CO ₂ emissions from heating	6,782	8,349	- 19%
CO ₂ emissions from travel by car	2,603	2,828	- 8%
CO ₂ emissions from travel by air	6,938	5,978	+ 16%
CO ₂ emissions from paper use	1,501	2,261	- 34%
Total registered CO ₂ emissions	17,824	36,135	- 51%
Estimated CO ₂ emissions from operations without registered data	1,012	1,672	- 39%
Total CO ₂ emissions for neutralisation	18,836	37,807	- 50%
Neutralised by carbon credits from projects	18,836	37,807	
Result	CO₂ neutral	CO₂ neutral	

* Danske Bank is now purchasing renewable electricity through Guarantees of Origin.

Carbon neutrality is part of the Group's climate strategy. Besides reducing our own CO₂ emissions, we endeavour to take climate risks and opportunities into consideration in our business. We also work to share knowledge about climate issues with customers, employees and other stakeholders.

In this statement of carbon neutrality you can read about the accounting principles for GHG emissions on which the carbon neutrality equation is based, the scope of our emissions and the way we define our operational and organisational boundaries regarding CO₂ emissions.

You can read more about our initiatives to reduce CO₂ emissions and our investments in renewable energy projects on the Group website at www.danskebank.com/responsibility.

1.1. Comment on developments in 2015

Our total CO₂ emissions declined 50% from 2014 to 2015. Emissions from electricity, heating, road transportation and paper saw great declines, while emissions from air travel rose.

Until 2015, emissions from electricity have accounted for a third of the total registered emissions. In 2015, we eliminated these emissions completely by switching from a mixture of electricity sources to sourcing renewable electricity certified by Guarantees of Origin.

The 19% decrease in CO₂ emissions from heating came from a reduction in heat consumption (down 5% at the group level) owing to optimisation and changes in the branch network as well as more favourable weather conditions. The emission factors for heating across the Group's regions also fell slightly.

Emissions from air travel rose 16% because of an increase in banking activity in foreign markets, the establishment of new offices in India, and an expansion of business in Lithuania. However, we travelled less domestically and reduced our CO₂ emissions from Nordic flights by 7% owing to greater use on digital alternatives for hosting meetings, for example.

We had a significant, 34% reduction in CO₂ emission from paper consumption owing to a lower emission factor for paper as well as steady digitalisation of documents throughout the Group that brought a 7% reduction in paper consumption.

1.2. Organisational boundaries

We measure and calculate GHG emissions for all of the Group's operations in Denmark, Finland, Sweden, Norway, Ireland, Northern Ireland and Lithuania. All the data from these countries are gathered in our reporting system. Outside these countries, we use extrapolations to calculate the emissions (please see section 1.6.5.).

The Greenhouse Gas Accounts consolidate GHG emissions from all facilities over which the Group has operational control.

The data cover investment property only if it is used for the Group's own activities. Leasing activities, franchises and outsourced activities are not included. Companies that are under the operational control of the Group temporarily because of financial hardship are not included.

1.3. Accounting principles

In order to document our efforts to become carbon-neutral, we need to register the Group's emissions systematically. We have therefore created a greenhouse gas inventory and set forth our methodology for quantifying and reporting GHG emissions according to the ISO 14064-1 standard.

The work of measuring and reducing GHG emissions is integrated in the Group's environmental management system, which adheres to the ISO 14001 standard.

GHG emissions fall into three categories:

- Scope 1) direct GHG emissions
- Scope 2) energy indirect GHG emissions
- Scope 3) other indirect GHG emissions

1.4. Operational boundaries

The operational boundaries delimit the types of GHG emissions produced by the Group's operations.

In order to define the emissions to include in the scope of the GHG calculation, we assessed each possible source of emission. These were the assessment parameters:

1. Volume/impact of the emissions (high/medium/low): A high impact or large volume equals great significance.
2. Sphere of influence (high/medium/low): The more Dansk Bank is able to influence the emissions, the more significant.
3. Measurability (high/medium/low): In order to register emissions data consistently, they must be measurable.

The table below gives an overview of the activities that generate GHG emissions according to a uniform assessment with the three parameters and shows whether the emissions are included in the accounts.

Sources of GHG emissions

	Parameters			Included
	1	2	3	
Direct GHG emissions				
Own use of oil and gas for heat and electricity	L	H	H	Yes
Company cars (vans)	L	H	H	Yes
Ozone-depleting substances from air-conditioning devices	L	H	L/H	No
Energy indirect GHG emissions				
Electricity	H	H	H	Yes
Heat	H	H	M	Yes
Other indirect GHG emissions				
Business travel by air	H	H	H	Yes
Business travel in own staff cars	M	M	L	Yes
Paper consumption	M	H	M	Yes
Business travel by train	L	H	L	No
Waste generated by the organisation but managed by another organisation	H/M	M	L	No
Purchased products and services	H	M	L	No
Outsourced activities, contract manufacturing and franchises	H/M	M	L	No
Commuting by employees	M	M/L	L	No
Travel by taxi for business	L	M	L	No

L = low, M = medium, H = high.

On the basis of the parameters above, we can now define the Group's GHG emitting activities.

1.5. Carbon register

In order to offset the CO₂ emissions that the Group cannot eliminate, we have invested in renewable energy projects. In the period 2009-11, we invested in four

projects located in India, Lithuania and Turkey: two wind power energy projects, one biomass energy project and one biogas energy project.

For the period 2012-15, we have ordered carbon credits from a wind project in Turkey, a wind and biogas project in India and a cookstove project in Uganda. So far, 152,017 tonnes have been retired from market in addition to the excess 16,024 tonnes in credits from 2009-11.

All the projects have been verified by an independent third party, guaranteeing that the projects create actual reductions in CO₂ emissions.

Here is an overview of the projects from which we bought CO₂ credits:

Dansk Bank's carbon credits, 2012-15

Project	Verification standard	Retired (tonnes CO ₂)
Wind power energy - Turkey	Gold Standard	30,000 37,017 38,000
Wind power energy - Tamil Nadu, India	VCS; CDM registered	5,000 10,000 7,000
Biogas energy - India Cookstoves - Uganda	Gold Standard	20,000 5,000
Total		152,017
Excess credits, 2009-11 (tonnes CO ₂)		+ 16,024
Danske Bank's CO ₂ emissions, 2012-15 (tonnes CO ₂)		- 138,605
Other indirect GHG emissions		+ 29,436

Note: The carbon credits are delivered on an ongoing basis over three years.

You can read more about our investment in renewable energy projects on the Group website at www.danskebank.com/responsibility.

1.6 Quantification of GHG emissions

We seek to standardise the methodology for quantifying the GHG emissions across the Group, but there are still regional differences.

In 2009, we implemented a new reporting system to improve the registration and control of the data. In 2015, we used this reporting system for collecting and calculating all of the Group's environmental data.

We report the GHG emissions in the CO₂-equivalent amounts. But since the vast majority of greenhouse gases are CO₂ emissions, we have generally chosen to use the term CO₂ emissions without specifying equivalents.

The reporting period for the year 2015 extends from 1 October 2014 to 30 September 2015. The reporting period ends before the end of the calendar year so that we can report CR data in Dansk Bank's annual report.

1.6.1. Energy consumption

Electricity and heat consumption are either based on automatic data transfers from smart meters, quarterly meter readings or are calculated on the basis of statements from energy companies and lessons received regularly during the

year. The electricity consumption is calculated mainly from statements from energy companies. Similarly, the heat consumption figures for our head offices are based on real readings by the energy companies.

If no reading or statement is available, we estimate the consumption on the basis of the average electricity or heat consumption at the country unit.

In Sweden, heat consumption is calculated on the basis of information from www.boverket.se (energy labelling of buildings). The consumption figure is calculated on the basis of the Group's share of floor space in the various buildings. According to this method, heat consumption at properties without real consumption in Finland is calculated by using the key figures for Sweden because of similar consumption patterns in the branches.

1.6.2 Transportation and travel

Transportation in company cars includes transport in the Group's own cars for business purposes. The measurement is based on odometer readings from drivers. Employees' travel by car is calculated in kilometres as paid mileage allowance divided by mileage allowance payable according to current government tariffs.

Travel by air is calculated in kilometres on the basis of quarterly statements from American Express, an external travel agency.

1.6.3. Paper consumption

Paper consumption is calculated on the basis of volumes purchased and registered in the Group's Dynamics AX system or on the basis of statements from external suppliers (only in Lithuania and to some extent Sweden). Paper consumption is defined as copying and printing paper, letterhead and envelopes with logos as well as printed matter (internal and external publications).

1.6.4. Emissions

CO₂ emissions are calculated on the basis of energy and paper consumption as well as data on travel by car and air. The quality of CO₂ emission factors may vary, depending on the availability of specific factors. We monitor emission factors to identify the most recent and specific ones available.

Following the market based methodology from GHG Protocol Guidance, the emissions from electricity consumption is removed owing to purchase of renewable electricity certified with Guarantees by Origin. For the location specific reporting, which is necessary for the CDP-reporting from 2016, we use region or country specific factors from either electricity companies or www.ukconversionfactorscarbonsmart.co.uk.

For emissions from heat consumption, we use specific emission factors from energy companies whenever possible. Otherwise, we use average emission factors for heat for the country or region.

For transport by car – both employee and company cars – we use emission factors from www.ukconversionfactorscarbonsmart.co.uk.

Emissions from air travel are reported directly by our travel agency, American Express, which provides data on distance travelled and the number of trips. Emissions from paper consumption are based on average emission factors from www.ukconversionfactorscarbonsmart.co.uk.

1.6.5. Estimated CO₂ emissions from operations without registered data

For operations that do not have any measured consumption, we estimate CO₂ emissions. We make extrapolations on the basis of the number of full-time employees (delivered by Group Finance at the end of Q3 2015) and the average emissions per employee in the Group. These estimates represented 5% of the total CO₂ emissions in 2015.