

# Statement of Carbon Neutrality 2019

GROUP SOCIETAL IMPACT & SUSTAINABILITY  
DANSKE BANK

Danske Bank has achieved carbon neutrality for ten consecutive years since 2009. In 2019, 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 2019:

CO <sub>2</sub> emissions (Tonnes)	2019	2018	Change
CO <sub>2</sub> emissions from electricity*	0	0	0%
CO <sub>2</sub> emissions from heating	4,911	5,112	-4%
CO <sub>2</sub> emissions from travel by car	2,274	2,106	+8%
CO <sub>2</sub> emissions from travel by air	7,307	8,095	-10%
CO <sub>2</sub> emissions from paper use	376	576	-35%
Total registered CO <sub>2</sub> emissions	14,868	15,890	-6%
Estimated CO <sub>2</sub> emissions from operations without registered data	362	504	-29%
<b>Total CO<sub>2</sub> emissions for neutralisation</b>	<b>15,230</b>	<b>504</b>	<b>-7%</b>
Neutralised by carbon credits from projects	15,230	16,396	
<b>Result</b>	<b>CO<sub>2</sub> neutral</b>	<b>16,396</b>	

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

Carbon neutrality is part of the Group's Societal Impact & Sustainability Strategy. Besides reducing our own CO<sub>2</sub> 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 CO<sub>2</sub> emissions.

You can read more about our investments in renewable energy projects on the Group website at [danskebank.com/societal-impact](https://danskebank.com/societal-impact).

## Comment on developments in 2019

Our total CO<sub>2</sub> emissions declined 7% from 2018 to 2019. Emissions from heat, air travel and paper all saw relatively large declines, while emissions from road transportation rose. The emissions from electricity was eliminated completely by sourcing renewable electricity certified by Guarantees of Origin for the markets in Europe and International Renewable Energy Certificates for India.

Despite the expansion of our offices in Lithuania and thus generating a greater consumption, the overall emissions from heat consumption decreased with 4% compared to last year. This was caused by warmer weather conditions in especially Denmark, energy improvements like LED lighting in Northern Ireland and general office optimisation across Danske Bank.

For the first time since 2015, the emissions from air travel also declined. The decrease of 10% of emissions arising from air travel was caused by a significant decrease in international and domestic travels due to an increased focus on cost. However, the decrease in domestic flights have affected the travel by car, as the emissions went up with 8% compared to 2018.

As part of our continued focus on digitalisation and implementation of initiatives like "Follow-Me-Print", 2019 saw a 35% decline 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	
<b>Direct GHG emissions</b>				
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
<b>Energy indirect GHG emissions</b>				
Electricity	H	H	H	Yes
Heat	H	H	M	Yes
<b>Other indirect GHG emissions</b>				
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 CO<sub>2</sub> emissions that the Group cannot eliminate, we have invested in renewable energy projects. In the period 2009-19, 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 CO<sub>2</sub> emissions.

Here is an overview of the projects from which we bought CO<sub>2</sub> credits:

#### Danske Bank's carbon credits, 2019

Project	Verification standard	Retired (tonnes CO <sub>2</sub> )
Wind project - India, purchased in 2019	Gold Standard	+ 20,000
Excess credits, 2012-19 (tonnes CO <sub>2</sub> )		+ 40,287
Danske Bank's CO <sub>2</sub> emissions, 2019 (tonnes CO <sub>2</sub> )		- 15,230
Total excess credits transferred to 2020 (tonnes CO <sub>2</sub> )		45,230

You can read more about our investment in renewable energy projects on the Group website at [danskebank.com/societal-impact](https://danskebank.com/societal-impact).

#### 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 2019, we used this reporting system for collecting and calculating all of the Group's environmental data.

We report the GHG emissions in the CO<sub>2</sub>-equivalent amounts. But since the vast majority of greenhouse gases are CO<sub>2</sub> emissions, we have generally chosen to use the term CO<sub>2</sub> emissions without specifying equivalents.

The reporting period for the year 2019 extends from 1 October 2018 to 30 September 2019. The reporting period ends before the end of the calendar year in order for us to report environmental data in Dansk Bank's annual Sustainability 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 in relation to the floor space occupied. 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](http://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. In India, Lithuania and Sweden, paper is mainly sourced from external suppliers, whereas for all other markets this only applies to a minor part of total consumption. 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**

CO<sub>2</sub> 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 CO<sub>2</sub> 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, the number of trips, as well as emissions emitted.

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

### **Estimated CO<sub>2</sub> emissions from operations without registered data**

For operations that do not have any measured consumption, we estimate CO<sub>2</sub> emissions based on the average number of full-time employees (FTE) provided by Group Finance from Q4 2018-Q3 2019 and the average emissions per employee in the Group. These estimates represent 2% of the total CO<sub>2</sub> emissions in 2019.