

Statement of Carbon Neutrality 2018

CORPORATE RESPONSIBILITY
DANSKE BANK

Danske Bank has achieved carbon neutrality for eight consecutive years since 2009. In 2018, the Group remained carbon neutral by investing in carbon credit projects and buying renewable electricity.

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

This is our equation for carbon neutrality in 2018:

| CO ₂ emissions (Tonnes) | 2018 | | |
|---|-------------------------------|-------------------------------|--------|
| | 2018 | 2017 | Change |
| CO ₂ emissions from electricity* | 0 | 0 | 0% |
| CO ₂ emissions from heating | 5,112 | 6,359 | -20% |
| CO ₂ emissions from travel by car | 2,106 | 2,277 | -8% |
| CO ₂ emissions from travel by air | 8,095 | 8,041 | 1% |
| CO ₂ emissions from paper use | 576 | 808 | -29% |
| Total registered CO ₂ emissions | 15,890 | 17,448 | -9% |
| Estimated CO ₂ emissions from operations without registered data | 506 | 604 | -16% |
| Total CO ₂ emissions for neutralisation | 16,396 | 18,089 | -9% |
| Neutralised by carbon credits from projects | 16,396 | 18,089 | |
| Result | CO₂ neutral | CO₂ neutral | |

* Danske Bank is purchasing renewable electricity through Guarantees of Origin and International Renewable Energy Certificates.

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

In this statement of carbon neutrality you can read about the accounting principles for GHG emissions on which the carbon neutrality equation is based, the scope of

our emissions and the way we define our operational and organisational boundaries regarding CO₂ emissions.

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

Comment on developments in 2018

Our total CO₂ emission declined 9% from 2017 to 2018. Emissions from heat, road transportation and paper all saw relatively large declines, while emissions from air travel rose slightly.

In 2018, we continued to eliminate emissions from electricity completely from a mixture of electricity sources by sourcing renewable electricity certified by Guarantees of Origin for the markets in Europe and International Renewable Energy Certificates.

Part of the decline in total CO₂ emissions came from a reduction in road transportation, which decreased 8% in 2018 compared to 2017. However, the overall decline in CO₂ emissions was largely caused by a decline in heat consumption. The decrease of 20% of emissions arising from heat consumption was caused by warmer weather conditions across the Nordics, optimization of branches and opening of a new energy efficient head office in Finland.

Emissions from air travel rose slightly with 1% from 2017 to 2018. Air travel in the Nordics and Northern Ireland remained relatively stable compared to 2017 and only air travel in Finland experienced a decrease. The continued expansion of operations in Lithuania contributed to the overall increase, since total air travel to and from Lithuania rose by more than 12% from 2017 to 2018.

As a result of our continued focus on digitalisation, 2018 saw a 29% decrease in emissions from paper consumption.

Organisational boundaries

We measure and calculate GHG emissions for all of the Group's operations in Denmark, Finland, Sweden, Norway, Ireland, Northern Ireland, Lithuania and India.

All the data from these countries are gathered in our reporting system. Outside these countries, we use extrapolations to calculate the emissions.

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

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

Accounting principles

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

The work of measuring and reducing GHG emissions is integrated in the Group's environmental management.

GHG emissions fall into three categories:

Scope 1) direct GHG emissions

Scope 2) energy indirect GHG emissions

Scope 3) other indirect GHG emissions

Operational boundaries

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

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

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

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

Sources of GHG emissions

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

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

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

Carbon register

In order to offset the CO₂ emissions that the Group cannot eliminate, we have invested in renewable energy projects. In the period 2009-17, we invested in eight projects located in India, Lithuania, Turkey and Uganda: four wind power energy projects, one biomass energy project, two biogas energy projects and one cook-stove project.

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

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

| Danske Bank's carbon credits, 2018 | | |
|---|-----------------------|-----------------------------------|
| Project | Verification standard | Retired (tonnes CO ₂) |
| Wind power energy - Turkey, purchased in 2017 | Gold Standard | + 27,000 |
| Excess credits, 2012-16 (tonnes CO ₂) | | + 29,683 |
| Danske Bank's CO ₂ emissions, 2017 (tonnes CO ₂) | | - 16,396 |
| Total excess credits transferred to 2018 (tonnes CO ₂) | | 40,287 |

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

Quantification of GHG emissions

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

In 2009, we implemented a new reporting system to improve the registration and control of the data. In 2018, we used this reporting system for collecting and calculating all of the Group's environmental data.

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

The reporting period for the year 2018 extends from 1 October 2017 to 30 September 2018. The reporting period ends before the end of the calendar year so that we can report CR data in Dansk Bank's annual report.

Energy consumption

Energy consumption from electricity and heat is either based on automatic data transfers from smart meters or quarterly meter readings or calculated on the basis of statements from energy companies and lessors received regularly during the year. Electricity consumption is calculated mainly on the basis of statements from energy companies, and heat consumption figures for our head offices are similarly based on actual readings by the energy companies. If no reading or statement is available, we estimate the consumption on the basis of the average electricity or heat consumption at the country unit and the floor space. Data on floor space cover all properties, including Danske Bank's own premises and leased premises, that Danske Bank and its subsidiaries use for their own operations in various countries.

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

Transportation and travel

Road transport includes transport in both company vehicles and employees' cars

for business purposes. Transport in company cars is measured on the basis of odometer readings from drivers. Transport in employees' cars is calculated in kilometres as paid mileage allowance divided by mileage allowance payable according to current government tariffs.

Air transport is calculated in kilometres on the basis of quarterly statements from our travel agency, American Express.

Paper consumption

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

Emissions

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

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

In accordance with the market-based methodology from GHG Protocol Guidance, the emissions from electricity consumption were omitted owing to the purchase of renewable electricity certified by Guarantees by Origin and International Renewable Energy Certificates. For location-specific reporting, which is necessary for CDP reporting, we use region- or country-specific factors from either electricity companies or the International Energy Agency.

For transport by car - both employee and company cars - we use emission factors from the Department of Environment, Food and Rural Affairs.

Emissions from air travel are reported directly by our travel agency, American Express, which provides data on the distance travelled and the number of trips.

Emissions from paper consumption are based on average emission factors from the Department of Environment, Food and Rural Affairs.

Estimated CO₂ emissions from operations without registered data

For operations that do not have any measured consumption, we estimate CO₂ emissions based on the average number of full-time employees (FTE) provided by Group Finance from Q4 2017-Q3 2018 and the average emissions per employee in the Group. These estimates represent 3% of the total CO₂ emissions in 2018.