

Corporate Responsibility 2017

UN Global Compact
Communication on
Progress



Danske Bank

About this report

This report constitutes Danske Bank Group's Communication on Progress to the UN Global Compact and covers the financial year 1 January 2017 to 31 December 2017. With this document, we fulfil the requirements regarding the management's report of sections 135a and b of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.

The report covers the Group's five main business units and activities in our core markets. In order to give a balanced overview of corporate responsibility matters related to our business, we assess and report on material issues [see p. 9].

To ensure data consistency, data have been defined and described in business procedures. Internal control procedures have been established to ensure that data are reported according to the definitions outlined in our Corporate Responsibility Reporting Principles, which are available at danskebank.com/responsibility. We engaged Deloitte to verify selected performance data according to the ISAE 3000 assurance standard and include the independent assurance report on p. 35.

Danske Bank Group's annual reporting suite for 2017 includes Annual Report 2017, Risk Management 2017 and this report. We present detailed and segmented data on corporate responsibility issues in our Corporate Responsibility Fact Book 2017 and issue a Statement on Modern Slavery Act 2017 and a Statement on Carbon Neutrality 2017, all available at danskebank.com/responsibility.

We value feedback and welcome any comments or suggestions you might have to this report and our performance, which can help us improve our reporting. Please contact Dorte Eckhoff, Head of Corporate Responsibility, at deck@danskebank.dk.

danskebank.com/responsibility

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Foreword by CEO Thomas F. Borgen



Dear reader,

Danske Bank is the largest financial services provider in Denmark and one of the largest financial institutions in the Nordic region. We recognise that we have a special responsibility because of our size and impact on the Nordic economies. Part of our role and responsibility is to be a solid, balanced and predictable bank that contributes to financial stability and economic growth.

Sustainable finance

We play a fundamental role in society by lending money to people and businesses and investing capital on behalf of our customers to achieve good risk-adjusted returns. Integrating sustainability perspectives in these activities is both an opportunity and a responsibility.

The demand for sustainable finance continues to grow, and the Nordic countries stand out as global leaders in this field. We are seeing substantial interest in our European Corporate Sustainable Bond Fund, and the demand for green bonds continues to rise. In 2017, we increased our ambition level and strengthened our position on responsible investments, and in 2018, we will further develop our lending approach.

Fighting financial crime

We play a key role in the fight against money laundering and the financing of criminal activities. These issues are high on the agenda at Danske Bank, and in 2017, they became the subject of attention because of potential money laundering activities at our Estonian branch in the period from 2007 to 2015. Both the Board of Directors and the Executive Board take this very seriously, and in collaboration with external experts, we have launched investigations into the matter. In recent years, we have substantially strengthened our efforts to combat money laundering and other criminal financial activities. In 2017, we focused on enhancing the processes for both customer onboarding and ongoing due diligence, transaction monitoring and training of our employees. It is imperative to me that our stakeholders are confident that we do our utmost to prevent criminals from misusing our systems.

Contributing to the SDGs

2017 marked the ten-year anniversary of Danske Bank becoming a signatory to the UN Global Compact, and we continue to support these principles for responsible business conduct. We support the UN's 2030 Agenda for Sustainable Development and contribute to a number of the 17 Sustainable Development Goals [SDGs]. We have chosen to advance the "Quality Education" and "Decent Work and Economic Growth" goals in particular. By fostering financial confidence in the younger generation and supporting startups in their growth ambitions, we use our deep financial competencies for the benefit of the societies we are part of.

We want to conduct our business in a way that creates opportunities for current and future generations. We have a solid foundation, and we want to strengthen our positive impact on society even further. In 2017, we initiated this work, and we will launch a new strategic approach to corporate responsibility in 2018.

Corporate responsibility is a genuine commitment and an explicit choice for Danske Bank. I believe that businesses that act responsibly create the best long-term value for all stakeholders.



Thomas F. Borgen
Chief Executive Officer
of Danske Bank



Our business at a glance

Danske Bank Group is a Nordic universal bank with strong local roots and bridges to the world. For more than 145 years, we have provided banking services for people and businesses by building on our deep financial competence and developing leading, innovative solutions.

Danske Bank's vision is to be recognised as the most trusted financial partner. We focus on providing proactive and holistic advisory services and products, setting high standards for customer relations and employee engagement, conducting our business in a responsible and transparent manner, and making our expertise available for the benefit of the societies we are part of.

The Essence of Danske Bank is the foundation on which we build our business across units and countries. It defines who we are, how we create value for our customers, and what our values are.

The Essence of Danske Bank

Vision

To be recognised as the most trusted financial partner

Strategic core

We are a modern bank for people and businesses across the Nordics with deep financial competence and leading, innovative solutions

Customer promise

We help customers be financially confident and achieve their ambitions by making daily banking and important financial decisions easy

Core values

We deliver expertise - *make knowledge relevant*

We act with integrity - *be responsible*

We create value - *make a difference*

We progress through agility - *embrace change and be responsive*

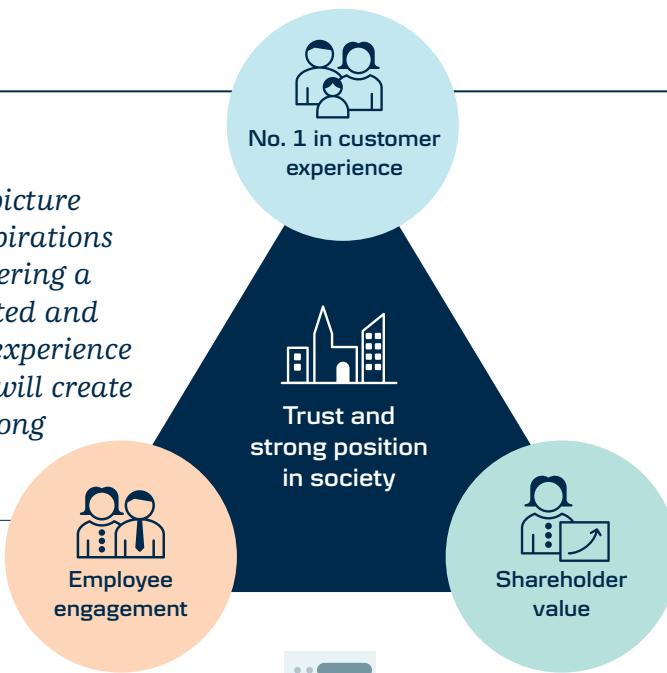
We believe in collaboration - *engage, listen and act*

Aspirations framework

Our aspirations framework provides a clear picture of what we want to achieve and how. Our aspirations are interlinked and support each other: Delivering a leading customer experience requires committed and engaged employees. A best-in-class customer experience will drive customer loyalty and growth. This will create shareholder value and allow us to build a strong position in society.

More insights

Find more details on our financial performance, market positions and business strategy in our Annual Report 2017 and our quarterly financial fact books, which are available at danskebank.com.



Our global presence

Our core markets are Denmark, Norway, Sweden and Finland, and we also operate in Northern Ireland, Estonia, Latvia and Lithuania. We have additional offices in several other European countries, the US, China and Russia as well as support functions in India.



KEY FIGURES 2017

DKK 48.1 billion
Total income in 2017

DKK 26.3 billion
Profit before tax in 2017

13.6%
Return on avg. shareholders' equity in 2017

5.3 million
Customers, end-2017

Good position in most markets
Customer satisfaction

19,768
Full-time employees, end-2017

85.4%
Employee engagement score

SERVING OUR CUSTOMERS THROUGH FIVE BUSINESS UNITS IN 2017

Personal Banking serves our personal customers with the ambition to help our customers be financially confident and achieve their ambitions by making daily banking and important financial decisions easy.

2,682,000 Customers	4,517 Employees	DKK 5.2 billion Profit before tax
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Business Banking serves small and medium-sized businesses. The unit offers leading solutions within financing, investing, cash management and risk management with the aim of making banking with us easier and more efficient across the Nordics. The ambition is to deliver the best customer experience on the basis of a strong value proposition and an increasingly digitalised service and delivery model.

231,000 Customers	2,625 Employees	DKK 8 billion Profit before tax
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Corporates & Institutions serves large Nordic corporate and institutional customers. This unit offers strategic advice, financial solutions and products within Capital Markets, Fixed Income, Currencies and Commodities and Transaction Banking with the aim of delivering the best customer experience through relevant and competitive offerings and by making banking with us easier.

1,907 Customers	1,808 Employees	DKK 6.4 billion Profit before tax
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Wealth Management combines competencies within investments, pensions and insurance to provide services that are a key part of our financial offering to all our customers across the Group and with the aspiration of making the lives of our customers better.

64,000 Customers*	1,851 Employees	DKK 4.6 billion Profit before tax
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Northern Ireland serves personal and business customers through leading digital channels and a network of branches in Northern Ireland.

429,000 Customers	1,260 Employees	DKK 1.3 billion Profit before tax
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In addition to our five main business units, we offer mortgage finance through Realkredit Danmark, real estate brokerage through "home", and leasing through Nordania Leasing.

* Private Banking customers only.



Our Corporate Responsibility Strategy

Our Corporate Responsibility Strategy supports our vision to become the most trusted financial partner. The strategy sets the direction for how we will build financial confidence, improve access to financial services and integrate corporate responsibility in our core business.

International commitments

In our Corporate Responsibility Strategy and Responsibility Policy, we recognise the importance of supporting international commitments that assist businesses in operating responsibly, and we endorse:

- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- UN-supported Principles for Responsible Investment
- UN Environment Programme Finance Initiative
- Universal Declaration of Human Rights
- ILO Declaration of Fundamental Principles of Rights at Work

Our Corporate Responsibility Strategy sets forth two strategic themes and five focus areas to integrate corporate responsibility in our core business. Our two strategic themes, "Fostering financial confidence" and "Accessible finance for everyone, every day", are particularly important because of our role in society and in the financial sector. We help build financial confidence in the next generations and in startups and growth companies, ensure a responsible transition to future financial services and develop innovative products and services that are accessible, easy to use and secure.

In our core business, our five focus areas are: contributing to society, fostering responsible customer relationships, being a responsible employer, reducing our environmental footprint, and ensuring responsible supplier relationships. The integration of corporate responsibility

in our core business is key in ensuring that we manage our impact on society and align our activities with international commitments and stakeholder expectations.

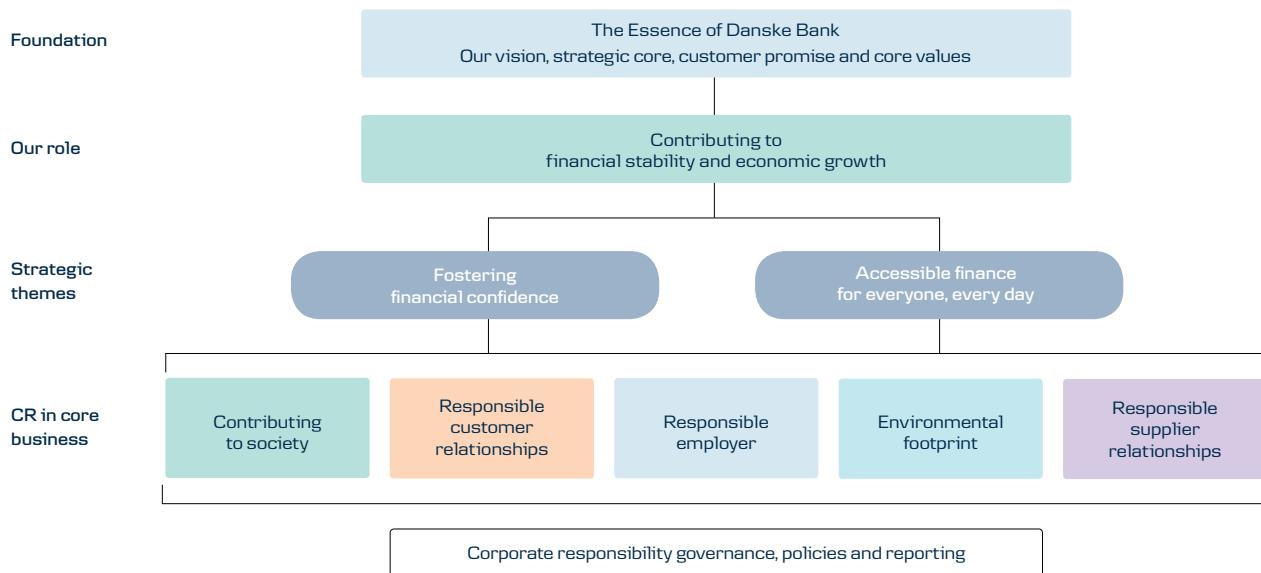
Contributing to the SDGs

The financial sector plays an essential role in supporting the UN's Sustainable Development Goals [SDGs] by the way it allocates capital. We contribute to a variety of the SDGs through our Corporate Responsibility Strategy, and we have so far chosen to align our strategic themes with the SDGs by focusing on quality education, decent work and economic growth through goals No. 4 and 8. Annual targets for our contribution towards the goals are reported on pp. 13 and 14.

Strengthening our impact on society

We have always recognised that our position in society carries a special

Corporate Responsibility Strategy 2015-18



We have a dynamic strategy to be able to accommodate new developments and the needs of our business units and local markets. In 2016, we aligned the strategy with the SDGs, and Danica Pension added health as a third strategic theme.



responsibility. As one of the major banking groups in the Nordics, we are a mirror of our customers and the societies we are part of.

We want to further strengthen our positive impact on society by contributing to sustainability and prosperity and the success of future generations. In 2017, we initiated this work, which includes input from stakeholders on their needs and expectations. We plan to launch a new strategic approach to corporate responsibility in 2018.

Assessing materiality

The materiality matrix offers a snapshot of the corporate responsibility issues

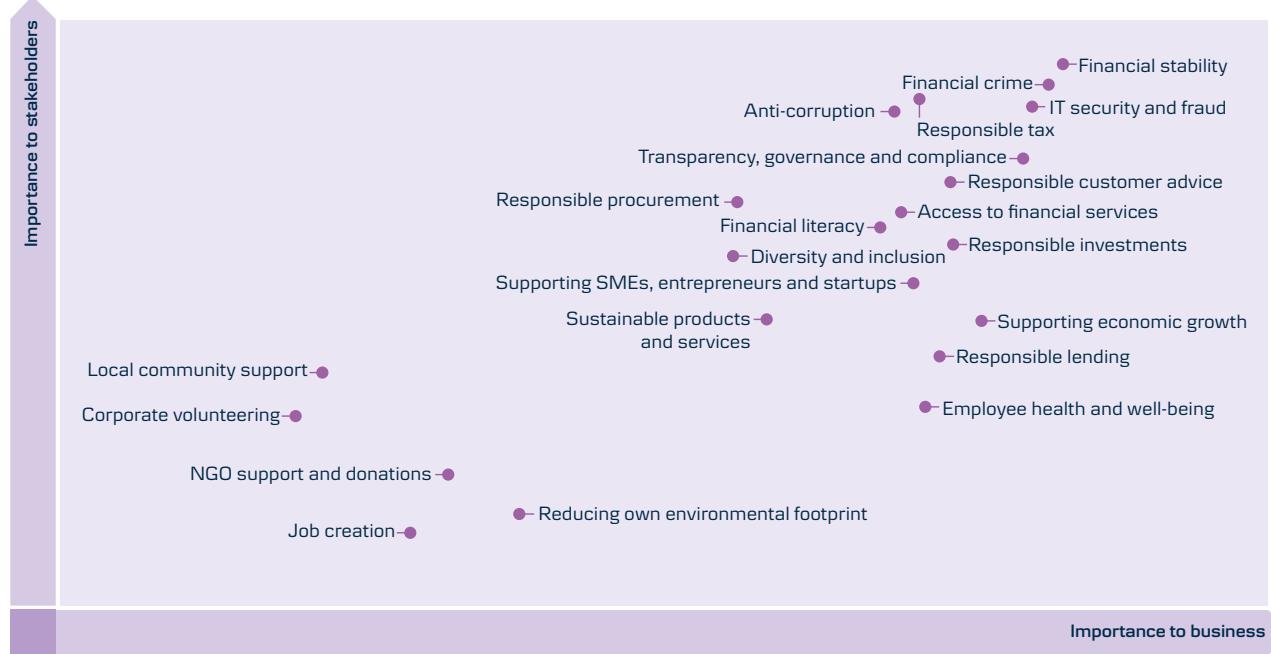
which we deemed to be of material importance in 2017 and therefore included in this year's report. These are issues that may affect stakeholders' opinions and decisions about Danske Bank as well as issues that represent a significant business risk or opportunity for us. We monitor developments through stakeholder surveys and dialogue, market research and ongoing business insights. The way we address the issues and associated potential risks for our business or society is described in our strategic and core business themes.

Our most material issues are:

- Financial stability
- Financial crime
- IT security and fraud
- Responsible tax
- Anti-corruption
- Transparency, governance and compliance
- Responsible customer advice
- Access to financial services
- Responsible investments
- Financial literacy
- Supporting SMEs, entrepreneurs and startups

We see human rights and climate change as overarching themes, which are addressed in the individual issues.

Assessing materiality in 2017





Governance and compliance as business enablers

Our Business Integrity Board oversees the implementation of our Corporate Responsibility Strategy, and through our framework of policies and procedures, we address key corporate responsibility risks and outline the way we conduct our business.

Compliance is a shared responsibility for everyone at Danske Bank, and it is an integrated element of our daily business operations. We are building a strong compliance culture with a robust governance setup. Our objective is to make compliance a business enabler in order to ensure a solid customer experience.

Governing corporate responsibility
We have a two-tier management structure with a Board of Directors and an Executive Board. The Board of Directors receives annual updates on our corporate responsibility performance and activities and has final approval of our Responsibility Policy.

Our governance setup enhances transparency and accountability and includes the Business Integrity Board, which was established by our Executive Board in

2014. The Business Integrity Board is chaired by CEO Thomas F. Borgen and is made up of the members of the Executive Board and representatives from business areas and staff functions. The purpose of the Business Integrity Board is to set the direction for and develop our Corporate Responsibility Strategy and related policies and to oversee their implementation.

In 2017, the Business Integrity Board held four meetings discussing the ambitions for our new responsible investment strategy and diversity and inclusion targets and initiatives, among other things. The Board also initiated discussions on our new strategic approach to corporate responsibility. In addition to the Business Integrity Board, we have a number of local committees and boards that drive day-to-day

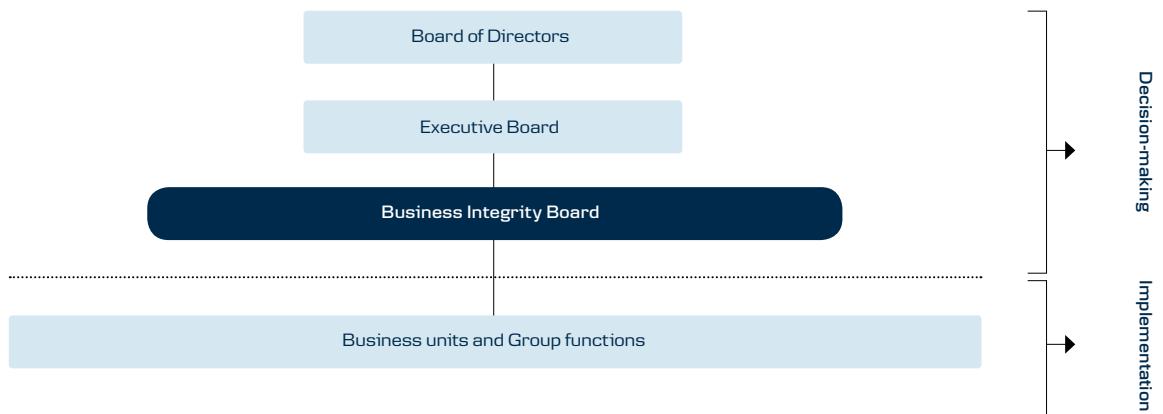
decisions on corporate responsibility. Our Corporate Responsibility function coordinates the implementation of the Board's decisions, tracks progress on the strategy and is responsible for our annual reporting on corporate responsibility.

Corporate responsibility risks and impacts

Effective risk management is a precondition for running a responsible and profitable business. Our Board of Directors approves the overall business model, risk profile and strategy. In addition, the Executive Board and the Board of Directors receive regular reporting on and monitor our main risks.

Our Corporate Responsibility Strategy and Responsibility Policy address the key corporate responsibility risks and

Business Integrity Board



The Business Integrity Board is chaired by our CEO, Thomas F. Borgen.

impacts across our business, and we report on our policies, activities and performance in this report. Our key corporate responsibility risks are identified annually as part of our materiality assessment process, which is described on p. 9.

In addition to our policies, we have a number of procedures that support us in identifying and addressing corporate responsibility risks and impacts.

Reporting wrongdoing

If our employees become aware of incidents of non-compliance or wrongdoing, such as manipulation of securities

prices, fraud or failure to comply with applicable regulation, laws or internal standards, they can easily report their concerns anonymously. Our whistleblowing mechanism includes a mandatory whistleblowing eLearning course for all employees.

Our Whistleblowing Policy and mechanism were updated in 2017. Following the update and an internal awareness campaign, we saw an increase in the number of concerns raised. This shows that our employees trust the mechanism, and we thus consider it a positive development.

More insights

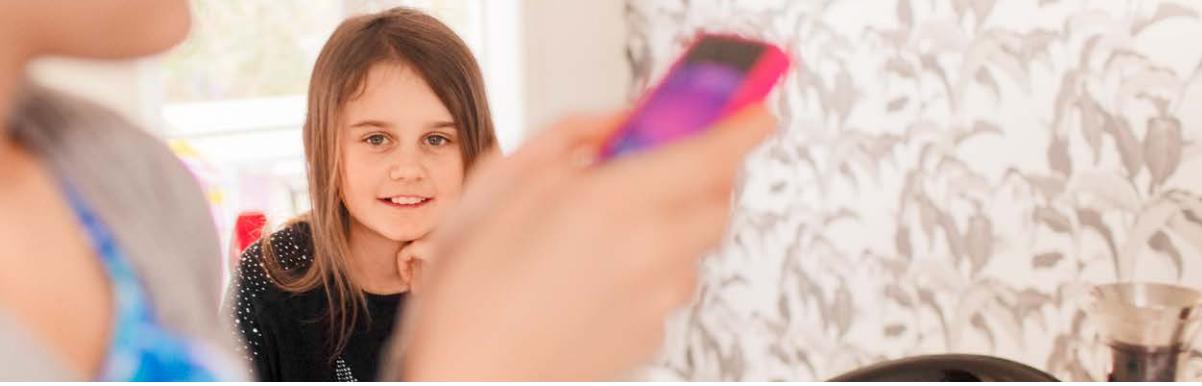
Find our policies on danskebank.com and more information on how we govern our business and manage risks in Corporate Governance Report 2017 and Risk Management Report 2017.



Relevant policies

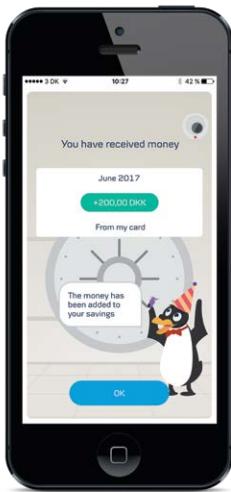
Group policies of specific relevance to our corporate responsibility include:

- Anti-Money Laundering (AML), Counter-Terrorist Financing (CTF) and Sanctions Policy
- Code of Conduct Policy
- Credit Policy
- Diversity and Inclusion Policy
- Responsibility Policy
- Responsible Investment Policy
- Stakeholder Policy
- Supplier Code of Conduct
- Tax Policy
- Whistleblowing Policy



Fostering financial confidence at an early age

With the digitalisation of the financial infrastructure, children and young people increasingly need help to develop a sound understanding of money and personal finances. We want to help build financial confidence and have launched a number of initiatives.



Conversations about money
Parents can use our Pocket Money solution as a starting point for talking with their children about money. The solution is available in Denmark, Norway, Sweden and Finland. Our national websites also offer inspiration and advice on pocket money.

Even though they are digital natives, the generation of the new millennium must learn to navigate the increasingly cashless society.

Our ambition is to help children and young people develop a sound understanding of money and personal finances that will enable them to make healthy financial decisions later in life. We develop educational programmes, tools and free online universes that help parents and teachers build financial confidence in children and young people in an inspiring way. Our efforts are part of our strategic focus on SDG No. 4 concerning quality education.

Introducing digital pocket money
The cashless society influences how we give our children pocket money and teach them about money. A survey from The Danish Bankers Association conducted by A&B Analysis in January 2017 showed that 44% of children receive pocket money digitally by bank transfer or MobilePay, for example. The survey also revealed that 68% of parents give their children pocket money to give them a better understanding of the value of money and a sense of responsibility for their own finances.

In order to help both parents and children keep track of the money, we developed a new digital solution, Pocket Money, in 2017. Pocket Money consists of an app, a pocket money card for children aged 8-14 years and a feature in our new Mobile Banking app for parents.

Children can see when pocket money is paid into their account and how their savings develop, while parents can use Mobile Banking to transfer money and keep an eye on their children's pocket money. Children can use the pocket money card in ATMs and for payment in stores or online if their parents allow this. Parents can also monitor and set limits for their children's spending.

Contributing to quality education

We measure our contribution to SDG No. 4 by the number of children and young people in our markets we have helped improve their financial skills. In 2017, more than 13,500 children and young people participated in our educational programmes and campaigns, and we thus exceeded our 2017 target of 10,000. For 2018, we increase our target from 10,000 to 12,500 children and young people.*

SMART, our flagship financial confidence programme in Northern Ireland, reached more than 4,600 pupils in 2017. Local employees who are trained as Youth Ambassadors spent about 150 company-paid hours teaching SMART in classrooms. The SMART Partnership for post-primary schools covers budgeting and saving, credit and debit, buying and renting property, and entrepreneurship and how to build a business. The programme includes SMART Junior, which introduces the topic of money for primary school children.

* We do not expect to reach the same numbers in 2018 as in 2017, since these were partly achieved as a result of a campaign held in Finland that year.

In Denmark, more than 2,800 pupils in the final years of their lower secondary education got a visit from one of our financial advisers to discuss financial assets and pitfalls and how to protect themselves against cybercrime. The visit is part of our SMART Money programme, which was developed in collaboration with the Danish Association of Teachers of Mathematics. The programme is based on everyday financial decisions and consists of a range of websites, games and teaching materials.

As part of a campaign in 2017 to celebrate the centenary of Finland's independence and Danske Bank Finland's 130th anniversary, we arranged 130 workshops for 3,000 upper elementary and secondary school pupils together with our Finnish partner, Youth Academy. The pupils were encouraged to think about their dreams and what it would take financially to achieve them. The workshops thus improved their financial confidence in a positive and inspiring way.

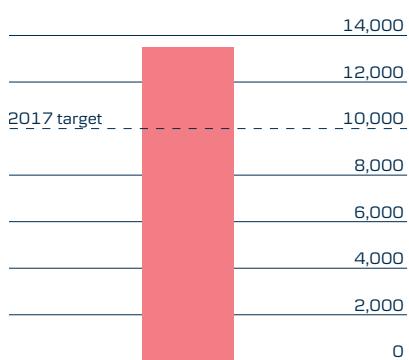


SDG No. 4 is about ensuring inclusive and equitable quality education and promoting life-long learning opportunities for all.

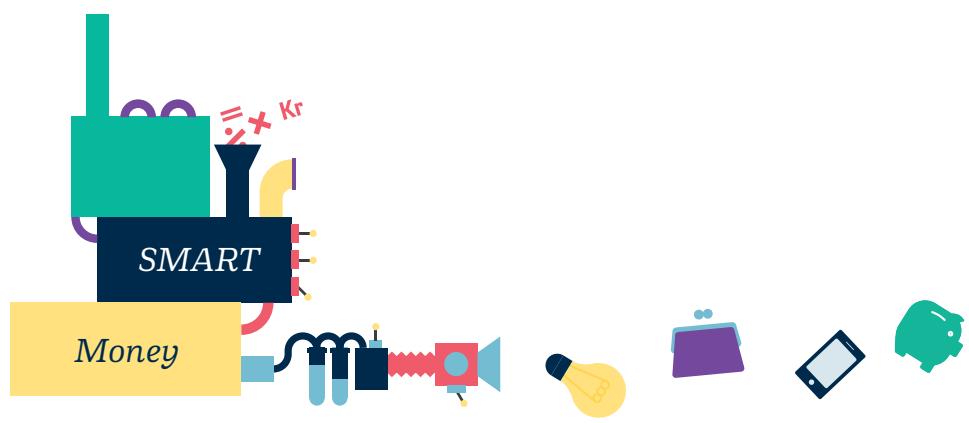
2018 target

To help 12,500 children and young people in our markets improve their financial skills in 2018.

Number of children and young people in our programmes in 2017



In 2017, more than 13,500 children and young people improved their financial skills by participating in our financial confidence initiatives such as our SMART programmes in Denmark and Northern Ireland and our workshops in Finland.



Visit our online universes



Moneyville

Moneyville is a game that both parents and teachers can use to give 5- to 9-year-olds a basic understanding of money. Children can earn money and decide whether to spend it or save it. Since its launch in 2008, the Moneyville website has had over 7 million users.



Control Your Money

Control Your Money is an educational website that teachers can use to teach 10- to 15-year-olds about personal finances. The pupils can carry out missions, such as arranging and financing a trip abroad and moving away from home. Since its launch in 2010, 77,562 Control Your Money missions have been completed.



Introducing Money

At the Introducing Money website, parents can find age-specific information on how to talk with their children and youngsters about money and personal finances. The subjects range from children's first pocket money and after-school jobs to managing their own finances. Since its launch in 2014, the website has had 11,582 visitors.

"We want to help children become financially responsible and develop healthy financial habits, hopefully enabling them to make sound financial decisions later in life. We think that our Pocket Money app is a good starting point for important conversations about the value of money and the importance of saving. The app also meets the increasing customer demand for an easier way to handle pocket money."

Jeanette Fangel Løstrup is Head of Group Marketing and Communications and Senior Executive Vice President

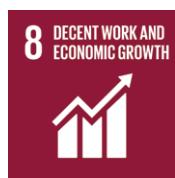


More insights

Find more information on our initiatives to build financial confidence in children and young people at danskebank.com/responsibility.

Supporting startups and growth companies

Entrepreneurs and small businesses are essential to innovation, productivity and economic growth in society. We want to make it easier for Nordic startups and growth companies to accelerate their expansion and achieve their ambitions.

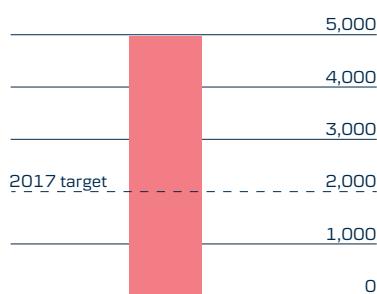


SDG No. 8 is about promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

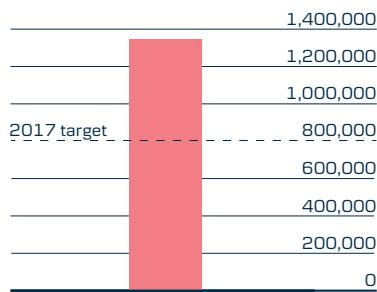
2018 targets

To support startups and growth companies by facilitating 80,000 applications for 9,000 jobs posted on The Hub in 2018.

Jobs posted on The Hub in 2017



Visits to The Hub in 2017



In 2017, we supported startups and growth companies by facilitating applications to 4,974 startup jobs and guiding 1,346,826 visits to The Hub.

Competition among startups and small emerging companies can be fierce when access to resources is limited.

Our ambition is to help Nordic growth companies by being the best at understanding their needs, evaluating their potential, and serving them. Together with leading players within entrepreneurship, we develop solutions that make it easier for startups and growth companies to deal with scalability challenges, such as recruiting the right people, gaining access to capital and quickly finding the tools they need. Our efforts are part of our strategic focus on SDG No. 8 on decent work and economic growth.

Danske Bank Growth

In order to create a centre of excellence for startups and growth companies, we established Danske Bank Growth in 2017, a network of 20 dedicated advisers across our Business Banking units in the Nordics who share a passion for startups. The advisers specialise in understanding the startups and their business models and guide the young growth companies on their journey by giving them access to financial services, including experts and Danske Bank's network.

The Hub – promoting sustained growth

The Hub, Danske Bank's online platform for Nordic startups, is tailored to make it easier to recruit skilled employees, raise capital and access best practice tools.

Launched in 2015, The Hub is a strategic partnership between Danske Bank and Rainmaking with local partners Grundr in Norway, SUP46 in Sweden and Maria O-1 in Finland. It provides tools and guides that enable startups to quickly produce critical documents, such as contract templates and pitch

decks. It also helps startups screen the market for the most relevant investors, who in turn can use The Hub to look for hidden gems.

We measure our contribution to SDG No. 8 by the number of jobs posted and visits to The Hub. With 4,974 jobs posted and 1,346,826 visits to The Hub in 2017, we thus exceeded our 2017 targets of 2,000 jobs and 800,000 visits. For 2018, we have chosen to focus on the number of applications instead of visits, since it is a better proxy for how we create value in terms of employment. Our target for 2018 is to facilitate 80,000 applications for 9,000 jobs posted.

We promote The Hub at conferences and events for startups across the Nordic region, and in 2017, we participated in conferences such as Copenhagen Fintech Innovation Day, Slush in Helsinki, Oslo Innovation Week, and Startup Weekend FemTech in Stockholm.

Helping startups gain a foothold in China

China is an attractive market and a potential gateway to the rest of Asia. It is, however, very different from the Nordics and the rest of Europe, which can make it difficult for companies to create a solid foundation for a Chinese business venture.

In 2017, we entered into a partnership with nHack, a Norwegian accelerator programme, in order to help Nordic startups enter the Chinese market. nHack assists companies with prototyping, sourcing, production, local sales and capital raising in Asia. The accelerator programme was launched in Shanghai in September and six Norwegian companies participated. Three new programmes open in February 2018.



Female entrepreneurship

Female founders are still few and far between. We want to support and encourage women to develop and realise their business ideas.

In 2017, we arranged the first Startup Weekend FemTech in Sweden in a joint venture with SUP46. Nearly 80 women participated and got the opportunity to

network, form teams and start companies. All participants were coached by experienced mentors from different parts of the FinTech industry, including experts from Danske Bank.

We also participated in the SHE FUTURE Conference 2017 in Norway. The conference invited entrepreneurs, investors and business leaders to discuss how female participation can accelerate innovation and growth and how we can advance diversity. Danske Bank identified a number of female entrepreneurs who pitched their business ideas to a jury of investors at the conference.

Partnership with Singularity University

Since its establishment in 2008 in Silicon Valley, the esteemed knowledge centre and think tank Singularity University has educated and inspired thousands of leaders and entrepreneurs on the accelerating development of technology and its consequences for both societies and companies.

We want to bring some of that inspiration to Denmark, and in 2017, we entered into a partnership with 'SingularityU Denmark'. The new Danish division will make Singularity University's knowledge on exponential technologies more accessible to Nordic companies.



"We know that running a startup is different from running a conventional company, and especially access to finance can be of critical importance. We help the startups get an overview of the various sources of venture capital in the Nordics and their investment focus."

Lars Mørch is Head of Business Banking
and a member of the Executive Board





Accessible finance for everyone

Digitalisation is transforming the financial infrastructure, and it is important for us to manage this transition responsibly. We do this by ensuring that our services are easy to use and accessible to all our customers.

While most customers expect and value easy access to our products and services around the clock, others are less comfortable with digitalisation and the increasingly cashless society. Our customers are quickly adopting mobile and digital banking, including seniors, who are rapidly catching up. But the digitalisation of financial services also increases the risk of excluding vulnerable groups from making financial transactions.

It is part of our responsibility to accommodate the needs of all our customer groups, and we want our services and solutions to be easy to use and accessible to all our customers, regardless of whether they contact us online, by phone or in person.

MobilePay, which we introduced in 2013, is an example of the convenience and instant access offered by digital solutions. MobilePay feeds into our strategic efforts to provide accessible finance for everyone, every day, and from the onset, the MobilePay platform has been available to everyone, not only Danske Bank customers. In 2016, we opened the platform to all interested Nordic banks. MobilePay is now an independent unit run in a partnership with more than 60 Nordic banks. In 2017, MobilePay had more than 4 million users in Denmark and Finland.

Rapid development in touchpoints
The Nordic countries are among the world's most digital societies. Our customers are also adopting this trend,

and most of them now use our self-service solutions as their main touchpoints with us. This development is linked to the decline in cash payments, which in Denmark, for example, fell by 36% from 2009 to 2016. We also see significant decreases in both the amount of cash withdrawn and the frequency of withdrawals. The reason is the increase in card payments and the use of services such as MobilePay, which make it easy to make person-to-person payments without using cash.

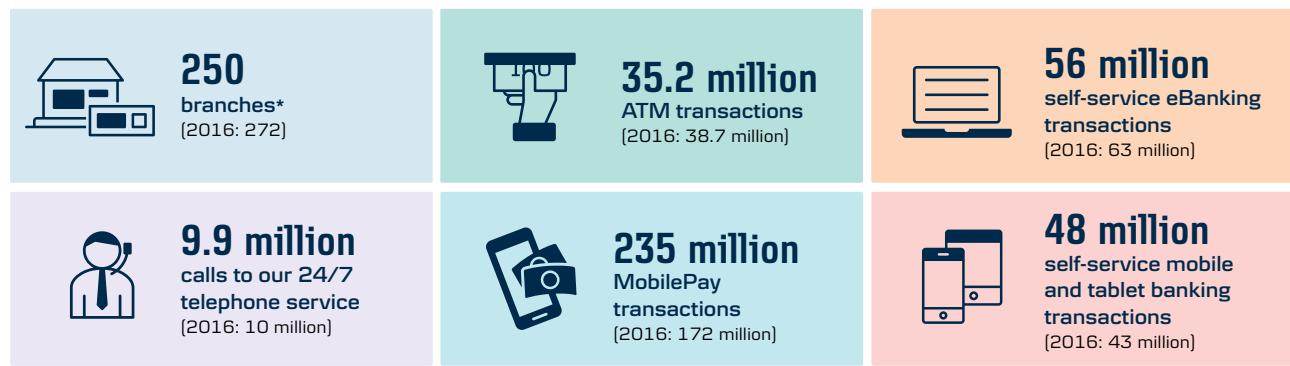
To increase accessibility for everyone, we offer customised solutions for seniors, the visually impaired and other customers with special needs.

"We want to accommodate the needs of all our customers, regardless of how they prefer to bank with us. Consequently, we develop our solutions together with our customers based on their lives and preferences to ensure that they experience a bank that is always there for them when they need it."

Jesper Nielsen is Head of Personal Banking
and a member of the Executive Board



Customer touchpoints and use of our financial services in 2017



*Number of branches at the end of 2017.

Our financial services for people with special needs



Cash card

Customers in Denmark who are unable to visit branches or ATMs, have difficulty remembering a PIN, or need someone to make payments on their behalf, can get a Danske Bank cash card. It has a PIN that is easily memorised, a maximum balance of DKK 7,500, and no overdraft facility. It can be used at all ATMs and shops that accept MasterCard.



Ordinary mail and mail payment

For customers with special needs who have difficulties with digital communication, we offer correspondence by ordinary mail at no extra cost. For a minor fee, these customers can also send us their invoices, and we will take care of payment.



Cash deposits

Cash can be deposited at selected ATMs in Denmark, Norway, Finland and Northern Ireland. In 2017, we established 118 new deposit ATMs, bringing the total to 349.



Step-by-step meetings

Senior customers in Denmark can get basic knowledge about our digital services and help to develop the skills needed to use the services at step-by-step meetings at our local branches.

MobilePay for the homeless

For the homeless, the increasingly cashless society poses a significant challenge. To solve this challenge, the Danish homeless organisation "Hus Forbi" joined forces with MobilePay to offer the payment solution to the homeless people selling the "Hus Forbi" magazine in the streets of Denmark. The money they make is transferred to a Danske Bank cash card which is not linked to a personal bank account. This is a major advantage since it can be very difficult for people without an address to open an account. With the cash card, they can withdraw cash from ATMs and pay in shops that accept MasterCard. In 2017, the number of vendors with MobilePay rose to 350 across the country.



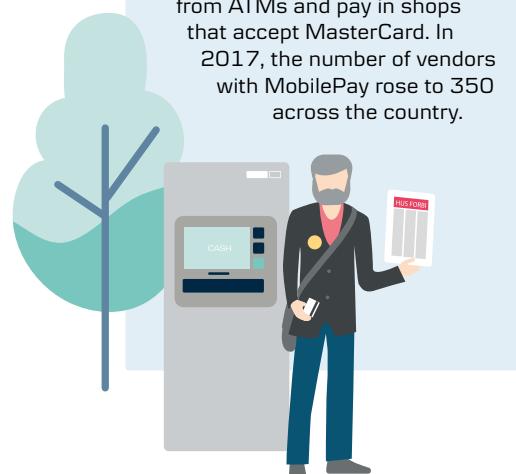
Braille services

To help visually impaired customers, many ATMs in Denmark, Sweden and Northern Ireland have keyboards in Braille and synthetic speech. In Denmark, we also offer monthly account statements in Braille and home deliveries of cash once a month.



Easy Banking

In Denmark, customers who do not feel confident using digital banking can use our Easy Banking solution, which is a simplified version of our eBanking solution. The system has only three functions: account overview, bill payment, and transfers, including transfers to a cash card.



Creating long-term value

We want to create long-term value for both shareholders and society. Furthermore, engaging in proactive and collaborative dialogue with our key stakeholders is essential to us.

Part of our role in society is to be a solid, balanced and predictable bank. Our biggest impact is the way we employ the capital we have at our disposal, and we play a fundamental role in lending money to private individuals and businesses and in investing capital on behalf of our customers to achieve the best long-term results.

In 2017, the return on shareholders' equity (ROE) was 13.6%, and we have thus met our longer-term ambition for a return on shareholders' equity of at least 12.5% in 2018 at the latest. We therefore introduce a new target based

on relative performance. Our longer-term ambition is to rank in the top three among major Nordic peers in terms of return on shareholders' equity. We also create economic value in society through the payment of salaries and social security costs to our employees, procurement and tax payments, for example.

Responsible tax practices

Tax compliance and the risk of tax fraud and evasion are issues that are high on both our and our business partners' agendas. Our stand on these issues is clear: we do not tolerate any illegal tax

practices. In April 2017, we published our Tax Policy, which sets out our commitment to being transparent, to seeking a proactive, open and cooperative relationship with the tax authorities, and to disclosing our tax payments in accordance with national and international requirements and good practice among peers. If it comes to our attention that any of our customers or business partners engage in tax fraud or tax evasion, we cooperate with the relevant authorities in accordance with applicable rules and regulations.

Value creation



Banking customers

DKK 1,723 billion

Loans issued to banking customers in 2017.

Loans to Personal Banking customers represent 44% of all loans, and loans to Business Banking customers account for 39%.



Asset management

DKK 1,530 billion

Assets under management consist of our conventional life insurance business (Danica Traditionel), asset management (Danica unit-linked and Asset Management) and assets under advice (the investment decision is taken by the customer) from personal, business and Private Banking customers.



Shareholders

DKK 18.9 billion

Distributed in 2017 to our approx. 257,000 shareholders, including share buy-backs totalling DKK 10 billion. 44% of our shareholders are based in Denmark, 16% in the UK, 11% in the rest of Europe, 24% in the US and Canada and 5% in the rest of the world.



Suppliers

DKK 7.6 billion

Payments for products and services delivered by our 11,765 suppliers in 2017.

Most of our suppliers are in the premises and facilities management, IT, and professional services fields.



Employees

DKK 13.7 billion

Salaries, bonuses and social security costs paid in 2017 to our 19,768 employees.

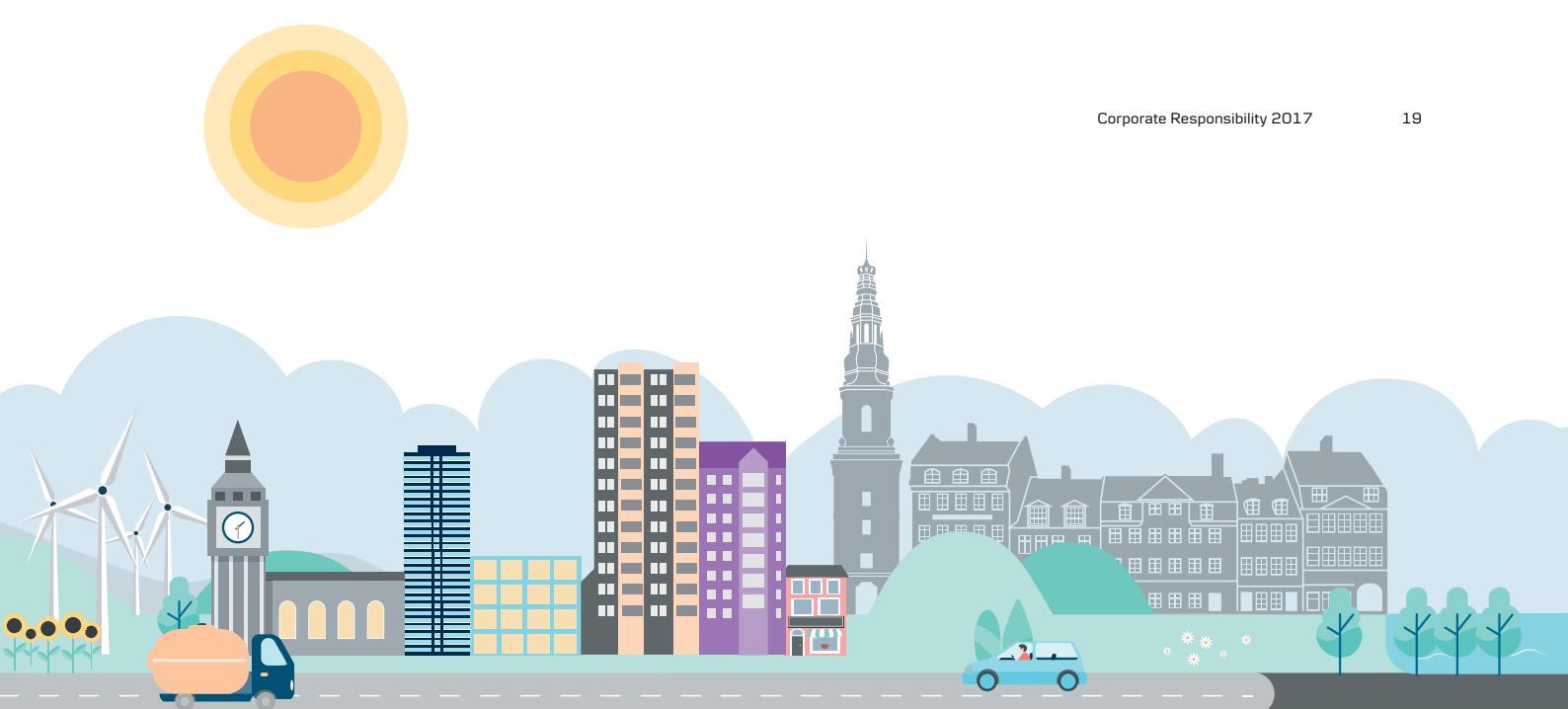
At the end of 2017, 49% of our employees were women and 51% were men.



Tax authorities

DKK 5.4 billion

Tax on profit for 2017.



CONTRIBUTING TO SOCIETY

Policy commitment

"We want to contribute to growth and prosperity through the products and services we deliver and by innovating the financial infrastructure. We are committed to conducting our business in a responsible and transparent manner and to

making our expertise available for the benefit of the societies in which we operate, for example, through education, corporate volunteering and supporting growth initiatives."

Responsibility Policy

Ambitions and strategy 2015-18

- Create value for all our stakeholders
- Contribute to financial stability
- Contribute to economic growth
- Transparent tax payments
- Transparency, contributing to communities and stakeholder engagement

Target: at least 12.5% ROE in 2018 at the latest*

12.5% ROE

A return on avg. shareholders' equity of at least 12.5%

Performance 2017

13.6% ROE

Return on shareholders' equity in 2017

Key actions 2017

- Contributed to economic growth and financial stability through our services and by innovating the financial infrastructure
- Contributed to debates on important societal themes by facilitating 20 local debate meetings leading up to the municipal elections in Denmark, publishing a study on the Danes' financial confidence, facilitating events on the society of the future, participating in the Danish Disruption Council and facilitating regional events on growth, among other things
- Published our Tax Policy
- Began developing new guidelines for our donations and voluntary work

Outlook for 2018

- Increase our ambition for positive impact on society and update our strategic approach to corporate responsibility
- Publish report on our impact on the Danish society, produced in collaboration with Copenhagen Business School
- Continue contributing to debates on important societal themes by facilitating debate meetings in Denmark under the auspices of the Disruption Council and by publishing a study on financial confidence, among other things
- Launch new digital educational tool about personal finances for 10- to 15-year-olds
- Implement new guidelines for donations and voluntary work

* We have for the second consecutive year – ahead of time – met our longer-term ambition for a return on shareholders' equity of at least 12.5% in 2018 at the latest. We therefore introduce a new target based on relative performance: our longer-term ambition is to rank in the top three among major Nordic peers in terms of return on shareholders' equity.

More insights

Find more details on our financial performance, tax payments and value distribution in Annual Report 2017.

Engaging with our stakeholders



We have a wide range of stakeholders, all of whom are important to our business, and we welcome dialogue with all of them, whatever their views. Our Stakeholder Policy outlines the general principles and guidelines for our stakeholder engagement.

We engage in dialogue with a number of our stakeholders on issues relating to our strategic corporate responsibility themes. Our efforts concerning customers and employees are described in this report. Below, we provide additional examples of our approach and engagement in 2017.



Sharing knowledge

In 2017, our CEO, Thomas F. Borgen, was invited to join the Disruption Council established by the Danish government. The aim of the Council is to ensure that Denmark embraces the opportunities offered by technological advances. Our constant focus on innovation means that we have substantial experience in this field, and in some areas, we are frontrunners. We appreciate this opportunity to share our knowledge and experience, thus contributing to solving challenges in society.

Another example is the comprehensive study on Danes' financial confidence which we conducted in 2017. The aim of the resulting report is to put Danes' financial confidence on the agenda and share our knowledge on how people actually feel about their personal finances and financial prospects. As part of the study, we developed a financial confidence index, which shows that, in general, Danes have a high degree of financial confidence. The report was published in the media, distributed in our branches and discussed with a wide range of external stakeholders.



Engaging in dialogue

We organise and participate in debates on societal themes at our branches, among other places. In connection with the municipal elections in Denmark

in November 2017, we organised 20 debate meetings at our branches across the country to support local democracy. More than 200 local candidates, representing the entire political spectrum, and 1,800 citizens participated in the meetings. In 2017, we also facilitated eight regional events in Denmark on growth with the participation of politicians and approximately 350 Business Banking customers.

Since 2014, we have participated in the Danish Folkemødet, The People's Political Festival, every year. In 2017, we hosted three events and engaged in debates on issues such as financial confidence, growth and globalisation. We also participated in the political festivals Almedalsveckan in Sweden and SuomiAreena in Finland.



Partnerships of mutual value

In collaboration with relevant organisations, we provide shared solutions for both customers and society. An example is Danica Pension's partnership with Børneulykkesfonden on the Active Generations programme. The programme promotes healthy habits across generations in Denmark, and in 2017, almost 14,000 children participated in a grandparent day in more than 90 kindergartens, where we gave them inspiration for fun and enjoyable games and exercises.

Our collaboration with ISOBRO, a national umbrella organisation for fundraising charities in Denmark, is another example of how we strive to include stakeholder concerns and perspectives. With MobilePay, charitable organisations could raise funds via donations free of charge in 2017, and we also provided them with printed material for door-to-door collection campaigns. 2017 saw an increase in donations via MobilePay of over 230% - from DKK 14 million in 2016 to DKK 46 million in 2017. In addition, a number of charitable organisations are not subject to negative interest rates on credit balances in their accounts with Danske Bank. We also entered into a partnership with Finnish Red Cross, and in 2017, we doubled the funds collected with MobilePay for Hunger Day.

Our engagement principles

- We want to share our knowledge and expertise with our stakeholders
- We act and operate with transparency and integrity
- We want to create value for all our stakeholders and to form long-term partnerships of mutual value
- We make ourselves available for dialogue and respond to input and feedback in a timely and agile manner
- We believe in collaboration and base our engagement on genuine dialogue - we engage, listen and act

Corporate volunteering and charity

We also contribute to society through local charitable work and corporate volunteering. In 2017, we began developing new guidelines for our donations and voluntary work that will be implemented in 2018.

Pondus paying it forward

In 2017, we celebrated the 50th birthday of Pondus, our Danish piggy bank, by making donations to the Children's Fund and UNICEF. The money will help 1.4 million children suffering in the major hunger disasters in South Sudan, Nigeria, Somalia and Yemen. The money was raised by auctioning off six Pondus figurines decorated by Danish artists, and other activities.

Employees donate time

Many of our employees engaged in voluntary work in 2017. More than 200 employees participated in our new Norwegian initiative, Danske Charity, in which employees get a paid day off to do corporate volunteering at an NGO. More than half of the volunteers participated in different activities at the Church Mission and a quarter of the volunteers supported the World Football Championship for homeless people.

In Northern Ireland, more than 120 employees volunteered over 770 hours in local communities through the "Danske Time to Give" programme. The programme enables employees to volunteer up to one day per year by participating in activities that support Action Mental Health, Business in the Community, Keep Northern Ireland Beautiful, Ulster Wildlife, and Young Enterprise.

In Estonia, 25 employees participated in the "Let's donate time" programme led by the Estonian Employers' Confederation. The employees get one day off per year to do voluntary work, and our employees donated over 100 hours to educate children with special needs, amongst other initiatives.

We are the official banking partner at Denmark's largest culture and music festival in Roskilde and are in charge of the overall payment logistics at the festi-

val. In 2017, the festival was cashless, and MobilePay and special cash cards were among the payment solutions. More than 200 employees volunteered and issued cash cards for the festival guests at cash card stations.

In Finland, 48 employees volunteered for the "Financial knowledge and skills" project to help young people who are neither studying nor have a job manage their personal finances. The project is a collaboration between the three largest banks in Finland and the Finnish Ministry of Education and Culture.

Education of underprivileged children

In collaboration with NGO Need Base India, we finance the rehabilitation and education of underprivileged children and orphans in India. In 2016, 30 boys were enrolled in the programme, and in 2017, we welcomed 25 girls. The programme includes housing, medical attention and special training to cover any educational gaps, and the children stay in the programme until they pass the 10th grade.

Supporting students

In Latvia, we support gifted and underprivileged students by granting scholarships for university studies in collaboration with the "Vitols Fund" foundation. In the 2017/18 academic year, we

support 13 students with a monthly contribution of EUR 150.

Christmas donations

In Denmark, Finland, Norway, Sweden and Northern Ireland, employees voted for the charities that would receive our annual Christmas donations. In 2017, DKK 370,000 was donated to the Danish Børnecancerfonden, the Finnish Hyvä Joulumieli campaign, the Norwegian Stiftelsen Sykehushusbarn, the Swedish Musikhjälpen Sveriges radio, and The Kevin Bell Repatriation Trust in Northern Ireland. In addition, we made 27 donations totalling DKK 1.5 million through the Danske Bank Fund.

Danske Bank Vilnius Marathon

In 2017, we were once again the main sponsor of Danske Bank Vilnius Marathon, which is the largest sports event in Lithuania. The marathon attracts more than 15,000 runners from 50+ countries and promotes a healthy lifestyle. Our employees prepared for the marathon in the Endomondo challenge, tracking their sports activity with the app. In total, 3.5 million calories were burned and converted into food, which was then donated to the "Food Bank". The "Food Bank" subsequently distributed 50,000 food portions to vulnerable social groups.



The Pondus figurines were decorated by Danish artists Helle Bovbjerg, Ruth Crone Foster, Gitte Skovmand & Eva Holm, Kristian Hornsleth, Frederik Næblerød and Jakob Tolstrup.

More insights

Find more information on our corporate volunteering in Corporate Responsibility Fact Book 2017. Visit danskebank.dk/tryghed to learn more about our study on Danes' financial confidence (in Danish).



Responsible business conduct

We focus on building responsible customer relationships through our engagement and compliance practices, efforts to fight financial crime and cybercrime, and through the provision of sustainable financing.

In order to earn the trust of the societies we are part of, we must meet the expectations of customers, business partners and regulators. Responsible customer relationships are essential to us, and we will continue to strengthen our efforts and address potential risks, such as financial exclusion, financial crime and the provision of advice that is not in the best interest of the customer.

In 2017, we took several initiatives to continue to strengthen our compliance processes and culture. This included preparing the organisation for the large-scale regulatory financial sector programmes – the Markets in Financial Instruments Directive II (MiFID II), the Fair and Accurate Credit Transactions Act (FACTA), and the General Data Protection Regulation (GDPR). The programmes relate in different ways to due diligence procedures and the fair treatment of and engagement with our customers.

Customer satisfaction is a key priority for us, and it is our ambition to be ranked among the top two on customer satisfaction in all our core markets. At the end of 2017, we were in a good position in most markets. We will continue our hard work on constantly improving the customer experience.

Licence to operate

Regulatory Know Your Customer (KYC) measures are an element of our licence to operate and are central to responsible customer relationships. We must know our customers and how they expect to use our products and services. In practice, this means that our customers must verify their identity and that we may have to ask them to answer detailed questions about certain transactions.

Our Code of Conduct Policy communicates the most essential standards for prudent behaviour and conduct that our employees must adhere to, including areas such as anti-money laundering (AML), data protection, handling of conflicts of interest and inside information.

We have annual mandatory eLearning courses to ensure that all our employees have the right skills and knowledge to support them in their daily work. In 2017, we launched a new and improved compliance eLearning course on AML, counter-terrorist financing and financial sanctions which is tailored to our employees' different areas of work and is available in all local languages.

Fair treatment and responsible advice
Treating all our customers fairly and providing responsible advisory services are requirements and values that are embedded in our policies and practices.

Employees must act in the best interest of the customers and offer them the products and advice deemed suitable for them. Communications, regardless of the channel and the customer, should be open, truthful and unambiguous.

To best target our customers' needs, we have a number of specialised departments. Examples are Danske Bank Growth, which serves startups (see pp. 14-15) and Youth Direct, which draws on first-hand experience with the financial issues young customers face, such as student housing and studies abroad.

We also provide support to customers with special needs and work to prevent financial exclusion in the context of digitalised financial services, as described on pp. 16-17.

Update on responsible conduct
In 2017, we published our updated Code of Conduct, and we rolled out a number of activities, including an eLearning programme in Sweden and internal awareness initiatives across the Group. In 2018, we plan to introduce a mandatory eLearning course on our Code of Conduct for all employees. In the Code, we express our respect for human rights and clarify our stand on discrimination, harassment, human trafficking and any type of forced labour. This is in

line with the recommendations from the high-level group-wide human rights risk assessment conducted in 2016.

We also express our zero-tolerance stand on corruption and bribery. This in-

cludes three principles, which are 1) not to accept or solicit bribes in any form, 2) not to make or accept facilitation payments, and 3) not to give or receive gifts above token value except for gifts given or received in specific situations.

These principles are described in more detail in directives, and in case of doubt, employees should consult their manager or Group Compliance.



RESPONSIBLE CUSTOMER RELATIONSHIPS

Policy commitment

"We build long-term responsible customer relationships through proactive advice with a high level of integrity, through easy and secure access to financial products and services, through a high level of information security and measures to prevent financial crime, and through responsible investment and lending practices.

We invest with respect for international principles for human rights, labour rights, the environment and anti-corruption. We integrate environmental, social and governance (ESG) considerations in our investment practices, and will act as

active owners when necessary, through engagement, for example, and strive for transparency.

We ensure that loans and credit facilities are granted on the basis of a professional credit assessment, which includes making sure that our customers understand the implications of taking out loans. We extend credit with respect for international principles for human rights, labour rights, the environment and anti-corruption and include ESG considerations in our lending activities. We do not conduct business with customers whom we believe disregard or deliberately violate these principles."

Responsibility Policy

Ambitions and strategy 2015-18

- Provide responsible customer advice
- Prevent financial exclusion by offering access to financial products and services
- Improve the customer experience
- Offer responsible investment opportunities for customers
- Integrate responsible lending principles in credit practices
- Build customer trust through reliable IT security

Customer satisfaction target

Ranked among the top two in all our core markets

Performance 2017

- Personal Banking: On target in 3 out of 4 markets
- Business Banking: On target in 4 out of 4 markets
- Corporates & Institutions: Number 1 overall in the Nordics
- Wealth Management:
Private Wealth Management: On target in 3 out of 4 markets
Asset Management: On target in 1 out of 4 markets

Key actions 2017

- Continued our efforts to improve the customer experience
- Strengthened our compliance setup across the organisation
- Increased focus on cybersecurity as co-founder of the Nordic Financial CERT and through the "Keep it safe" online platform for employees and customers
- Developed a strategy for raising our ambitions on responsible investment
- Updated our position statements and published a new statement on Agriculture

Outlook for 2018

- Assess current whistleblowing setup, including the possibility of making it available to external stakeholders
- Continue work on embedding compliance even more into our day-to-day operations
- Continue implementing GDPR and MiFID II requirements
- Increase responsible investment engagement activities
- Update responsible lending strategy

More insights

Find more information on our customer satisfaction target and performance in Annual Report 2017.

Fighting financial crime



AML measures and 2017 figures

- **Policy:** Anti-Money Laundering, Counter-Terrorist Financing and Sanction Policy.
- **Resources:** More than 900 employees are dedicated to the combating of financial crime.
- **Training:** Improved AML training mandatory for all employees with direct or indirect customer contact.
- **IT systems:** A hardblock IT measure ensures that new customers cannot make transactions before proof of identity has been provided.
- **Competency centre:** AML Utility established to centralise all transaction monitoring and to ensure even more systematic and consistent money laundering monitoring.
- **Screening:** 3.7 million customer transactions are screened every month and about 15 million customer numbers [Danske Bank Group, including Danica Pension and MobilePay] are screened every week against international sanction lists.
- **Warnings:** About 158,000 warnings of unusual customer behaviour in relation to money laundering and the financing of terrorism recorded from December 2016 to November 2017.
- **Reports:** More than 8,650 reports submitted to the authorities from December 2016 to November 2017.

Money laundering and terrorist financing have major implications for societies all over the world in terms of illegal arms trading, drug and human trafficking, organised crime, tax evasion and terrorist attacks.

As a member of the global financial community, we conduct business in several jurisdictions around the world, and we play a key role in the fight against financial crime. Regardless of jurisdiction, we are committed to maintaining high standards for anti-money laundering (AML), counter-terrorist financing and financial sanctions.

AML deficiencies and investigations

During the year, serious questions were raised regarding events that took place at our Estonian branch in the now terminated non-resident portfolio in the period between 2007 and 2015. Both the Board of Directors and the Executive Board take the suspicions that the Estonian branch may have been misused for money laundering very seriously, and we have launched investigations into the matter in collaboration with independent experts. We will share the conclusions when the investigations have been finalised.

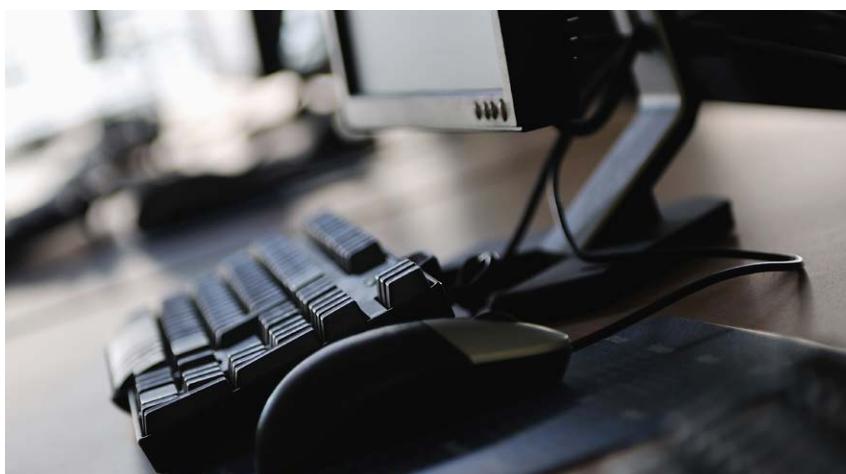
Danske Bank has a great responsibility and a substantial role to play in combatting financial crime, and today, more than 900 dedicated Danske Bank employees work to prevent money laundering and other types of financial crime. The continued development of a strong compliance culture will remain a priority for us in the years to come.

In end-December, Danske Bank A/S was charged by the Danish Public Prosecutor for Serious Economic and International Crime (SØIK) with having violated the stipulations of Danish anti-money laundering legislation on the monitoring of transactions to and from correspondent banks. In this connection, Danske Bank accepted a fine of DKK 12.5 million. The charge and the fine are the result of the inspection made by the Danish FSA at Danske Bank in 2015.

Dialogue and collaboration with authorities

The financial sector fights financial crime in close dialogue with the relevant authorities. We have a clear, common interest in making it as hard as possible for criminals to use the financial system for money laundering, and we work with the authorities on potential and actual money laundering cases. In 2017, we attended a hearing at the Danish parliament regarding money laundering to contribute to the discussion on how to counter money laundering and the financial sector's role in terms of cooperating even more closely with the authorities.

In 2017, we also continued our round-table discussions with politicians and representatives of relevant interest groups to share information on our measures to prevent financial crime and detect irregularities. Naturally, we expect to continue these dialogues in 2018.





Keeping our customers safe

Cybercrime, including fraud, continues to be a challenge for consumers and businesses. Danish police reports show an increase in cases from 647 in 2011 to 22,339 in 2016. A survey from 2017 conducted by Danske Bank on IT security in the Nordics also pointed to inadequate levels of IT security among both individuals and businesses. Inadequacies relate to the use of insecure passwords, insufficient knowledge about IT security, risky behaviour on the internet, and not reading the small print when entering into agreements online.

Along with the increasing digitalisation of our business, we are also strengthening our focus on IT security and cybercrime. We invest in both people and technology to prevent and detect fraud and to help our customers recover from fraud committed against them. As part of our due diligence processes, we make regular global threat assessments to allow us to quickly respond to new types of threats and shield our customers from attacks. In 2017, we introduced additional protective measures to prevent various types of card and payment fraud, including investment and romance scams.

In 2017, we also launched a "Keep it safe" online platform that brings to-

gether our knowledge and tools to help customers be safe online and help our employees prevent internal IT issues. The platform initially targets personal and business customers in Denmark, Sweden, Norway and Finland. In 2018, we will continue to engage customers and employees on IT security through campaigns and events.



Keep it safe

Our "Keep it safe" online platform brings together knowledge and tools to be safe online.

We also implemented an email validation system which has helped reduce the number of phishing mails that reach our personal and business customers by more than 2 million. In 2018, we will offer the solution to our business customers to help them protect their customers and fight cybercrime.

Collective action on fraud prevention
We collaborate with the rest of the

Nordic financial sector to find solutions and establish best practices on how to reduce the risk of fraud. We cooperate with both national and international law enforcement agencies, and in 2017, we joined the steering committee for the Danish Forum against Economic IT Crime, founded by the Danish police. We also participate in Europol's European Cybercrime Centre, where we are a member of the Advisory Group on Financial Services and the European Payment Council's Card Fraud Prevention Forum.

Danske Bank, DnB and Nordea are founding partners Nordic Financial CERT, an organisation which was established in 2017 to identify, defend against and combat cyber risks in the financial sector more efficiently. In connection with the launch, Danske Bank hosted a cyber security conference with representatives from banks, pension and insurance providers and data centres in Denmark to gain support for the new Nordic initiative. The initiative has been well received, and financial institutions across the Nordics will be joining the initiative in 2018.

We also collaborated with a number of stakeholders, including the Danish Consumer Council Tænk and the National Centre for Cybercrime, in creating the "My digital self-defence" app, which was launched in 2017. The app, which has had about 67,000 downloads, helps consumers detect and prevent fraud and guides them if they have fallen victim to it.

More insights

Visit danskebank.dk/keepitsafe to learn more about how you can protect yourself and your business against IT fraud (in Danish).

Sustainable finance

Sustainable investment assets account for more than a third of all professionally managed assets globally, and the market continues to grow in both absolute and relative terms, according to the Global Sustainable Investment Alliance.

Sustainable finance is a cornerstone in our ambition to be recognised as the most trusted financial partner. We believe that the integration of environmental, social and governance (ESG) perspectives in our investment and lending decisions is key to creating long-term sustainable value for companies, investors and societies.

In 2017, we increased transparency and continued to integrate ESG risks into our policies and due diligence processes on responsible investments and lending. We have a Responsible Invest-

ment Board and a Credit Committee, which set the strategies and ambition levels and decide on individual cases.

New and updated position statements
Our sector-specific position statements clarify our credit and investment procedures for industries known to have elevated ESG risks.

In 2017, we updated our statements on arms and defence, climate change, forestry, fossil fuels, and mining and metals, and published a new position statement on agriculture to reflect the integration of additional international conventions and principles in our investment and lending processes. As a result, we now have a more comprehensive coverage of human rights risks as recommended in our group-wide high-level risk assessment from 2016.

Responsible investment

In 2017, we developed a new responsible investment strategy to clearly state our ambition of having a positive impact on society that goes beyond our financial performance. In order to achieve this, we will strengthen our engagement and active ownership activities, increase our communication and transparency efforts and expand our product offerings in the years to come.

We are signatories to the UN-supported Principles of Responsible Investments (PRI), the Montreal Carbon Pledge, and the Carbon Disclosure Project (CDP). We are also a member of the International Investors Group on Climate Change (IIGCC), the UN Environment Programme Finance Initiative (UNEP FI), and the Nordic institutional investor forums on sustainable investments (SIFs). Read more about CDP on p. 30.

Engagement and transparency

We engage with companies to understand and influence the way they handle ESG risks. If we have reason to believe that a company does not comply with the international norms and principles we adhere to, we engage with them. We do so independently, in collaboration with other investors through IIGCC, CDP or the UN-supported PRI, amongst others, or through our external responsible investment service provider. In 2017, we held dialogues with 27 companies on specific sustainability issues through our external service provider.

We exercise our ownership rights by voting at companies' annual general meetings when needed. We focus our ownership efforts on companies where we can have a substantial impact. These are mainly companies domiciled in the Nordic countries, funds with

"The majority of our customers state that transparency is important when selecting an investment services provider. To live up to our customers' expectations, we introduced a sustainability profile for several of our funds in 2017. It is my hope that the profiles will give a deeper insight into how we work with sustainability."

Tonny Thierry Andersen is Head of Wealth Management and a member of the Executive Board



“During 2017, we arranged green bonds for the European Investment Bank, the Nordic Investment Bank, SBAB and Sveaskog, among others, and in the past few years, we have become an established arranger and structurer. We expect to see continued growth in this market, and we are happy to support a financial instrument that integrates environmental aspects.”

Glenn Söderholm is Head of Corporates & Institutions and a member of the Executive Board



significant holdings and where clients have authorised us to do so. In 2017, we cast votes by proxy at 247 company general meetings.

To make it easier for our customers to choose the funds that match their expectations in terms of sustainability, we launched sustainability fund profiles across all markets in 2017. The profiles describe the degree of active ownership of the fund, how it influences companies, any basic or enhanced exclusion criteria and how it takes ESG considerations into account. The fund profiles also show Morningstar's sustainability globes, with each fund rated from zero to five to reflect sustainability compared to its peers.

Rising interest in sustainable bonds

In 2017, we saw substantial interest in our European Corporate Sustainable Bonds fund, which was launched in

2016. With more than EUR 500 million invested, it is one of the fastest growing European sustainable fixed income funds. The fund has a heightened focus on company ESG scores and goes beyond screening and exclusion by including ESG integration, engagement and investments in ESG turnaround stories. We are also seeing a strong interest in green bonds, especially in Sweden, where we are the second largest arranger of green bonds with a volume of more than SEK 5 billion.

Carbon footprint of investment funds

In 2017, we published our first report focusing on the carbon footprints of two types of funds – our restricted equity funds, which include seven funds, and our European Sustainable Corporate Bonds fund. Going forward, we expect to broaden our scope in step with the emergence of business standards.

Carbon footprint measurement on selected investment funds
(tonnes CO₂/USD mn revenue)



ETFs and ESG screening

In 2017, we launched our digital investment solution June, an easy, personalised and low-cost option for customers looking to invest their savings. June is based on index-based exchange-traded funds [ETFs]. The global market for ESG-screened ETFs is still very limited. We are aware of the trade-off and in order to deliver consistent and transparent offerings to our customers, we will seek to be proactive within both ETFs and ESG investment as the trends converge.

Responsible lending

When we grant a loan to a customer, we enter into a long-term commitment. We carefully evaluate our customers' financial situation to make sure that we understand it and offer loans that are suited to their needs and financial capacity. We also consider the purpose for which the funds will be used and check for ESG issues.

We do this to ensure that our customers' conduct is in accordance with our Credit Policy and Responsibility Policy and the international principles which we endorse.

If our assessments show that continuing a customer relationship is contrary to our principles, we engage with the customer and recommend another approach. If this process is fruitless, and our only remaining option is a termination of the credit agreement, we do so in a controlled process that takes all legal aspects into consideration.

Updated mandate, policies and procedures

In 2017, our Business Integrity Board requested an update of our responsible lending strategy, and we initiated dialogues with customers and industry leaders to gain insights on best practices in this field. The updated strategy, which will be launched in 2018, will focus on strengthening internal governance across the organisation and updating existing processes. We will also update the tools available to our relationship managers to enable them to engage in constructive dialogue with our customers on corporate responsibility issues.

We updated our Credit Policy, associated directives, FAQs and guidelines in 2017. The updates include a firmer statement on responsible lending, the handling of ESG risks, and a strengthening of human rights aspects.

New engagement and diversity ambitions

We aspire to be the preferred workplace for people who are driven by delivering best-in-class customer experiences.

It is the expertise and dedication of our more than 19,000 employees which enable us to create value for our customers. Our core values lay the foundation for how we train and develop our employees, foster a culture of diversity, and maintain a safe and healthy working environment.

Strategy and responsibilities

Group HR defines the policies and continuously assesses and addresses risks associated with our workforce, such as being able to attract and retain the right employees and related impacts on our business. They also work closely with business units, Group functions, unions and employee representatives to realise our strategy and ensure compliance with policies, legislation and international commitments, such as the Universal Declaration of Human Rights and the ILO Declaration of Fundamental Principles of Rights at Work.

Employee engagement

In 2016, we introduced two new employee engagement tools: Team Talk, which engages managers and employees in dialogue at a local level, and a

monthly PULSE survey, which provides management insights on themes such as empowerment, collaboration and our core values.

We have high ambitions for our employee engagement and work with an employee engagement target of 90% in 2020. Our 2017 performance shows that we are on the right track, as our average employee engagement score was 85.4%, and we earned an employer net promoter score of 31. The latter is high compared with Ennova's Nordic Banking & Insurance Industry benchmark, which is 13. However, we also see areas for improvement and work actively with focus areas such as cross-organisational collaboration, ambassadorship and empowerment.

Diversity and inclusion

Workforce diversity is an important enabler for a successful business transformation, and an inclusive culture is key in attracting, hiring and retaining the right people.

We take a broad perspective on diversity and consider gender, education,

nationality, age, ways of thinking, seniority and experience important. However, we have chosen to focus initially on gender balance, since we see this as the stepping stone needed to unlock other facets of diversity.

In 2016, we reached our target of 25% of the Board of Directors members elected by the annual general meeting (AGM) being women. Including employee-elected members, 42% of our Board of Directors members are women. With 35% of all management positions held by women, we came close to meeting our target of 38% for women in management, while the gender target for the Executive Board was not met. In Group Management, two out of ten are women.

We have set new targets for 2020. To realise these targets, we have established a range of initiatives, including management training to raise awareness of unconscious bias and a review of key HR processes. In 2018, we will focus on adjusting our recruitment setup to further reduce any bias in the process and work to ensure that we are an attractive employer for all talents, regardless of gender.

Equal pay

We also address gender equality by focusing on equal pay. We monitor this area internally at Danske Bank and report our numbers annually to the Danish Employers' Association for the Financial Sector. In addition, we have carried out an internal deep-dive analysis on realised numbers for 2016 in Denmark, Sweden and Finland and discussed the findings with employee representatives in the local work councils and in our European Work Council.

In all three countries, the investigation identified gender pay gaps. In Denmark, where we identified the largest gap, the difference between average total com-

"We believe that engaged employees are key to delivering the best customer experience. That is why we focus strategically on improving employee engagement, developing our employees' skills, ensuring an inclusive culture and diverse workforce, and on creating a healthy, safe and inspiring workplace."

Henriette Fenger Ellekrog is Head of Group Human Resources and Senior Executive Vice President



pensation for male and female employees was 44%. However, the analysis did not reveal gender pay inequality. Rather, the data pointed at other factors as the cause of a general gender pay gap, such as a difference in levels of management positions, career patterns and progression. As a result, to overcome gender pay gaps, we will not focus on pay in isolation, but take a broader perspective on diversity and inclusion to ensure a more even distribution of women in particularly higher managerial positions

and in positions in professional areas with higher market remuneration levels, such as corporate banking and asset management. We will continue to use gender pay gap analysis as an indicative metric for the outcome of this work.

Health and safety at work

We work to prevent illness and to ensure a workplace that is healthy and safe, both physically and mentally, through local management, an active working environment organisation and

councils, and through collaboration with unions and employee representatives.

In 2017, we focused on reducing stress factors and increasing employee well-being. Frequent dialogue between employees and managers is key in achieving this, and we have therefore implemented processes to encourage this dialogue. These processes include our monthly PULSE, the results of which are used to create new initiatives to strengthen engagement and well-being.



RESPONSIBLE EMPLOYER

Policy commitment

"We are a responsible employer: We base our actions on our core values, provide challenging and meaningful work, and give our employees the opportunity to develop and grow. We sustain a healthy and safe working environment and a collaborative culture where our employees feel engaged, and where our leaders are expected to role model our values, drive customer centricity, and inspire their employees to succeed. We want to promote diversity and a global culture, ensure equal opportunity and eliminate discriminatory treatment,

while protecting our employees' privacy, right to freedom of association and collective bargaining and right to raising concerns without fear of retaliation."

Responsibility Policy

"Danske Bank Group is committed to working towards increasing the share of the underrepresented gender (women) in executive and managerial positions. The goal is to increase the number of female managers at all levels."

Diversity and Inclusion Policy

Ambitions and strategy 2015-18

- Integrate core values in people practices
- Develop a culture of continual learning
- Broaden the diversity and inclusion agenda
- Ensure a healthy and safe working environment
- Engage employees in corporate volunteering activities

Gender targets and performance

	Targets 2017	Perform-ance 2017	Targets 2020
Share of AGM-elected Board of Directors members being women	25%	25%	38%
Share of women on the Board of Directors - total (employee-elected members included)		42%	
Share of women on the Executive Board	12.5%	0%	12.5%
Share of women in management positions	38%	35%	38-40%

Key actions 2017

- Rolled out of updated Code of Conduct across the Group (see p. 23)
- Continued extensive leadership development based on our leadership model and establishment of internal academies for professional skills training
- Launched diversity and inclusion initiatives, including a review of the recruitment process
- Introduced new, improved confidential support hotline for employees in Denmark which is operated by Danica and is open 24/7
- Continued engagement of employees in corporate volunteering activities (see p. 21)

Outlook for 2018

- Introduce new performance appraisal system
- Train our managers in awareness of unconscious biases in relation to diversity and inclusion
- Establish a specialist talent acquisition team and launch new talent acquisition initiatives focusing on diversity, inclusion and competencies
- Increase focus on good employee experiences through employee journeys

More insights

Find more KPIs related to our employees on p. 34 and in Corporate Responsibility Fact Book 2017.
Read the Statement on Modern Slavery Act 2017 at danskebank.com/responsibility.



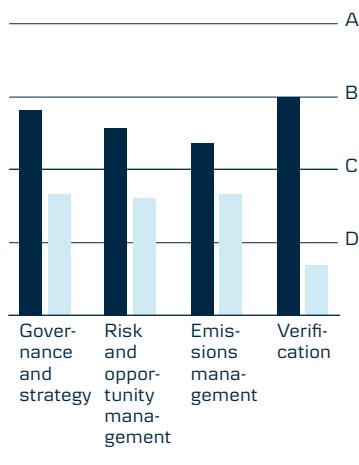
Limiting carbon emissions

We constantly strive to improve our environmental management setup in order to minimise the environmental footprint of our operations and reduce our CO₂ emissions.

Carbon Disclosure Project score 2017

■ Danske Bank score
□ Industry average

A: Leadership
B: Management
C: Awareness
D: Disclosure



In 2017, Danske Bank received an overall score of B in recognition of the actions, policies and strategies we implemented to address environmental issues. We received the same overall score in 2016 but have improved our score in the Emissions Management category. Going forward, the CDP recommends that we strengthen the management of reduction targets and activities further and provide examples of management methods implemented to identify risks and opportunities.

Climate change is a global challenge that represents a major risk to societies, economies and the environment worldwide. It is imperative that global warming is limited to less than 2 degrees Celsius, and we have endorsed this position in our commitment to the Paris Pledge for Action. We are a signatory to the Carbon Disclosure Project (CDP) and the Montreal Carbon Pledge, and we disclose the carbon footprint of a selection of our funds and offer responsible investment products (see p. 26).

We closely monitor best practices and regulatory developments within the field, such as the work of the EU High-Level Expert Group on Sustainable Finance and the Task Force on Climate-related Financial Disclosures (TCFD).

As a financial services provider, our carbon emissions are low compared with many other industries. With more than 19,000 employees worldwide, our total emissions are significant, however, and we work to reduce them and our environmental footprint in general.

Sourcing and investing in renewable energy

Danske Bank's operations have been carbon neutral since 2009. We achieved this by limiting our CO₂ emissions and by purchasing renewable electricity and CO₂ credits. To underline our commitment to sourcing renewable electricity, we signed up to RE100 in 2017. RE100 is a global initiative uniting businesses committed to 100% renewable energy that works to increase the demand for renewable energy. Since 2015, we have purchased 100% renewable electricity certified by Guarantees of Origin, and from 2016 also by International Renewable Energy Certificates. We offset the CO₂ emissions which we cannot eliminate by investing in carbon credit projects in India, Turkey, Lithuania and Uganda that are verified according to international standards, such as the Gold Standard.

Besides reducing CO₂ emissions, the projects promote sustainable development in their local communities.

Furthermore, since 2014, we have invested almost DKK 2 billion of our own funds in green bonds issued for large renewable energy projects and climate protection. Green bonds represent an investment opportunity with a low risk and competitive returns while supporting the transition to a sustainable future. We have invested in bonds issued by Stockholm's City Council, Nordic Investment Bank (NIB) and Berlin Hyp, amongst others, and we evaluate new opportunities to invest in green bonds on an ongoing basis.

Nine large solar cell parks installed on the roofs of shopping centres owned by Danica Pension make us one of the largest private-sector owners of solar cell parks in Denmark. This is part of Danica Pension's energy strategy, which also includes a DKK 100 million investment in energy efficiency in order to achieve a 38% reduction relative to the 2015-level in energy consumption in our shopping centre portfolio by 2020.

Environmental management

We have implemented an environmental management system to minimise our CO₂ emissions and manage our environmental impact as effectively as possible. We assess the environmental risks of our business activities and monitor our consumption of energy and paper as well as our use of transport.

In 2017, our CO₂ emissions totalled 18,089, a minor decline of 3,1% from the level in 2016. Emissions from heating, road transportation and paper all saw declines, while emissions from air travel rose.

The reduction in paper consumption across the Group continued, as consumption fell 25% in 2017. This decrease was the result of our ongoing

digitalisation of documents and our constant focus on minimising paper consumption in our offices.

Our use of road transport measured in kilometres decreased 10.1% from the level in 2016. Air travel saw a steady increase, however, because of higher travel activity between the Nordic countries and to and from Lithuania, where we continue to expand our operations. We reduced the number of domestic flights across all countries, however, and we continue to encourage employees to use trains and have online meetings and video conferences.

Our work in Northern Ireland received local recognition when we were awarded Gold status in the Environmental Benchmarking Survey for the third year in a row, and we retained our position as number one in the financial sector in 2017.

In 2017, employees were engaged in local environmental initiatives and events to raise environmental awareness. We decided not to extend the scope

of our Earth Day activities as planned. In 2018, we will evaluate how we can increase employee engagement both locally and at Group level.

Highlight of environmental indicators

	2017	2016	2015
CO ₂ emissions (tonnes)*	18,089	18,664	18,836
Consumption of electricity [MWh]**	57,203	60,311	57,166
Consumption of heating [MWh]	56,213	53,130	54,542
Paper consumption (tonnes)**	870	1,161	1,598
Road transport (company vehicles and employees' cars) [1,000 km]**	12,485	13,883	13,969
Air transport (1,000 km)	72,003	67,570	61,392

* Data cover DK, SE, NO, IRL, NI, FIN and LIT and include estimated figures for the remainder of the Group in 2014 and 2015. In 2016, we included exact figures from our operations in IN.

** Data cover DK, SE, NO, IRL, NI, FIN and LIT. In 2016, we included figures from our operations in IN.



ENVIRONMENTAL FOOTPRINT

Policy commitment

"We achieve a strong environmental performance by working systematically to limit the negative environmental impact of our business operations. We strive to minimise the

environmental impact of our operations and reduce our CO₂ emissions through energy and environmental management in accordance with the ISO 14001 standard."

Responsibility Policy

Ambitions and strategy 2015-18

- Revise the Climate Strategy
- Continue to develop the environmental management system
- Increase transparency and communication
- Reduce energy consumption by 15% from the 2014 level [megawatts]

Energy target 2018

15% reduction in overall energy consumption from the level in 2014 [megawatts]***

Performance 2017

6% reduction in overall energy consumption from the level in 2014 [megawatts]

Key actions 2017

- Signed up to RE100 to underline our commitment to renewable electricity
- Relocated our Lithuanian headquarters to a more energy-efficient facility (LEAD Gold certified)
- Reduced paper consumption as a result of digitalisation, among other things
- Analysed energy efficiency at our offices in Denmark and implemented a large number of minor initiatives to reduce heating and electricity consumption

Outlook for 2018

- Identify energy-reduction projects in collaboration with external partners with the goal of selling back energy savings to energy companies
- Relocate our Helsinki corporate offices to a more energy-efficient facility (LEAD Gold certified)
- Continue optimising and adapting our energy consumption in our building portfolio

*** The overall energy consumption in 2014 was 121,126 megawatts.

More insights

Find more environmental KPIs on p. 34 of this report and in Corporate Responsibility Fact Book 2017. Read the Statement of Carbon Neutrality 2017 at danskebank.com/responsibility.

A risk-based approach to sourcing

We work with responsible sourcing in collaboration with our suppliers to raise corporate responsibility standards in our supply chain.

We source products and services in many areas, and in 2017, we had 11,765 active suppliers. Our Group Procurement unit is responsible for all purchases, and in 2017, they collaborated with branches, departments and business units across the Group on more than 1,410 contracts.

Group Procurement is responsible for setting a competitive landscape, optimising business value through market analysis, tendering, and implementing a negotiation strategy. The individual business units and areas are accountable for the scope, budget, vendor selection and implementation of the contracts. We have organised our purchases in this way to ensure optimal sourcing processes, and responsible sourcing is an important element of this. We choose our suppliers on the basis of an overall assessment of price and quality and

their ability to meet our responsibility standards in order to minimise adverse impacts in the supply chain. When we assess the price of a product, we look at the total cost of ownership, which includes purchase price, quality, delivery, current costs and disposal of the asset.

Responsible sourcing process

In 2017, we focused on the implementation of our responsible sourcing process, which was launched in 2016 and is outlined in the figure below. Through the responsible sourcing process, we ensure that suppliers comply with our responsibility standards. Our requirements are defined in our Supplier Code of Conduct and are based on internationally recognised standards. Furthermore, we place specific environmental demands on selected products and services. All Group Procurement employees have received training, and

responsible sourcing is now part of the introduction and training of new employees in Group Procurement.

We have not been able to meet our supplier target for 2017 of getting all tenders involving Group Procurement through the process. We did, however, succeed in getting 60% of the tenders through. Furthermore, we initiated the onboarding of selected strategic suppliers in the process as planned.

In 2018, we will continue the implementation and our efforts to raise awareness and consolidate the process for screening and assessing high-risk suppliers. Furthermore, we are working on optimising and automating the process. Based on our experiences from 2017, our target for 2018 is to get 80% of the tenders involving Group Procurement through the process.

A process based on dialogue

We base our responsible sourcing process on dialogue and try to avoid burdening suppliers with unnecessary and time-consuming questions. Our risk assessment process consists of three steps, but many suppliers need to go through only the first one.



Supplier Code of Conduct
The Supplier Code of Conduct applies to all suppliers that deliver goods or services to any of our business units and subsidiaries, and it is included in all contracts. The Supplier Code of Conduct states that suppliers must set the same or comparable standards for their subcontractors.



Step 1: Pre-qualification questions
We assess the risk profile of suppliers for contracts above DKK 1 million on the basis of information about the type of products or services of the tender and where they are produced.



Step 2: Self-assessment questionnaire
Suppliers that are assessed as high-risk and suppliers of contracts above DKK 10 million are asked to complete an additional in-depth questionnaire about their ESG policies and performance. We use Verisk Maplecroft and Ecodesk as external partners to assess the country and category risks and to evaluate the responses from the suppliers.



Step 3: Corrective action plan
If we deem the result of the self-assessment questionnaire to be unsatisfactory, we engage in dialogue with the supplier and agree on a corrective action plan, if needed. If this does not resolve the issues to our satisfaction, we may not select the supplier or may stop using its services.

New audit programme

To strengthen our responsible sourcing process, we implemented a new audit programme for suppliers in 2017. We have engaged an independent third-party auditor, and we will conduct audits every year, each covering one of the four categories in our self-assessment questionnaire: Social, Environment, Governance, and Supply chain.

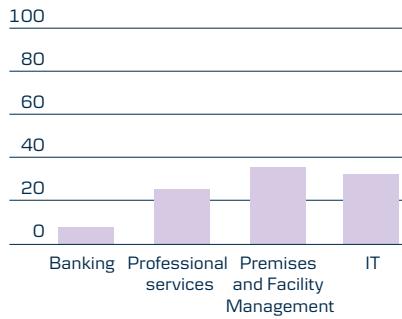
The suppliers are selected on the basis of their risk profile and their impact on our business. Audits, which include both desk studies and announced on-site visits, evaluate whether the supplier's self-assessment (step 2) is sufficient and credible and whether their ESG policy and performance live up to our Supplier Code of Conduct. We go through the audit report with the supplier and agree on any areas to be improved. Our Responsible Sourcing Escalation Committee reviews all audit reports and

decides upon the appropriate follow-up action depending on the severity of the issues in question.

Feedback from suppliers

The two audits in 2017 revealed no severe issues but showed that some suppliers had left out information in their self-assessment that, if included, would have given them a better score. As a result, a supplier survey was initiated to get general feedback on our questionnaire. Overall, the survey showed that suppliers find the questions relevant and clear but also comprehensive and time-consuming. Some suppliers were uncertain how their answers are used in the overall assessment, and consequently, we now provide better feedback on the results of the assessment. We will review the self-assessment questionnaire in 2018 and include the findings from the supplier survey.

Spending per category in 2017 [% of total spend]



In 2017, our largest spending items were IT and Premises and Facility Management. IT procurement includes not only hardware and software but also IT consultants and services. Professional services include HR, marketing and communications services as well as services for travel, meetings and events, whereas the largest share of the spending for Banking was on the procurement of market data. This is comparable to the level in 2016.



RESPONSIBLE SUPPLIER RELATIONSHIPS

Policy commitment

"We want to ensure responsible supplier relationships by integrating environmental, social and ethical standards and by focusing on impact and risk. We aim at maintaining constructive relations based on dialogue and improvement and expect of our suppliers that they share our adherence to international principles for human rights, labour rights, the environment, and anti-corruption and set similar standards for their supply chain. Furthermore, we integrate environmental requirements if a product potentially has an adverse environmental impact in order to strengthen both our financial and environmental performance."

[Responsibility Policy](#)

"The Code applies to all Danske Bank's suppliers that deliver goods and services to any of Danske Bank Group's business units and subsidiaries. The Code is a total supply chain initiative, and the Group's suppliers are responsible for setting the same or comparable standards for their subcontractors. It is the responsibility of the suppliers to ensure that their subcontractors are informed of the Code and uphold the requirements. The Group will conduct control measures from time to time."

[Supplier Code of Conduct](#)

Ambitions and strategy 2015-18

- Update Supplier Policy with detailed guidelines for environmental and social responsibility
- Implement responsible sourcing screening process
- Conduct dialogue with non-compliant suppliers

Supplier target 2018

80% of tenders involving Group Procurement to go through the responsible sourcing process

Performance 2017

60% of tenders involving Group Procurement went through the responsible sourcing process

Key actions 2017

- Assessed and evaluated high-risk suppliers by means of a self-assessment questionnaire (responsible sourcing process, step 2)
- Initiated onboarding of selected strategic suppliers in the responsible sourcing process, such as Top 30 market data companies and the Big 4 consultancies
- Implemented an audit programme for suppliers and engaged an independent third party auditor, who conducted two supplier audits

Outlook for 2018

- Continue consolidation of the responsible sourcing process for screening and assessment of high-risk suppliers
- Strengthen training in and awareness of the responsible sourcing process among employees in Group Procurement
- Review the self-assessment questionnaire and other tools to identify potential areas for improvement
- Conduct supplier audits through an independent third-party verification process

Key performance indicators

As part of our annual reporting practices, we include an overview of assured performance data related to our business operations, employees and the environment.

The key performance indicators (KPIs) listed in the table provide an overview of our performance over the past three years for comparison.

Data is prepared according to our Corporate Responsibility Reporting Principles available at danskebank.com/responsibility.

2017 key performance indicators

	2017	2016	2015
Business operations (DKK millions)*			
Total income	48,149	47,959	45,611
Operating expenses	22,722	22,642	23,237
Profit before tax	26,288	25,357	17,762
Financial services employer tax and social security costs	1,802	1,659	1,520
VAT	1,207	1,126	933
Tax	5,388	5,500	4,639
Net profit for the year	20,900	19,858	13,123
Net profit for the year before goodwill impairment charges	20,900	19,858	17,724
Return on avg. shareholders' equity (%)	13.6	13.1	8.5
Return before goodwill impairment charges on avg. shareholders' equity (%)	13.6	13.1	11.6
Employees			
Number of full-time employees (FTE), end of year*	19,768	19,303	19,049
Percentage of women in workforce (%)	49	50	51
Percentage of women in management (%)	35	35	35
Employee turnover (%)	12	11	11
Average years of service	12	13	14
Absence due to illness (avg. number of illness days per employee)	5,4	5.3	6
Employee Engagement (%)**	85	66	-
Environment			
CO ₂ emissions (tonnes) [†]	18,089	18,664	18,836
CO ₂ emissions per employee (tonnes/FTE)	0.93	0.97	1.0
Energy consumption (electricity and heat) (MWh) ^{††}	113,416	113,441	111,708
Energy consumption per employee (MWh/FTE)	6.04	6.1	6.3
Electricity consumption (MWh) ^{††}	57,203	60,311	57,166
Heat consumption (MWh)	56,213	53,130	54,542
Road transport (company vehicles and employees' cars) (1,000 km) ^{††}	12,485	13,883	13,969
Air transport (1,000 km)	72,003	67,570	61,392
Paper consumption (tonnes) ^{††}	870	1,161	1,598

* Data are from Annual Report 2017 and Fact Book Q4 2017. For a definition of ratios, see Definition of alternative performance measures on p. 41 in Annual Report 2017.

** In 2016, we replaced our annual Employee Opinion Survey with new tools to facilitate a constructive ongoing dialogue on employee engagement. This means that the Employee Engagement Index has replaced two HR indicators on Employee satisfaction and motivation as well as perceived opportunities for professional and personal development.

[†] Data cover DK, SE, NO, IRL, NI, FIN and LIT and include estimated figures for the remainder of the Group in 2014 and 2015. In 2016, we included exact figures from our operations in IN.

^{††} Data cover DK, SE, NO, IRL, NI, FIN and LIT. In 2016, we included figures from our operations in IN.

Independent auditor's assurance report

To the Management and the stakeholders of Danske Bank
 We have assessed Danske Bank's 2017 Corporate Responsibility Report ('the Report') to provide limited assurance on selected 2017 data on page 34 of the Report. The Report covers Danske Bank's international activities from 1 January to 31 December 2017.

Our assessment was performed in order to assess whether:

- All environmental data and all employee data on page 34 in the Report have been stated in accordance with the criteria defined by the reporting principles;
- Danske Bank has offset its consolidated CO₂ emissions for 2017.

We express a conclusion providing limited assurance.

Management's responsibility

The Management of Danske Bank is responsible for collecting, analysing, aggregating and presenting the information in the Report, ensuring that data are free from material misstatement, whether due to fraud or error. Danske Bank's non-financial reporting principles contain Management's defined reporting scope for each data type. The criteria for the reporting principles can be found at danskebank.com/responsibility.

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on all environmental data and all employee data on page 34 in the Report. Furthermore, our responsibility is to provide limited assurance on whether Danske Bank has offset its consolidated CO₂ emissions for 2017. We have conducted our work in accordance with ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and additional requirements under Danish audit regulation to obtain limited assurance about our conclusion.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by FSR - Danish Auditors (Code of Ethics for Professional Accountants), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable

assurance engagement. Considering the risk of material misstatement, we planned and performed our work to obtain all information and explanations necessary to support our conclusion.

We performed our on-site reviews at Danske Bank's Head Office in Copenhagen in November and December 2017. Our work has included interviews with key functions in Danske Bank, inquiries regarding procedures and methods to ensure that selected CR data and information have been incorporated in accordance with the reporting principles. We have assessed processes, tools, systems and controls for gathering, consolidating and aggregating CR data at Group level, and performed analytical review procedures and tested CR data prepared at Group level against underlying documentation. Furthermore, we have received documentation that the consolidated CO₂ emissions have been offset by purchase of offset certificates. Finally, we have evaluated the overall presentation of the report, including the consistency of information.

We have not performed site visits or interviewed external stakeholders, nor have we performed any assurance procedures on baseline data or forward-looking statements such as targets and expectations. Consequently, we draw no conclusion on these statements.

Conclusion

Based on our work, nothing has come to our attention causing us not to believe that:

- The employee and environmental data subject to our review have been stated in accordance with the criteria mentioned in the reporting principles;
- Danske Bank has offset its consolidated CO₂ emissions for 2017.

Copenhagen, 1 February 2018

Deloitte
 Statsautoriseret Revisionspartnerselskab
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