

Position Statement on Fossil Fuels

November 2026

Danske Bank

1. Our approach

Danske Bank aims to be a responsible partner in the transition towards a low-carbon economy by supporting customers in their transition efforts and assisting companies that enable this transition, while at the same time managing material risks. In support of this ambition, we have laid out an overall roadmap to net-zero emissions in our Climate Action Plan, which includes decarbonisation targets for sectors that play a key role in the energy transition. These include decarbonisation targets for oil and gas exploration and production as well as refining, all of which we report on annually in the Sustainability Statement section of our Annual Report.

As outlined in this document, we have also developed clear standards governing our engagement with the fossil fuels sector, guided by the goals of the Paris Agreement. This position statement details our approach to the sector, including the key restrictions, methodologies and criteria we apply to the financing services and investment products in scope. Our approach to this sector underpins our three strategic sustainability focus areas:

- Supporting customers in their transition
- Ensuring a robust and resilient bank
- Managing our societal impact

Our approach takes into consideration leading climate science, regulatory developments, recognised industry practices, the work of intergovernmental bodies, and internationally recognised agreements and principles, including the Intergovernmental Panel on Climate Change, the International Energy Agency, the OECD Guidelines for Multinational Enterprises, the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

Danske Bank's approach is described in detail in the following sections, but can be summarised as:

- We assess and engage with companies regarding their transition plans and progress – and we seek to support those with credible transition plans.
- For a range of our financial products and services, we restrict financing and investments associated with fossil fuel activities that do not meet defined transition and activity criteria.
- We provide transparency about our approach and exposures through public disclosures.

Sector background
Access to reliable and affordable energy is fundamental to our daily lives and the functioning of the economy and society. Energy enables the heating and cooling of buildings, facilitates the transportation of people and goods, and powers homes, businesses and industrial processes. Fossil fuels have long played a key role in our energy systems, but they also come with inherent risks and negative impacts – not least in terms of significant greenhouse gas emissions that contribute to climate change, as well as geopolitical risks and dependencies. At the same time, energy security, affordability and competitiveness remain important societal priorities.

Looking ahead, fossil fuels are expected to continue to play a role for many years to come, both for energy use and as feedstock for certain sectors where alternatives are not yet readily available at scale, for example in the petrochemicals sector. Moreover, progress on the energy transition is likely to be uneven and marked by significant regional differences, also influenced by geopolitical developments that may affect access to energy.

All this means that as society seeks to transition away from fossil fuels and towards a low-carbon economy, there are dilemmas and risks that need to be considered and managed along the way. At Danske Bank, we believe this requires a differentiated approach that combines financing for the required investments with restrictions, transition assessments and engagement with companies.

2. Danske Bank's position

This section outlines specific elements of our approach, including the key restrictions, methodologies and criteria we apply to the financing services and investment products in scope.

2.1. Financing services
Danske Bank provides a range of financing services for corporate customers, including lending, guarantees, primary debt and equity capital markets activities. At Danske Bank, we recognise our role as a leading Nordic financial institution in enabling the climate and energy transition through the financing we provide to our customers.

Financing for fossil fuels accounts for only a very small share of Danske Bank's total credit exposure, and we report on developments in our financing for high-carbon energy and power generation on a quarterly basis as part of our Investor Presentation. Moreover, from 2020 to 2026, Danske Bank's credit exposure towards oil and gas exploration and production (E&P) decreased to less than 0.01% of total credit exposure.

2.1.1. Restrictions on financing

Coal and peat
Danske Bank will phase out companies with coal- and peat-fired power generation and heating from its financing product portfolios by 2030.

Danske Bank will not

- Provide financing services to thermal coal mining companies.
- Provide financing services to companies that generate more than 5% of their combined revenues from coal-fired and/or peat-fired power generation and heating or to companies that expand coal-fired or peat-fired power generation and heating.[1]
- Participate in project finance for unabated fossil fuel-fired power generation (i.e. without carbon capture).

[1] *Government-mandated reopening of coal-fired or peat-fired power plants to ensure energy availability is not viewed as expansion.*

Oil and gas

Danske Bank will not

- Provide long-term financing services (with a maturity longer than one year) to oil and gas E&P companies that do not set a credible transition plan in line with the Paris Agreement. This includes a long-term 2050 net-zero goal, ambitious short- and medium-term reduction targets for scope 1 and 2 emissions and a material scope 3 emission reduction target. In addition, it includes a commitment to not expand supply of oil and gas beyond that which was approved for development by 31 December 2021.[2]

- Participate in project finance for unabated fossil fuel-fired power generation (i.e. without carbon capture).

- Provide long-term financing or refinancing to E&P companies that generate more than 5% of their revenues from unconventional or frontier oil and gas.

2.1.2. Exemptions to financing restrictions
Danske Bank makes exemptions for companies for the following reasons:

1. Danske Bank may provide financing services to companies encompassed by these restrictions if the financing is ring-fenced for renewable energy or for carbon capture, utilisation and storage (CCUS) activities.

2. Exemptions can be made to the restriction of providing financing services to companies that generate more than 5% of their combined revenues from coal-fired and/or peat-fired power generation and heating if the company has a credible 2030 phase-out plan. We may make exemptions to allow the inclusion of certain instances of peat or coal in power-generation and heating, as some older boilers are built for partial peat or coal combustion. Such cases still need to meet the thresholds set out in this position statement.

3. In cases of mergers and acquisitions (M&A) activity, our customers' exposures to fossil fuels can change at short notice. If exposures change due to e.g. acquisitions, we will assess the long-term planning of these companies to evaluate their alignment with the Paris Agreement.

Any further exemptions to financing restrictions are subject to approval on a case-by-case basis – including approval by Danske Bank's Board of Directors if above certain thresholds – in accordance with our Credit Policy.

2.1.3. Financing-related customer engagement
As outlined in our Approach to Financing the Climate Transition, engaging in meaningful dialogue with customers about their transition plans, commitments and associated financial strategies – including capital expenditure, mergers and acquisitions – is a key component of our customer strategy. Typically, these conversations are dynamic and are part of an ongoing relationship rather than being confined to a single meeting before or after a specific transaction. Consistency and predictability are key to our relationships with customers, and we strive to communicate clearly how we assess a company's overall transition plan and how our assessment subsequently affects our actions.

2.2. Investment products
When customers place their trust in Danske Bank and Danica to manage their assets and savings, we act in their best interests by offering investment solutions that aim to ensure competitive and long-term performance while accommodating their sustainability preferences. This section outlines our approach to fossil fuels with regard to investments, specified according to various investment strategies and product groups.

2.2.1. Fossil fuel-related exclusions
Reflecting the Danske Bank Group's commitment to supporting the energy transition and the diversity of our customers' sustainability preferences, Danske Bank has established a fossil fuel investment framework that applies as a common standard across the Danske Invest, Danske Bank and Danica branded investment strategies. Within this framework, we apply a tiered approach to fossil fuel exclusions that reflects the diversity of our customer base and their sustainability preferences. Certain investment products that are designed to accommodate elevated customer sustainability preferences apply comprehensive exclusions that cover fossil fuels, thermal coal and tar sands in their entirety.

Across a broader product range, the applicable approach is the Fossil Fuel Transition Laggards exclusion, under which companies that derive more than 5% of total revenues from fossil fuel-related activities are excluded, in line with the assessment under Danske Bank's Net-Zero Pathway Framework.[3]

[2] *For further details on our assessments of transition plans, see our Approach to Financing the Climate Transition.*

[3] *Danske Bank's Net-Zero Pathway Framework for investee companies*



2.2.2. Investment products not in scope
Certain products and asset classes are not subject to the Fossil Fuel Transition Laggards exclusion due to regulatory requirements, fiduciary considerations, product design or the nature of the underlying investments. These include holdings in external funds and index derivatives, alternative investments (including unlisted assets and hedge fund strategies), selected discretionary mandates at the customers' request, selected investment products designed to accommodate specific customer preferences, investment strategies domiciled in Norway and/or specifically targeting Norwegian customers, or investments in emerging markets debt.

Labelled bonds issued under the European Green Bond Standard or in accordance with internationally recognised frameworks such as the ICMA Labelled Bond Principles, whose proceeds are earmarked for financing environmental projects, are not subject to the fossil fuel-related exclusions applicable to the relevant investment product (i.e. Thermal Coal, Tar Sands, Fossil Fuel Transition Laggards, Fossil Fuel, PAB, CTB and Peat), provided that: (i) the bond qualifies as a sustainable investment as assessed by Danske Bank; (ii) the proceeds do not specifically finance fossil fuel-related activities; (iii) the issuer is not assessed by Danske Bank to be in breach of the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises; and (iv) the issuer, where it is a fossil fuel company, is not assessed by Danske Bank to be expanding within fossil fuels.

Investments in fossil fuel-related commodities (including oil, gas and coal commodity instruments) are governed separately under Danske Bank's Commodities Investing Framework and are therefore not within the scope of the Fossil Fuel Transition Laggards exclusion.

3. Scope

This position statement applies to the Danske Bank Group and all legal entities under its control and has a global scope, covering both existing and potential new customers. Key terms used in this position statement are defined in section 6.

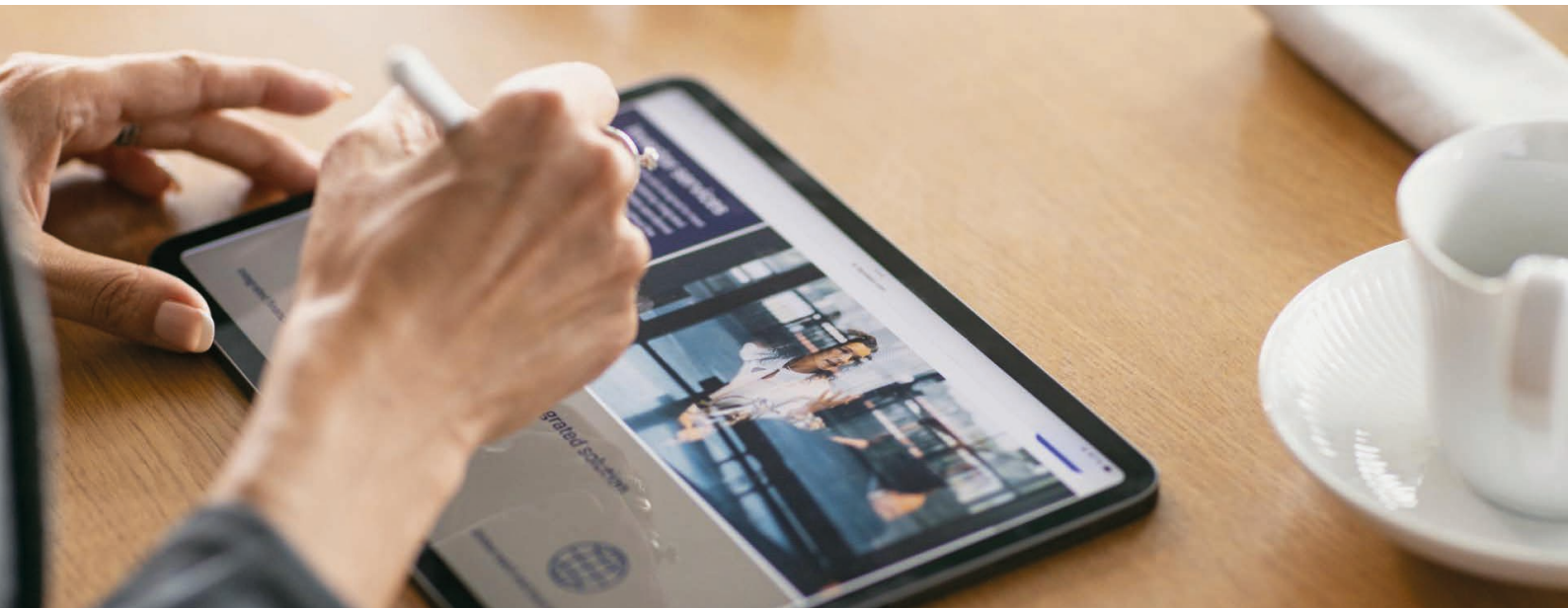
3.1. Financing services in scope
The financing restrictions stipulated above apply to financing services, here defined as lending, guarantees, primary debt and equity capital markets activities.

Regarding value chain coverage, the restrictions on coal and peat apply to utility companies. For coal specifically, the restrictions also apply to extraction by metals and mining companies. For oil and gas, the restrictions apply to all companies within the exploration and production (E&P) segment. E&P companies are defined as companies that explore for and produce oil and/or natural gas from sub-surface basins onshore or offshore. The definition covers pure-play companies, integrated companies, national and international oil companies (NOCs and INOCs), independents and majors. This does not include companies in the upstream value chain that provide services to E&P companies, including but not limited to drilling companies, service companies, seismic companies and/or engineering companies. While these non-encompassed companies play a critical role in discovering resources, they are not the ultimate decision-makers on the investments needed to convert resources into reserves.

3.2. Investment products in scope
The Danske Bank Group manufactures a broad and diverse range of investment products, each governed by its own legal documentation and investment guidelines in accordance with the Group's Responsible Investment Policy. The full overview of product-specific characteristics is available through our public websites. Section 2.2 above provides an overview of the applicable exclusions for various investment strategies and investment product types.

In addition to manufacturing investment products, the Danske Bank Group provides investment advisory services to its customers. When advising customers, we assess the suitability of investment products manufactured both by the Danske Bank Group and by third parties, taking into account each customer's knowledge and experience, financial situation, investment objectives and, in accordance with applicable suitability requirements under MiFID II, their sustainability preferences.

Where a customer expresses sustainability preferences as part of the suitability assessment, we seek to recommend products that accommodate those preferences. The restrictions set out in this position statement therefore apply differently to our investment advisory activities than to the investment products we manufacture, which reflects the fact that advisory recommendations may also cover externally manufactured products over which the Danske Bank Group has no manufacturing control.



4. Governance

This position statement is owned and approved by Danske Bank's Executive Leadership Team (ELT) via the Business Integrity Committee and is subject to an annual review and approval process. All restrictions, requirements and processes mentioned in this statement are anchored in Danske Bank's governing documents, including Danske Bank's Credit Policy and Responsible Investment Policy. Implementation and monitoring of the processes outlined in this position statement are embedded in Danske Bank's governance framework, including relevant policies, instructions and business procedures.

For financing services, and thus lending restrictions, these are reflected in Danske Bank's Credit Policy and its underlying instructions, including those guiding Danske Bank's approach to assessing ESG risks across credit activities. All credit cases in scope are reviewed for potential breaches of Danske Bank's policies and processes relating to fossil fuels and may be escalated internally through Danske Bank's governance structure. Escalation routes include the ELT-level All Risk Committee, the Business Integrity Committee or specific business unit committees tasked with the oversight of the implementation of the processes outlined in this position statement.

For investee companies in scope, screening and engagement is carried out in accordance with Danske Bank's Responsible Investment Policy and equivalent policies of Danica and other subsidiaries in scope of this position statement. Instructions and guidelines on inclusion, active ownership and exclusions further steer the implementation.

5. Disclosures

Danske Bank provides transparency to all stakeholders about its fossil fuel exposures and provides relevant disclosures via several reporting channels. This includes quarterly disclosures on Danske Bank's credit exposure to oil and gas E&P companies. Relevant disclosures are available via danskebank.com, for example as part of the Sustainability Statement of our Annual Report, our Investor Presentation (updated quarterly), our SFDR statements and fund holdings overviews.

6. Definition of key terms

For the purposes of this position statement, the following definitions apply:

- **Fossil fuels:** Defined as a class of hydrocarbon containing materials of biological origin occurring within the Earth's crust that can be used as a source of energy, including coal, petroleum, natural gas, oil shales, peat, tar sands and heavy oils.
- **Expansion of oil and gas:** Refers to any activity intended to expand the supply of oil and gas beyond that which was approved for development by 31 December 2021. Expansion thereby also covers amendments to current approvals to increase supply beyond that which was approved for development by 31 December 2021.[4]
- **Expansion of coal:** Refers to building new coal mines, extending existing mines or expanding coal-fired production capacity beyond that which was in operation by 31 December 2021.
- **Frontier oil and gas production:** Defined as production in ultra-deep sea, the Arctic or the Amazon Basin.
    - The Arctic is in this context defined using the geographic Arctic Circle boundary, i.e. as areas north of the Arctic Circle at approximately 66.55°N latitude.[5]
- **Unconventional oil and gas:** Defined as tar sands and shale extraction/hydraulic fracturing.
    - Tar sands are a form of unconventional petroleum deposit consisting of a mixture of sand, clay, water and bitumen.
    - Hydraulic fracturing ("fracking") is an unconventional drilling technique whereby it is possible to extract oil and gas from shale by injecting liquid at high pressure.
    - Ultra-deep-sea drilling refers to drilling deeper than 1,500 metres below surface level.
- **Project finance:** Defined as the financing of the construction of, and normally the subsequent operation of, large energy, infrastructure and production facility projects. Project finance is a long-term structured funding arrangement in which debt repayment is primarily reliant on the project's cash flows upon completion, with no or limited recourse to the project's shareholders.
- **Position statement:** Public document that describes how the Danske Bank Group manages sustainability-related risks and impacts in relation to specific sectors and/or sustainability themes. A position statement reflects existing governance, policies and processes and serves as external communication and disclosure about these practices.

[4] *For details, see the IEA's Net Zero Roadmap: A Global Pathway to Keep the 1.5°C Goal in Reach*

[5] *The Arctic Circle is a commonly used geographic delimitation of the Arctic. See for example The Arctic Centre, University of Lapland and The European Commission.*