



Sustainability Report 2021

About this report

Our Sustainability Report 2021 covers the activities of the Danske Bank Group for the financial year 1 January 2021 to 31 December 2021, and it provides an overview of our 2023 Group Sustainability Strategy and related assured performance data within the areas of sustainable finance and environment, social and governance (ESG).

The report represents our statutory statement on corporate social responsibility and gender diversity at management level, in accordance with sections 1.35a and b of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc., and it is our Communication on Progress to the UN Global Compact. The report also represents our reporting on how our activities are associated economic activities that qualify as environmentally sustainable, as described in Article 8 of the EU Taxonomy and underlying delegated acts, and it meets proposal 14 cf. the 25 proposals by Finance Denmark's Anti-money Laundering Task Force.

Contents

FOREWORD

- 04 Foreword by Carsten Egeriis

BUSINESS & STRATEGY

- 06 Our business in brief
08 Contributing to society
10 Sustainability Strategy 2023
12 *Efficient strategy execution*

SUSTAINABLE FINANCE

- 14 The power of finance
16 *Financing sustainable progress*
18 *Investing in sustainability*
20 *Pension funds invested in the green transition*
21 *Support for incoming regulation*

ENTREPRENEURSHIP

- 22 Supporting tomorrow's businesses

FINANCIAL CONFIDENCE

- 24 Building good money habits

GOVERNANCE & INTEGRITY

- 26 Compliance culture
28 Financial crime prevention
30 Customer engagement
33 Sustainable supply chain

EMPLOYEE WELL-BEING & DIVERSITY

- 34 Diverse and inclusive culture
36 Engaging employees

ENVIRONMENTAL FOOTPRINT

- 39 Environmental efforts

PERFORMANCE OVERVIEW & ASSURANCE

- 40 Task Force on Climate-related Financial Disclosures
44 Taxonomy Regulation
45 Principles for Responsible Banking
46 ESG performance data
47 Independent auditor's assurance report
48 Reporting principles
50 *Taxonomy Regulation - reporting principles*

We welcome any comments, suggestions or questions you may have regarding this report or our performance. Please send an email to sustainability@danskebank.com

You can stay up to date on the most recent developments at [danskebank.com/sustainability](https://www.danskebank.com/sustainability), and you can follow Danske Bank on Twitter, LinkedIn and Instagram.



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

FOREWORD



In 2021, we took important steps to set 2030 climate targets for three high-emitting sectors in our lending book, and we will work together with our customers to ensure a focused and responsible transition towards net-zero carbon emissions.



Dear reader,

Since we opened our doors to our first customers in 1871, we have been helping people and businesses to adapt to new times, and we have supported our customers in realising their ambitions and in turning challenges into opportunities. Our business has developed in tandem with the societies we are part of, and Danske Bank has provided financial infrastructure that enables Nordic economies to progress and thrive.

Significant environmental and social challenges stand before us. Arguably, the greatest of these challenges is the issue of global warming and the impact this has on our climate, nature and societies. But this is an issue that presents not only risks but also opportunities for economies and our customers.

Our 150-year anniversary provided an opportunity for reflection, and in 2021 we re-evaluated our fundamental reason for existing. We used these reflections to fuel our cultural transformation and as a foundation for Danske Bank's new purpose: to release the potential in people and businesses by using the power of finance to create sustainable progress today and for generations to come. Our new purpose embodies the value we place on human potential, and it highlights how we will work together to become a better bank for all our stakeholders.

At the UN Climate Conference in Glasgow, agreement was reached to uphold a 1.5°C pathway for the world. Although the challenge is formidable and the time frame is short, I remain hopeful that we will now see real change – and the demand for green financing and transition financing among our customers certainly seems to indicate this. Many individuals, businesses and organisations

are already taking action and are making investments to start transitioning towards a greener economy. And we are ready to support them.

As one of the largest financial institutions in the Nordic countries, Danske Bank has both the ability and a responsibility to contribute to positive change in society. We are committed to providing our customers with financial solutions that encourage sustainable choices and help them meet their sustainability priorities. At the same time, we are supporting growth companies and are fostering financial confidence in society.

In 2021, we raised our ambitions: not only do we aim to be one of the leading banks for sustainable finance in the Nordic countries, but we also aim to be *the* leading bank for sustainable finance in Denmark. Our ambitions reflect the urgency that we face to halt the impact of climate change, to set interim net-zero targets and to implement decarbonisation plans for a better tomorrow.

Our aim is to become a net-zero bank by 2050 or sooner and this is backed by our commitments to the UN-convened Net-Zero Banking Alliance, the Net Zero Asset Managers Initiative and the Net-Zero Asset Owner Alliance. As follow-up, we have updated our targets for financing volumes and are introducing targets for carbon reductions across financing, investing and pensions.

In addition to accelerating and extending the scoping of the carbon footprint mapping of our lending portfolio, we also introduced carbon emission reduction targets, ranging from 20-50%, for the shipping, utility, and oil and gas sectors. By doing so, we are targeting high-emitting sectors in our

corporate lending portfolio. The introduced targets are to be met by 2030 and are set against a 2020 baseline.

Furthermore, in our asset management area, we introduced a 2030 target to reduce the weighted average carbon intensity of our investment products by at least 50% against a 2020 baseline. This is supported by a 2025 target, in which we commit to engage with the 100 largest emitters to address expectations of climate transition stewardship in alignment with net-zero targets.

This decade has been called the decade of taking action – action that is needed to fulfil the UN 2030 Agenda for Sustainable Development and to meet the 17 Sustainable Development Goals. We are supporting this agenda through our 2023 Group Sustainability Strategy, which also serves to cement our support for the UN Global Compact and other significant sustainability initiatives, such as the Principles for Responsible Banking and the Task Force on Climate-related Financial Disclosures. Besides representing important steps towards developing a common language for how we talk about sustainability, these initiatives also serve to create a shared understanding of how we measure and report on our work within this area.

As a community, the financial sector is highly reliant on transparency and reliable disclosures that enable us to use the power of finance to create sustainable progress. And at Danske Bank, we are dedicated to using our expertise, size and focus to secure a prosperous and sustainable future for society.

Carsten Egeriis
Chief Executive Officer
Danske Bank

BUSINESS & STRATEGY

Our business in brief

Danske Bank is a Nordic bank with strong local roots and bridges to the rest of the world. Our strategic focus is to become a better bank for all our stakeholders.

For 150 years, Danske Bank has been helping customers to build their lives and businesses on a solid financial foundation. Today, the Danske Bank Group is among the largest financial institutions in the Nordic countries and is the largest bank in Denmark. Headquartered in Copenhagen, Danske Bank is also listed on NASDAQ Copenhagen's OMX C25 index.

In view of our strong heritage, and to meet the present-day needs and expectations of our key stakeholder groups, we in 2021 launched a new purpose and foundational framework. Our purpose places people, their potential and sustainable progress for individuals, businesses and society firmly at the heart of everything we do.

Our Core

The new foundational framework, called Our Core, sets out our Purpose, Strategic Focus and Promise for all our stakeholders.

Three Culture Commitments will guide our ways of working and shape our culture as we deliver on our Purpose, see p. 36.

We will team up to be one bank, we will aim high and take ownership for better results, and we will make transparency and inclusion our priority.

Input from employees across the Group, customers and other stakeholders helped shape the Purpose and Culture Commitments, and this gives us confidence that these are the right areas of focus as we move ahead.

We believe that a long-term approach is key to creating a positive impact while still delivering on our short-term ambitions.



Ambitions towards 2023

As part of Danske Bank's strategic focus towards 2023, we have four ambitions for becoming a better bank for our key stakeholder groups. We are halfway through our Better Bank transformation programme, and although progress has been made across all areas, we in 2021 adjusted our financial targets to ensure that we remain a competitive and profitable bank beyond 2023.



Customers

On average among the top two banks for customer satisfaction in everything we do.

In 2021, maintained level of overall customer satisfaction.

Read more on p. 30.



Employees

An employee engagement score of 77.

In 2021, a score of 74 in the Culture and Engagement Survey.

Read more on p. 36.



Society

Operate sustainably, ethically and transparently – and have a positive impact on the societies we are part of.

In 2021, progress across the six focus areas of our Group Sustainability Strategy.

Read more on p. 10.



Investors

Achieve a return on shareholders' equity of 8.5-9% and a cost/income ratio in the mid-50s.

In 2021, 60.3% cost/income ratio and 7.6% return on avg. shareholders' equity.

Read more in our Annual Report 2021.

Our business units and services



Personal & Business Customers

Serving **3.3 million** personal customers and small and medium-sized businesses in our core markets.

Our more than 21,000 employees are dedicated to serving our customers by making day-to-day banking and financial decision-making easy. Danske Bank operated through two business units: Personal & Business Customers and Large Corporates & Institutions. We also operate a separate business unit that serves personal and business customers in Northern Ireland. And supported by some of the best digital solutions on the market, we offer competent financial advice and sustainable financial products and services.

Although our primary area of focus covers our core markets of Denmark, Norway, Sweden and Finland, Danske Bank operates in 10 countries, and this enables us to provide support for our customers when they conduct business abroad. In addition to banking services, the Danske Bank Group provides life insurance and pen-



Large Corporates & Institutions

Serving **2,357** large corporate and institutional customers and providing asset management services to the Group.

sion products, mortgage credit, wealth management, investment solutions, and real estate and leasing services.

The Group is supported by two large IT development centres in Lithuania and India that together represent 25% of our global workforce.

To increase end-to-end customer focus and our commercial momentum, we in January 2022 organised our Personal & Business Customer business unit into two new separate business units: Personal Customers and Business Customers.

Read more

For more details about our business units and markets, please see our website and our Annual Report 2021.

BUSINESS & STRATEGY

Contributing to society

Danske Bank is an integral part of Nordic societies, and provides financial infrastructure to support a prosperous, stable and sustainable economy.

Financially stable and resilient banks are important for the economy and for the financial infrastructure of society. Danske Bank is one of Denmark’s systemically important financial institutions, and through our position in the Nordic market, we strive to make a valuable contribution by using the power of finance to create sustainable progress in society.

However, the financial sector faces challenges and opportunities on many fronts: from the pandemic recovery and growing competition from tech companies to the role of banks in the green transition and changes to financial infrastructure. To contribute to the debate on the role of the financial sector in society, we in 2021 initiated a research project in collaboration with Kraka Advisory, the results

from which we will continue to share towards 2023. Initial results show that when banks in Denmark channel money through their core functions into the best investment projects, they generate growth and create workplaces in the local communities. When this is done properly, there is a significant societal benefit.

To monitor and support financial security in society, Danske Bank publishes an annual report that details the level of financial confidence among people living in Denmark. The 2021 report showed that people in Denmark had become less concerned about financial matters and were more financially confident than before the COVID-19 pandemic – savings increased and financial security was prioritised over consumption.

Danske Bank turns 150

Danske Bank traces its roots back to 1871 when Den Danske Landmandsbank (the Farmers’ Bank) was founded in Denmark. Mergers with local and regional banks saw the bank grow, and in 1976 the name changed to Den Danske Bank to reflect the bank’s nationwide presence and the fact that it was a bank for customers from all segments of Danish society. Danske Bank’s history is interwoven with Denmark’s national development in four key areas.



Agriculture: 1871-1910
The bank gave farmers the opportunity to borrow money for production and exports, thereby sowing the seeds of modern Danish agriculture.



Industrialisation: 1890-1960
The bank facilitated investments in manufacturing facilities, machines and new infrastructure, thereby helping to boost Danish industry and commerce.



Urbanisation: 1960-1990
New loan options for housing and personal consumption made it possible for families in Denmark to attain the suburban ideal.



Digitalisation: 1960-2021
The bank has been among the leaders in making Denmark an international heavyweight in the transition from analogue and face-to-face services to digital tools.



Read more
Read more about our history on our website.

2021 key figures



Financial scale and green transition

DKK 1,168 billion in deposits
DKK 1,834 billion loans to customers*
DKK 2,007 billion in assets under management (AuM)

Danske Bank converts short-term deposits into long-term loans by managing financial assets, spreading risks and facilitating payments between counterparties.

* Loans and advances (e.g. repurchase agreements)

DKK 813 billion in net lending by Realkredit Danmark, of which
DKK 89.9 billion is net lending to finance public housing
DKK 1,021 billion in net lending via rest of Group

Our mortgage credit institutions provide stable and sustainable financing of real estate and public housing for around 1 million people living in Denmark.

DKK 66.8 billion in green bonds arranged for customers*
DKK 37.5 billion in green loans granted to customers**
DKK 33.5 billion of Danica Pension's pension savings invested in the green transition

We develop green financial offerings and integrate environmental, social and governance (ESG) factors into our investment and lending processes.

* Volume accredited to Danske Bank in Bloomberg Global Green Bonds – Corporate & Government League Table

** Danske Bank and Realkredit Danmark



Financial infrastructure and crime prevention

61.5 million eBanking transactions
85.4 million mobile banking transactions
21 million ATM transactions

We contribute to the digitalisation of financial infrastructure and provide accessible solutions that make day-to-day banking easy and secure.

3,200 full-time employees dedicated to the financial crime agenda
99.9% of targeted customer base had due diligence information refreshed

Danske Bank works closely with authorities and the financial sector to develop and implement effective measures for financial crime prevention.

35,148 unique visitors to our Keep It Safe platform

365,759 children played Moneyville*

Danske Bank helps individuals and businesses to prevent fraud, to keep their money and data safe, and to develop sound financial behaviour.

* Old version and relaunched version



Job creation and economic growth

DKK 16.57 billion profit before tax
DKK 3.65 billion tax on profit

Danske Bank operates a profitable business and is a major payer of corporate tax in Denmark.

DKK 16 billion in salary and pension payments to our 21,754 employees

We offer direct employment and develop our workforce across all our locations in support of job creation and an employable workforce.

DKK 10 billion in payments to our 2,500 active suppliers

We indirectly create jobs at our suppliers' companies and for our customers when we help them grow their business.

BUSINESS & STRATEGY

Sustainability Strategy 2023

Our strategy aims to optimise synergies between business and societal interests to create value for all key stakeholder groups and to deliver on our purpose.

The European Green Deal and other political initiatives for a sustainable future require not only technological change but also changes in consumption and social practices. As a large financial institution, Danske Bank has the ability to instigate change and support sustainable progress in our societies. Our sustainability strategy is helping us to accomplish this. A key strategic lever to effect change is our provision of finance that supports economic growth while simultaneously

reducing negative impact and increasing positive impact on environmental, social and governance factors. In 2021, we elevated our ambition of being merely one of the leading banks for sustainable finance in the Nordic countries to also being *the* leading bank for sustainable finance in Denmark.

Sustainable finance is at the core of our sustainability strategy, and surrounding this are five additional focus areas that cover themes that are important

for our stakeholders and that also play a key role in creating both societal and business value. Across all areas of the strategy, our approach is to strengthen our competitiveness and resilience by embedding sustainability into everything we do and by aligning our activities with stakeholder expectations.

Through our sustainability strategy, we support a number of sustainability initiatives, see p. 13. We have a heightened focus on five of the 17 UN

Sustainable Development Goals (SDGs), and this focus means that our solutions, actions and engagement with stakeholders address global challenges. Through our sustainable finance offerings, we have a potential indirect impact on all 17 SDGs – impact that can be both negative and positive, depending on the underlying activities. We disclose metrics on progress across our six focus areas and refer to SDG targets throughout this report where relevant.

Group Sustainability Strategy



<p>SUSTAINABLE FINANCE We help our customers achieve their sustainability ambitions through financing and investing</p>	
<p>ENTREPRENEURSHIP We support new businesses in creating sustainable growth</p>	
<p>FINANCIAL CONFIDENCE We help people become financially confident</p>	
<p>GOVERNANCE & INTEGRITY We operate in a responsible and transparent manner</p>	
<p>EMPLOYEE WELL-BEING & DIVERSITY We foster well-being, diversity and inclusion in our workplace</p>	
<p>ENVIRONMENTAL FOOTPRINT We minimise our own environmental footprint</p>	

Commitment to decarbonise

In 2021, the sustainability agenda continued to accelerate and mature, particularly in relation to climate change. The world’s leading climate scientists warned of a “code red for humanity” in the run-up to the 26th UN Climate Change

Conference of the Parties (COP26), hosted by the UK in Glasgow in November 2021. COP26 and the Glasgow Climate Pact made it clear that decarbonisation plans and bold actions among all stakeholders in society are needed to curb

climate change and limit global warming to 1.5°C.

Danske Bank is committed to helping fight climate change, and in 2021 we joined two new significant industry initiatives: the UN-convened

Net-Zero Banking Alliance and the Net Zero Asset Managers Initiative. By joining these initiatives, we are consolidating our commitments towards becoming a net-zero bank by 2050 or sooner, see p. 15.

2021 progress on strategic targets

Important progress and achievements have been made since Danske Bank's Board of Directors approved our 2023 Group Sustainability Strategy at the end of 2020. This includes accelerating the carbon mapping of our lending portfolio and setting new and updated targets in the short- and medium-term in support of our net-zero path.



Sustainable finance

Lending

Volume targets

DKK 192 billion in sustainable financing including green loans granted and sustainable bonds arranged since 2019 – we will continue our efforts to reach our updated target of **DKK 300 billion by 2023**.

Carbon emission reduction targets

New targets for **carbon emission reductions in our corporate loan portfolio in key sectors to be met by 2030** and set against a 2020 baseline:

Shipping: **20-30%** per unit transported.
Utilities: **30%** per kWh of power generation.
Oil and Gas – upstream: **50%** in lending exposure.

Read more on pp. 16-17.

Asset management

DKK 65 billion invested in funds with sustainable investment objective against our new target of **DKK 150 billion by 2030**.

New target of **at least a 50% reduction in the carbon intensity of our investment products by 2030** against a 2020 baseline.

Read more on pp. 18-19.

Asset ownership

DKK 33.5 billion investments in the green transition made by Danica Pension since 2019 – we are optimistic that we will reach our updated target of **DKK 50 billion by 2023**.

New targets for **carbon emission reductions in Danica Pension's portfolio in key sectors to be met by 2025** and set against a 2019 baseline:

Energy: **15%** Transport: **20%**
Cement: **20%** Utilities: **35%**
Steel: **20%**

Read more on p. 20.



Entrepreneurship

6,329 start-ups and scale-ups supported with growth and impact tools, services and expertise since 2016. The implications of COVID-19 for the Nordic start-up ecosystem are still uncertain, but supporting **10,000 start-ups by 2023** remains our focus.

Read more on p. 22.



Financial confidence

Since 2018, we have supported almost **1.6 million people** with financial literacy tools and expertise, and we are well on our way to reaching the target of **2 million people by 2023**.

Read more on p. 24.



Governance & integrity

96% of employees trained annually in risk and compliance, which is in line with our annual target of **over 95%**.

Read more on p. 26.



Employee well-being & diversity

With a gender balance of **32% women** in senior leadership positions, we maintain our focus on ensuring that we reach our target of **more than 35% by 2023**.

Read more on p. 34.



Environmental footprint

COVID-19 restrictions have led to a **69% carbon emission reduction** since 2019, but new initiatives are needed to reach our updated target of **40% by 2023**.

Read more on p. 39.

BUSINESS & STRATEGY



Efficient strategy execution

Governance, transparency and stakeholder dialogue are key elements when it comes to ensuring an efficient execution of our Group Sustainability Strategy towards 2023 and for delivering on our key sustainability commitments. Our governance structure sets clear roles and responsibilities, and it supports alignment across the business.

The area of sustainable finance, which is at the core of our sustainability strategy, continues to grow in significance and complexity. To strengthen regulatory oversight and coordination on sustainable finance related regulation, we in 2021 established our Sustainable Finance Theme Steering Committee. This operates as a sub-committee to our Business Integrity Committee (BIC), which is chaired by our CEO and consists of our Executive Lead-

ership Team (ELT) and Head of Group Sustainability.

In 2021, we also updated Danske Bank’s Remuneration Policy by incorporating a reference to sustainability risk, and we continued our efforts to integrate sustainability-related KPIs into our performance management framework, including into our investment teams in Asset Management, see. p. 18. Members of our ELT have sustainability-related KPIs in their short-term incentive programme that relate to employee engagement, diversity and inclusion, and risk and compliance.

Progress and impact reporting
As sustainability is becoming more and more financially material, it is driving an increased focus from our stakeholders – not least from authorities and investors. These stakeholders

expect emerging sustainability risks to be properly identified, monitored and disclosed. These expectations are substantiated by regulatory developments stemming from the EU Action Plan on Sustainable Finance, see p. 21, and guidelines from the European Banking Authority (EBA) and the European Central Bank (ECB).

In 2021, our statutory reporting obligations included disclosures on the EU taxonomy, and in this report we also detail our progress on our voluntary sustainability commitments, such as the Principles for Responsible Banking (PRB) and Task Force on Climate-related Financial Disclosures (TCFD), see pp. 40-45.

As part of our commitment to the PRB, we are working to measure our societal impact. There is currently no common

impact measurement and valuation approach tailored to banks, which is why we in 2021 co-founded the Banking for Impact consortium. The aim of this consortium is to support the development of such guidelines and enable the sector to measure and systematically decrease negative and increase positive impacts on nature and society.

To target different audiences, we also published product-specific and thematic reporting during the year, and in June 2021 our first Climate and TCFD progress update report was published, which included details of our work to quantify climate-related financial risks and opportunities. Looking ahead, we will be further developing our sustainability disclosures in line with incoming EU regulation, and this is expected

Organisation level	Roles and responsibilities
Board of Directors	<ul style="list-style-type: none"> Approve Group strategic direction, incl. net-zero path and policies Oversee Group execution via annual strategy updates
Business Integrity Committee with sub-committees on Responsible Investment and Sustainable Finance Theme Steering	<ul style="list-style-type: none"> Endorse Group strategic direction and policies, and approve KPIs and targets Approve integration of sustainability in unit roadmaps Monitor strategy execution and target achievement Oversee integration of sustainability on a strategic, operational and cultural level
Sustainable Finance Council Diversity & Inclusion Council	<ul style="list-style-type: none"> Advise the BIC on the overall strategic direction within specific areas Review and provide comments to the BIC on unit roadmaps
Business units Group functions	<ul style="list-style-type: none"> Integrate sustainability into unit strategies and roadmaps Integrate sustainability into offerings, processes, policies, etc. Develop and execute actions plans to achieve targets, and report on progress
Group Sustainability	<ul style="list-style-type: none"> Develop Group Sustainability Strategy, incl. KPIs and targets Enable and monitor strategy execution, drive external reporting Centre of excellence for sustainability-related issues

Key sustainability commitments

- 2030 Agenda and the UN Sustainable Development Goals
- The Paris Pledge for Action
- The UNEP FI Principles for Responsible Banking
- The UN-supported Principles for Responsible Investment
- The UN Global Compact
- The OECD Guidelines for Multinational Enterprises
- The UN Guiding Principles on Business and Human Rights
- The Universal Declaration of Human Rights
- The ILO Declaration of Fundamental Principles of Rights at Work
- The Task Force on Climate-related Financial Disclosures

Danske Bank is committed to a number of international sustainability principles and guidelines and also supports industry-specific sustainability initiatives, such as on net-zero carbon emissions, see p. 15. In our position statements covering our lending, investment and procurement activities, we refer to additional issue-specific principles and conventions. These statements are available at danskebank.com/sustainability.

to further integrate ESG risks and sustainability-related information into financial reporting.

Open dialogue

Danske Bank's Stakeholder Policy supports our strategic focus of becoming a better bank for all our stakeholders. It outlines principles for engaging with each of our main stakeholder groups to support an open, constructive and close stakeholder dialogue as an integral and natural part of our operations.

Our main stakeholders include our customers and partners, employees, investors and analysts, rating agencies, the general public, media experts, and regulators.

We operate in a highly regulated industry, and we engage in a collaborative dialogue with regulators and authorities and offer our expertise and views. Danske Bank is a registrant to the online European Transparency Register, and we follow the register's code of conduct and provide information to the public about our fields of interest and key regulatory focus areas, responses to public consultations and membership of industry associations.

In 2021, we increased our sustainability-related engagement across stakeholder groups, particularly in the area of sustainable finance. We also continued our compliance remediation efforts, see p. 32 and we remain humble to the task of restoring the trust of our customers and of society at large.

Material sustainability issues

Based on trends in society, regulatory developments and information gathered from stakeholder engagements, we annually assess the materiality of sustainability and ESG-related topics to identify issues that represent risks or opportunities for society and for our business.

The materiality assessment is discussed with our BIC, and in 2021 we updated the assessment on the basis of investor engagements, ESG rating agencies and customer surveys, peer reviews and insight reports on personal and business customers' expectations of a bank's approach to sustainability.

In addition to confirming our current strategic focus, the insights gained also emphasised that social issues and biodiversity are expected to grow in importance in the same way as we have seen with climate change - with similar implications and need for integration into our commercial strategy and core processes.

To strengthen our ongoing due diligence on social issues, we in 2021 initiated an assessment of actual and potential adverse human rights impacts related to Danske Bank's activities. We will review the efficiency of our governance, policies and procedures across our different roles as lender, investor, service provider, procurer and employer, and we plan to share the results of the assessment in 2022.

We present and report on our material sustainability issues in line with our six strategic focus

areas. Actual and potential impacts on human rights and labour rights are an integral part of several of these issues.

Similarly, COVID-19 risks and responses are still affecting numerous issues.

Sustainable finance

Financial stability and growth
ESG in financing
ESG in investments
Climate change preparedness
Sustainable use of natural resources and circular economy
Biodiversity and natural habitats
Social well-being

Entrepreneurship

Support for start-ups and scale-ups
Innovation and sustainable business models

Financial confidence

Financial capability for customers
Financial education for young people and families

Governance & integrity

Anti-money laundering
Anti-corruption
Responsible tax
Responsible products and fair advice
Access to financial services
Data protection and data ethics*
Sustainable supply chain
IT security
Financial crime prevention
ESG transparency

Employee well-being & diversity

Employee health and well-being
Training and development of employees
Community support
Diversity and inclusion
Executive remuneration*

Environmental footprint

CO₂ reduction
Responsible resource consumption
Waste management

*Please see our Annual Report 2021

SUSTAINABLE FINANCE



The power of finance

Danske Bank is raising the standards for sustainable finance, and we are developing our approach to further support our customers and society on the path to net-zero carbon emissions.

This is the decade of delivering on climate targets and on the UN Sustainable Development Goals (SDGs). The outcome of COP26 in Glasgow made it clear that increasing climate financing is a key factor for keeping alive the goal of limiting temperature rises to 1.5°C.

At Danske Bank, we fully recognise the need for mobilising the financial sector's climate action, and we believe that the power of finance, if applied with focus and responsi-

bility, will be vital for enabling our customers to transition to a low-carbon economy. Since 2019, we have more than quadrupled our sustainable financing through green loans and through arranged sustainable bonds. And through Danica Pension, we have more than tripled our investments in the green transition.

We will continue to utilise our expertise and size - alone and in partnership with others - to create volume and transition finance by

encouraging and inspiring our customers to use their leverage. In 2021, we reflected this in our net-zero path towards 2050 or sooner, which includes short- and medium-term targets for sustainable finance volumes and for reducing financed carbon emissions (scope 3) across our financing and investments portfolios. We also have reduction targets for our own operations across scope 1, 2 and 3, see p. 39.

Leading on sustainable finance

Danske Bank has made good progress on its sustainable finance ambition to be a leading bank in the Nordic countries and to be *the* leading bank in Denmark. By year-end 2021, Danske Bank ranked number one among Nordic arrangers in Bloomberg's Global League Table for bookrunners of sustainable bonds. During the year, we have also launched competitive responsible investment offerings.

To further define what we mean by 'leading', four parameters for success have been identified:

- **Customer satisfaction** with Danske Bank's sustainability offerings is key for our positioning, both from a customer attraction perspective and from a customer retention perspective.
- **Commercial performance** in terms of sustainable finance volumes and market share relative to peers is an important indicator of leadership in key product segments.

- **Portfolio management** and composition is key for our management of sustainability-related risks and opportunities, as well as for meeting regulatory requirements and supervisory expectations. Moreover, monitoring of our green asset ratio and financed emissions supports our commercial positioning and is essential in enabling us to deliver on our net-zero ambitions.

- **Alignment with societal goals** and meeting stakeholder expectations through the impact we make is key to delivering on our purpose of creating sustainable progress - and for Danske Bank to be recognised by stakeholders as a leader within the field of sustainable finance.

In 2022, we aim to develop KPIs to further operationalise these four parameters. We will also seek to identify key areas for increasing the pace of sustainability integration in our core business.

Decarbonising our portfolios

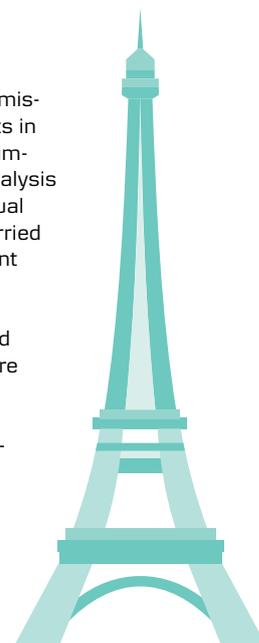
Danske Bank was an early adopter of the Paris Pledge for Action when it was launched in 2015. Since then, we have extended our commitments by joining a number of climate-related industry initiatives. In 2021, Danske Bank joined the Net Zero Asset Managers Initiative and also became a member of the UN-convened Net-Zero Banking Alliance, as the first bank in Denmark to do so. By joining these initiatives, we have consolidated multiple commitments to decarbonise the Group's portfolios and to support the limiting of global temperature rise to 1.5°C in line with the Paris Agreement.

Our main approach is to work with our customers and support them in reducing their absolute emissions as much as possible, and to use offsetting only as a supplement to decarbonisation and only for emissions that cannot be further reduced due to technological or financial constraints. Although divestments may be unavoidable, we generally prefer to engage with businesses to explore their potential and help them in their green transition – in our role as both investor and lender.

To guide our actions, we in 2021 updated our sustainable finance volume targets,

and we set carbon emission reduction targets in the short- and medium-term based on an analysis of our portfolios' actual carbon footprints carried out in line with current best standards.

Our net-zero path and associated targets are key components of Danske Bank's commercial strategy subject to review by our Board of Directors.



Our sustainable finance commitments and approach

	Lending	Asset management	Asset ownership
Sustainable finance volume targets	DKK 300 billion in sustainable financing, including granted green loans and arranged sustainable bonds by 2023.	DKK 150 billion investments in funds with sustainable investment objective by 2030.	DKK 50 billion investments in the green transition by Danica Pension by 2023 – and DKK 100 billion by 2030.
Net-zero commitments	Net-Zero Banking Alliance (NZBA) joined in October 2021.	Net Zero Asset Managers Initiative joined in March 2021.	Net-Zero Asset Owner Alliance joined in June 2020 by Danica Pension.
Carbon emission reduction targets	Reduce carbon emissions in our corporate lending portfolio in three key sectors by between 20-50% by 2030 against a 2020 baseline.	Reduce the carbon intensity of our investment products by at least 50% by 2030 against a 2020 baseline.	Reduce carbon emissions in Danica Pension's portfolio in five key sectors by between 15-35% by 2025 against a 2019 baseline.
Approach to net-zero path	<ul style="list-style-type: none"> • Provide financing for innovative and low-carbon solutions • Decarbonise our overall balance sheet by actively engaging with customers through our provision of advice and financing to enable decarbonisation journeys in line with the Paris Agreement (transition finance) • Engage with investee companies to guide and influence from a decarbonisation perspective • Restrict financial flows to carbon intensive companies, e.g. by limiting credit-risk exposures and investments 		

Get more detail on our commitments and approach on pp. 16-21, and get an overview of key sustainable finance figures on p. 46.

Sustainable finance framework

Introduced at year-end 2020, our Group-wide sustainable finance framework provides guidance on the implementation of our ambition and targets. The execution of our sustainable finance initiatives is primarily anchored in our business units and in Group Risk Management, and the framework helps to ensure that we work in an effective and consistent manner as we develop our offerings and products.

Both the framework and our new Sustainable Finance Policy, which was introduced in 2021, are inspired by and aligned with the UN Principles for Responsible Banking. In our policy, we recognise the need to channel more capital towards sustainable activities – and less towards activities that are not compatible with a sustainable future.

Danske Bank also takes positions on sectors and themes that have relevant impact and elevated ESG risks. Our positions are approved by our Business Integrity Committee, and in 2022 we will publish updated position statements on agriculture and forestry. Both of these sectors represent important sustainability impacts and they potentially hold large transition risks, with forestry being at the nexus of the climate-change and biodiversity-loss crises. Our other position statements cover the areas of arms and defence, climate change, fossil fuels, human rights, and mining and metals.

Phase-out of coal and peat

In March 2021, Danske Bank updated its position statements on climate change and on fossil fuels. The updates were made in view of our decision to phase out coal and peat from our investment portfolios and

lending books by 2030 in the EU and OECD countries and by 2040 in the rest of the world. The decision builds upon our wish to provide transition finance by focusing on customer's absolute carbon reductions and on intensity in line with the Paris Agreement, as well as the result of our TCFD-related climate scenario analysis of the sector, see p. 43. It also supports the Glasgow Climate Pact in the phasing down of coal.

In terms of our investments, thermal coal has been restricted since 2018 and Danske Bank's updated position on fossil fuels has led to additional company exclusions; whereas on the lending side, most of Danske Bank's customers in the Nordic countries have already phased out coal or are in the process of doing so. Our exposure to coal- and peat-fired power production is therefore limited.

SUSTAINABLE FINANCE

Financing sustainable progress

In order to support our customers in financing their own sustainable transitions, we are committed to creating financial incentives that make sustainable choices more attractive and to providing transition finance.

Over the past couple of years, Danske Bank has built a platform that places us as a leading Nordic provider of sustainable financing in the form of loan or bond activities that have clearly defined environmental or social benefits. Our Green Bond Framework, launched in 2019, defines the loans or investments eligible to be funded by the proceeds from green bonds issued by Danske Bank.

By 2020, we had already reached DKK 102 billion in sustainable financing, thereby surpassing our 2023 volume target of DKK 100 billion. In 2021, the development continued to soar, even during the COVID-19 pandemic, and in July we tripled our 2023 target to DKK 300 billion.

By year-end 2021, we had reached DKK 192 billion in sustainable financing, which reflects the markets' interest in our offerings and the increased availability of these. In February 2021, we launched green loans

for larger projects for medium-sized business customers in the Nordic countries, and we expanded our green loan offering through Realkredit Danmark by lowering the threshold from DKK 100 million to DKK 30 million. This increased Realkredit Danmark's green bond-funded lending to finance Danish properties by 42% to DKK 16.9 billion in 2021.

In October 2021, we for the first time passed 100 annual sustainable bonds arranged, and by year-end we had in total 117 sustainable bonds arranged for customers. 87% of these were green bonds, which secured Danske Bank a twelfth place position in the 2021 Bloomberg global rankings for green bonds.

2030 reduction target

In 2020, Danske Bank committed to setting a climate target for reducing the emissions of our corporate loan portfolio in alignment with the climate goals of the Paris Agreement. In 2021, we decided to extend our mapping of financed carbon emissions and target setting to also cover our retail loan portfolio.

In 2021, a cross-functional group of experts established

the first data foundation for Danske Bank's emissions using the Partnership for Carbon Accounting Financials (PCAF) standard and guidance from Finance Denmark. The data shows which customers and sectors in Danske Bank's lending books that materially contribute to carbon emissions. In June 2021, we disclosed the first results in our Climate and TCFD progress update report. Since then, the initial mapping of remaining customer segments has been finalised. Our analysis shows that Danske Bank's financed emissions are concentrated in relatively few sectors and mostly among large customers.

Based on the analysis, we can focus our efforts, set sector-specific climate targets and improve our risk management and advisory role. When completing the data collection, we engaged with key customers to seek insight into their transition plans and strategies, as well as to better understand which customers are well advanced and which may present an increased risk due to their lack of sufficient transition plans.

By year-end 2021, we submitted for approval to the Board of Directors the first three carbon

Ambition

To increase volume of sustainable financing to DKK 300 billion by 2023, including granted green loans and arranged sustainable bonds.

2021 performance



Data is accumulated from 2019 and does not include sustainability-linked loans and bonds.

SDG contribution

We stimulate climate change measures, in support of SDG 13.2.

Decarbonising shipping

Maritime transport is classified as one of the hard-to-abate sectors of the global economy, and the sector's current reliance on fossil fuel is visible in the carbon footprints of vessels, as well as in the carbon mapping of Danske Bank's shipping portfolio. Danske Bank is a member of the Getting to Zero Coalition and is one of the founding signatories of the Poseidon Principles (PP) launched in 2019 to help finance the decarbonisation of the sector.

Our long-term target is to have a shipping portfolio in line with, or lower than, the PP trajectory, which is at least a 50% total

reduction in carbon emissions by 2050 from 2008 levels, as set by the International Maritime Organization. In December 2021, the second PP report disclosed that our portfolio alignment score in 2020 was 3.3% higher than the PP trajectory. This is an improvement on the 2019 score of 11.9% higher than the PP trajectory.

Danske Bank also supports the Responsible Ship Recycling Standards, and in 2021 we inserted separate clauses on responsible recycling into all new loan agreements for the sector.

2021 figures on sustainable financing

DKK 37.5 billion in green loans

Danske Bank and Realkredit Danmark's green loans are aligned with our Green Bond Framework's categories and are thereby earmarked for specific green projects. For example, Danske Bank acted as sole lender and sustainability adviser on Svensk Plaståtervinning's SEK 655 million green term loan and revolving credit facilities to build an advanced plastic recycling plant in Sweden.

DKK 70.7 billion in sustainability-linked loans

Sustainability-linked loans link customers' sustainability strategies to their financing. For example, Danske Bank and DSB (Danish state railways) linked a DKK 500 million credit facility for the reduction of carbon emission and particle pollution and increased waste recycling, which are all core elements of DSB's sustainability strategy.

DKK 77.2 billion in sustainable bonds arranged for customers

Sustainable bonds are green bonds, social bonds, sustainability bonds, and sustainability linked-bonds. The latter are used to finance the sustainability strategy of the issuer, whereas the others are use-of-proceed bonds that exclusively finance projects that have a positive environmental and/or social impact. Danske Bank structured more than 20 sustainable bond frameworks for customers in 2021. An example of a social bond is when Danske Bank acted as sole sustainability structuring adviser and lead manager for the Financing for Healthier Lives social bond of USD 177.5 million, which provides funding for capital-constrained companies in developing countries. This was made possible by a 25% first-loss guarantee by the Swedish International Development Cooperation Agency (Sida).

emission reduction targets for the high-emitting sectors. The targets are set for 2030, with 2020 as a baseline. In 2022, we will set and communicate further targets and provide more insight into the carbon emissions and data sources used.

ESG due diligence

Managing sustainability-related risks linked to the Group's total lending activities is part of

Danske Bank's role as facilitator of our customers' sustainable transitions. When we grant a loan to a customer, we enter into a long-term commitment. Assessing the level of ESG risks is one of many financial risk factors we have to consider when we determine credit worthiness and to ensure that the loans we grant are in line with the Group's position statements and risk policy requirements.

At the individual customer level, relationship managers perform ESG risk assessment based on a set of ESG questions that relate to factors such as compliance, track record and sustainability commitment. At a portfolio level, risks are moni-

tored and managed through sector risk reviews and our risk appetite setup. Industries that are more exposed to ESG risks are subject to stricter requirements, as outlined in our governance structures and our policies.

Read more

For more details about our ESG and sustainability risk management, please see our Risk Management 2021 report.

Sector	2030 reduction target	Approach
Shipping	20-30% reduction in carbon emissions relative to customer activity.	Emissions are measured according to the Poseidon Principles standard. We provide transition financing to shipping customers to ensure efficiency improvements and to enable the replacement of old vessels with new and more efficient vessels that often run on alternative fuel technologies.
Utilities	30% reduction in carbon emissions per kWh of power generation.	Our Nordic utilities lending is already well advanced in relation to decarbonising thanks to early and sustained investments in hydropower, wind energy and biomass.
Oil and Gas - exploration and production (upstream)	50% reduction in lending exposure.	There is currently no clear standard for measuring the transition of oil-producing companies. Instead of setting an activity-based target, we target a reduction in our lending exposure. As reflected in key net-zero scenarios, the level follows the decline in investment needs in Nordic oil and gas production, while also supporting the most efficient producers - also after 2030.

We implement the targets in risk strategies and credit assessments. Please see p. 41 for more details about transition finance and our approach to the segmentation of customers in the credit process.

SUSTAINABLE FINANCE

Ambition

To increase the volume of responsible investment in funds with sustainable investment objective to DKK 150 billion by 2030 and ESG funds to DKK 400 billion by 2023.

2021 performance



SDG contribution

We stimulate climate change measures, in support of SDG 13.2; however, we have a potential indirect impact on all SDGs through our responsible investment activities.

Investing in sustainability

Responsible investing is a cornerstone of our fiduciary duty to protect and grow our customers' investments. In 2021, we further strengthened our processes and expanded our responsible investment offerings to accommodate our customers' sustainability preferences and ambitions and to facilitate investments in society's sustainable transition.

The EU's Sustainable Finance Disclosure Regulation (SFDR) is in many ways a 'game changer' for our industry, see p. 21, as it ensures further transparency on sustainability risk considerations in the financial sector and on the degree of sustainability incorporated into investment products.

Danske Bank's Responsible Investment Policy was updated in 2021 in view of the SFDR. The updated policy includes five principles that support our ambition to create attractive returns for our investors and contribute to positive and sustainable development.

Volume target
At Danske Bank, we welcome the new EU regulation. To further advance our efforts, we have set sustainability

targets that cement and guide our commitment to help investors invest in products that promote environmental and social characteristics or have sustainable investment objectives. In March 2021, we therefore introduced volume targets for investments in our ESG funds (which comply with Article 8 of the SFDR) and in our funds that have sustainable investment objective (which comply with Article 9 of the SFDR).

Danske Bank's partial implementation of SFDR Level II at the end of 2021 represents significant progress towards these volume targets - in particular regarding targets on ESG funds as a larger-than-expected number of funds were able to be categorised as Article 8 funds. This also meant that in 2021 we had already reached our initial target of DKK 400 billion in ESG funds. This target will be discontinued as it now represents a minimum requirement for investment funds in the Nordic market.

By year-end 2021, a few of our actively-managed credit and equity funds were managed in accordance with SFDR Article 9: investing either to accelerate

the transition to a sustainable real economy and/or to positively contribute to the SDGs. Our focus will remain on funds that have a sustainable investment objective, and in 2022 we will strengthen our product offering with additional Article 9 products.

Reinforced processes
In 2021, we tied sustainability-related KPIs into our performance management framework for our investment teams in Asset Management. The teams now have an incentive to systematically address sustainability factors, and sustainability performance amounts to around 20% of their remuneration KPIs.

Furthermore, we introduced a sustainability-risk challenger role as a supplement to the already existing risk challenger role, in which the focus is on financial risks and acting as the customers' independent financial watchdog. The sustainability-risk challenger role adds to this by assessing to what degree the investment teams actively take into consideration sustainability issues, sustainability indicators and principal adverse impacts, and how this all affects the portfolio to support a

Our responsible investment principles



Principle 1
We incorporate sustainability risks into investment analyses and investment decision-making processes.



Principle 2
We are active owners and incorporate environmental, social and governance criteria and sustainability factors into our ownership guidelines and practices.



Principle 3
We incorporate sustainability risk into advice on investment products, aim to identify our investment customers' sustainability preferences and seek to provide customers with products that meet their ethical and sustainability needs.



Principle 4
We report on our activities and progress towards implementing responsible investments, and we disclose the impacts of our investments.



Principle 5
We promote the development of responsible investments across our industry.

Principal adverse impact

We evaluate the principal adverse impacts on sustainability factors that our investment decisions may have. Adverse impacts are currently measured via for instance these indicators, which we seek to expand on an ongoing basis:

- Greenhouse gas (GHG) emissions, GHG intensity and carbon footprint
- Exposure to companies active in the fossil fuel sector
- Share of non-renewable energy
- Violations of UN Global Compact principles or OECD Guidelines for Multinational Enterprises

We use a wide range of tools, frameworks and data to identify negative sustainability impacts and to address

these according to their materiality and type, and according to the nature of our investment products and investment-related products. We address principal adverse impacts through active ownership and investment restrictions. For example, in February 2021 Danske Bank decided to exclude three companies in Brazil because of these companies' involvement in ongoing deforestation in the Amazon. In 2021, we also tightened investment restrictions on thermal coal, tar sands and peat-fired power generation by lowering our revenue threshold from 30% to 5%, see p. 15.

Our Principle Adverse Impact Statement, Active Ownership Reports and Investment Restriction List are all available on our website.

strong risk assessment across financial and sustainability risks.

At the same time, we enhanced our investment restrictions framework and voting guidelines to help promote the environmental and social characteristics of our products and to capture issues related to principal adverse sustainability impacts on society. We also reinforced our proprietary ESG analytical tool mDASH® so that it supports product-specific sustainability characteristics. Furthermore, we now refrain from investing in certain countries' sovereign bonds. Restriction of a country is determined on the basis of a quantitative research model with qualitative overlays that use the ESG country model developed previously by the portfolio management team investing in emerging markets debt.

Active ownership

Our approach to active ownership is based on the belief that, in general, it is more fruitful to address challenging issues through engagement rather than through divestment. We consider the investment

manager-driven dialogue with portfolio companies as being the most effective approach because the investment teams are experts in their respective strategies and portfolios and because it is these individuals who are tasked with the buy/sell decision.

To enhance and protect the value of the investments, our investment teams engage with investee companies on a regular basis about material ESG and sustainability issues to seek improvement in financial performance and processes. And to ensure a structured engagement process, we log and monitor all company dialogue and progress, and we disclose data on our engagement and voting activities twice a year in our Active Ownership Report. In 2021, climate related issues were at the top of the agenda in our dialogues with company management.

2030 reduction target

In March 2021, Danske Bank joined the Net Zero Asset Managers Initiative, and as a follow-up to our commitment we in November 2021 introduced

a 2030 target to reduce the weighted average carbon intensity of our investment products by at least 50% against a 2020 baseline. We further supported this with a commitment to engage with the 100 largest emitters by 2025, thereby contributing to real climate impact and decarbonisation.

In 2021, we also reclassified six of Danske Invest's index funds as funds with sustainable objectives. The six funds follow the EU's Climate Transition Benchmark, which means that companies are selected or excluded to ensure that the funds help reduce absolute carbon emissions and contribute to the green transition.

Joint climate action

To enhance Danske Bank's impact in terms of active ownership, we engage in investor alliances such as Climate Action 100+ and the Net Zero Asset Managers Initiative, and we collaborate with more than 500 global investors. Together, we engage with companies with the aim of curbing emissions, improving governance on climate-related issues, and

strengthening climate-related financial disclosures. Another way we achieve this is by using our individual voting rights at companies' annual general meetings to collectively influence these companies' decarbonisation plans.

As an example, in early 2021 Danske Bank together with nine other members of Climate Action 100+ and other shareholders engaged with the US construction equipment manufacturer Caterpillar with the aim of committing Caterpillar to carbon reduction targets as part of a 2050 net-zero path. In May 2021, Caterpillar announced a science-based target of 30% carbon reduction in its operations from 2018 to 2030.

Treasury investments

Through Danske Bank Group Treasury, we make our own investments in the green transition. We have allocated DKK 10 billion in our green bonds towards 2022, and in 2021 DKK 12.4 billion in treasury funds was invested. In 2022, we aim to map the carbon footprint of Group Treasury's covered bonds portfolio.



Engagement

1,420 interactions with 938 companies domiciled across 49 countries, and with whom we engaged on 104 financially material ESG issues.



Voting

3,863 company meetings across 67 countries attended, at which we exercised our voting rights on 39,955 voting proposals.

SUSTAINABLE FINANCE

Pension funds invested in the green transition

Contributing to society's green transition while simultaneously delivering attractive returns for our customers is also at the core of our pension business. Danica Pension has pledged to invest DKK 100 billion in the green transition by 2030, having already surpassed the initial 2023 target of DKK 30 billion two years ahead of schedule thanks to a 209% increase in our green investments since 2019 to DKK 33.5 billion in 2021.

This reflects the momentum that exists for attractive green investment opportunities, and we are confident that we can increase our investments in this area while maintaining attractive returns. Therefore, we have brought forward by two years

the 2025 target date for Danica Pension's volume target of DKK 50 billion in investments in the green transition, which we now plan to achieve by 2023. The financing pledge forms part of our commitment to decarbonise our investment portfolio by 2050. In March 2021, we set carbon intensity-based reduction targets for Danica Pension's listed equity and corporate bonds in five key sectors. The targets were set on the basis of our 2019 baseline of financed emissions, the One Earth Climate Model (OECM) and the Transition Pathway Initiative (TPI).

The five sectors account for a vast majority of global emissions and are also the sectors in Danica Pension's

portfolio responsible for generating the most carbon. By engaging companies in these sectors directly and through investor coalitions such as the Climate Action 100+ and Net-Zero Asset Owner Alliance, as well as through our voting activities, we are working to encourage these companies to curb their emissions.

Sector	2025 reduction target
Energy	15%
Cement	20%
Steel	20%
Transport	20%
Utilities	35%

DKK 2.7 billion AuM
invested in **Danica Balance Sustainable Choice** since its introduction in 2020, representing an 369% increase in 2021. The product complies with the SFDR's Article 8, and it invests in companies and projects that seek to solve specific climate, environmental and health issues in support of the SDGs.

Ambition

To increase volume of investments in the green transition made by Danica Pension to DKK 50 billion by 2023.

2021 performance



Data is accumulated from 2019.

SDG contribution

We stimulate climate change measures, in support of SDG 13.2.

Climate-related risks

Climate change and the transition to a low-carbon economy introduce a number of risks that fundamentally alter the challenges faced by businesses and by the financial sector. By following the recommendations of the TCFD, we address and manage climate-related risks to protect our pension customers' investments, and



in December 2021 Danica Pension published a separate TCFD report. In this report, we disclose how we manage climate-related physical and transition risks related to Danica Pension's investment portfolio, and we also disclose the degree of alignment with the ambitions of the Paris Agreement.

Our analysis shows that Danica Pension's weighted average carbon intensity on equity and corporate bond investments in 2021 was 46% less than a global benchmark (measured on scope 1, 2 and 3 emissions).

Sustainable real estate

Danica Pension is also increasing the sustainability characteristics of its real estate portfolio. As well as taking biodiversity and principles of circularity into consideration, the increased sustainability focus includes a planned 69% reduction in the Danish property portfolio's carbon emissions by 2030. Furthermore, our ambition is that a minimum of 25% of real estate property in Denmark will be sustainability certified by 2025. For example, our new Postbyen development in Copenhagen meets the criteria of the DGNB Gold certification.



Support for incoming regulation

The EU Action Plan on Sustainable Finance is a cornerstone when it comes to creating a sustainable European economy. The action plan outlines actions and contains legislative proposals to address three main areas: reorienting European capital towards responsible investments, ensuring that sustainability risks are integrated into the financial system, and ensuring that long-term implications are considered.

As part of the action plan, various regulatory initiatives are being implemented over the coming years, and strong execution of incoming regulation is key if Danske Bank is to achieve its ambition. For this reason, we in 2021 established a Sustainable Finance Theme Steering Committee to ensure regulatory oversight and coordination of efforts across the Group, see p. 12.

In 2021, we worked a great deal with the EU's Sustainable Finance Disclosure Regulation (SFDR) and our transitional taxonomy disclosures. Advisers were also provided with additional training, see p. 31, to equip them with the skills needed to accommodate the customers' sustainability preferences, as required by the MiFID II amendments, which will come into effect in August 2022.

Regulating sustainability integration

The incoming regulation from the EU is aimed at both integrating sustainability into commercial activities and ensuring resilience via portfolio management and financial steering. To ensure continued progression of the agenda in a feasible and constructive manner, we actively engage in developing the regulatory framework for sustainable finance through our

industry association memberships.

The EU's Renewed Sustainable Finance Strategy lends further weight to the agenda. In addition to regulation designed to channel more capital towards projects that have a clearly defined environmental and/or social benefit, the most recent proposals signal a broadening of scope of the EU Taxonomy and emphasise a need for the labelling of financial products and the integration of sustainability into risk management systems.

Danske Bank welcomes these developments because they will facilitate the green transition of the wider economy by ensuring greater eligibility for sustainable finance whilst enabling a greater level of impact on financial flows. In particular, we support the development

of a taxonomy on significantly harmful economic activities, and we back the introduction of an 'intermediate transition' label. This will help us – and the financial sector as a whole – to identify and manage climate and environmental risks, and it will lower our exposure to economic activities that harm the environment.

We also broadly support the EU Commission's proposal for an EU standard that encourages market participants to issue and invest in EU green bonds and that also improves the effectiveness, transparency and comparability of the market. Likewise, we support regulation such as the EU's Fit for 55 package, which aims to bring the EU's climate and energy legislation into line with the goal of reducing carbon emissions to at least 55% below 1990 levels by 2030.

Implementing the SFDR

The first part of the SFDR came into force in March 2021, but we also partially implement level II of the SFDR in November in preparation for its introduction. By doing so, we took a significant step forward and increased the number of our Article 8 funds (ESG funds) and introduced actively managed Article 9 funds (marketed as funds with sustainable investment objective). In our work with Article 9 funds, it has been of paramount importance to ensure a robust investment process that balances financial and sustainability objectives.

Our partial adoption of level II also means that we will start disclosing the promoted characteristic in our Article 8 and Article 9 funds in 2022. The SFDR has further increased demand for transparency and robust ESG data, which we strongly support, and diversifying our ESG data dependency continues to be an issue of great importance to Danske Bank.

Taxonomy disclosure

Reporting in accordance with the EU Taxonomy Regulation became a requirement in 2021, and the Danske Bank Group is required to disclose the proportion of taxonomy-eligible and taxonomy non-eligible activities for 2021, see p. 44. As such, the disclosures comprise association to economic activities that contribute significantly to environmental objectives in the form of climate change mitigation and climate change adaptation.

The four other environmental objectives of the taxonomy encompass sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. These will all be subject to reporting requirements for the year 2022, after which there are sequential yearly reporting dates for specific KPIs, including green asset ratios.

ENTREPRENEURSHIP

Supporting tomorrow's businesses

Danske Bank supports new businesses that will create innovative solutions in which growth and positive societal impact go hand in hand.

Supporting growth companies is part of Danske Bank's core business. Since 2015, we have been working progressively with Nordic start-ups and scale-ups, with the dual aims of helping them develop into viable businesses and increasing their positive societal impact. We understand their business needs at each of the different phases of their lifecycles, and we can support them with relevant financial and non-financial solutions. Since December 2015, we have supported 6,329 start-ups and scale-ups with growth and impact tools, services and expertise. The implications of COVID-19 for the Nordic start-up ecosystem are still uncertain, but supporting 10,000 start-ups by 2023 remains our focus.

The Hub

Danske Bank's free, digital community platform, The Hub, is the Nordic region's largest job portal for start-ups, and it is a key initiative in helping growth companies to recruit the talent they need to enable them to scale up. Through The Hub, start-ups can create a profile to increase their visibility among investors and promote their vacant positions and work culture to job seekers. Since its launch in December 2015, more than 775,000 job applications have been submitted to jobs advertised on The Hub, and more than 43,000 job vacancies have been posted.

In 2021, the online profiles of impact start-ups were integrated into The Hub from +impact, the former digital matchmaking platform. This was done because the impact start-ups have matured and become much stronger than they were when we launched +impact in 2018. We believe, that we can create more value for the impact start-ups at The Hub, where we have

a much stronger community. Impact start-ups now represent about 18% of the businesses listed on The Hub.

The number of job openings at Nordic start-ups listed on the Hub in 2021 confirms that start-ups in general have shown resilience during the COVID-19 pandemic. This can be attributed to the agile and opportunistic mindset of start-ups as well as to their digital business models and their ability to quickly adapt their products or services to new circumstances. However, the development of the start-up ecosystem as a whole is not yet clear.

Nordic impact start-ups

The Nordic countries are well reputed for creating innovative start-ups that make a positive social impact by addressing one or more of the SDGs. To keep track of the ever-developing situation, Danske Bank publishes an annual report on the state of Nordic impact start-ups, which examines in detail the development of the Nordic impact start-up scene to assess how this is perceived.

The 2021 Nordic Impact Start-ups report reveals that impact start-ups matured during 2020 and that they in many ways perform better than non-impact start-ups. The reason is twofold:

Firstly, impact start-ups are more successful when it comes to moving from early financing rounds (seed funding) to more mature rounds (series A funding), at which point venture capital investors typically become involved. Impact investing is now a core part of venture capital investment in the Nordic countries, and it represented 34% of all venture capital investment in 2020.

Secondly, impact start-ups are more easily able to form stronger employee teams because they receive 25% more job applications per vacancy than non-impact start-ups receive. This high level of applications also confirms the fact that that purposeful work is regarded an essential factor for today's job seekers.

Green growth companies

In May 2021, the International Energy Agency (IEA) published a comprehensive study of how to transition to a net-zero energy system by 2050 while continuing to provide universal energy access and enabling robust economic growth. The IEA concluded that almost 50% of emissions reductions in 2050 will be achieved using technologies that are currently only at the demonstration phase.

Many of these green technologies are being developed by green growth companies, which are start-ups seeking to solve environmental challenges as part of their main business activities. Because green growth start-ups are often working at the cutting edge of science, engineering and innovation, investing in such start-ups may be somewhat risky.

At Danske Bank, we are working to extend our insights into the business models and characteristics of green growth start-ups so that we can become better at helping them to build the right capabilities and to connect with new investments and partners. Consequently, the 2021 Nordic Impact Startups report focused specifically on the green growth segment - a segment that represents about half of all impact start-ups. The report concluded that green growth start-ups are dependent on public funding, especially when they are at the

Ambition

To support 10,000 start-ups and scale-ups with growth and impact tools, services and expertise by 2023.



Data is accumulated from 2016.

SDG contribution

We stimulate growth and impact of start-ups and scale-ups, in support of SDG 8.3.

prototype and going-to-market stages, and that private funding is increasingly backing already-validated projects. Venture capital investment in green growth start-ups doubled between 2019 and 2020, and investment has grown twelve-fold since 2016.

Accelerator programme

All 49 participating start-ups at Danske Bank's three +impact accelerator programmes held in 2021 belonged to the green growth segment, and all are focusing on innovative solutions that support a circular economy within the fields of agri-food, energy transition and electrification, and smart cities. Co-designed by experts from WeWork Labs, RISE and Danske Bank, these all-expenses-paid programmes were held in Stockholm and Oslo, and they offered mentoring, coaching and networking to help the start-ups find investors, customers and other partners. A number of large Nordic companies and venture capital funds participated to provide the start-ups with inspiration and to explore opportunities for collaboration. Since the 2018 launch of the first programme, 100+ start-ups have graduated.

Angel investor programme

Danske Bank Private Banking customers who are interested in investing in start-ups are offered training in making informed decisions about this type of

investing, known as angel investing. The training covers topics such as risk handling, defining an investor profile, building and managing a portfolio, due diligence and valuation, active ownership and exit strategies, and impact investment. Upon completion of their training, the angel investors attend a pitch event where they are introduced to early-stage start-ups looking to attract risk capital. Since the 2019 launch of the first programme, 250 customers have participated in the training and pitch events.

Diversity commitment

Although start-ups are in an advantageous position when it comes to creating a diverse workforce with a good balance between gender, ethnicity, age, nationality and educational background, this is unfortunately not the case in reality - quite the contrary. Only 1% of all start-up investments go to start-ups that have exclusively female teams. And for mixed-team start-ups, the figure is only 5%. The reasons for this are many and can be attributed to factors such as the predominance of male investment teams and the smaller number of start-ups that have exclusively female founders.

In 2021, Danske Bank signed a diversity commitment charter initiated by Found Diverse. Research indicates a positive correlation between diversity and performance, and the aim

of the charter is to help create equal access to investments for all founders. Doing so releases the full potential of new businesses and ensures that talent, innovation, job creation and economic growth are not lost. The charter has been co-signed by the majority of large Danish venture investors.

The charter sets targets for diversifying investments to encompass a wider range of start-up group types; for example, start-up investment in exclusively male-founded teams is limited to 80%. Currently, the charter extends for three years, with the signatories required to report each year on their progress in achieving the targets set.

Danske Bank is working to ensure a better representation of female-founded start-ups when we recruit participants to take part in the +impact accelerator programme and in angel investor pitch events. This year, 39% of the start-ups in the +impact accelerator programme had female-only founder teams or mixed teams, and the share of female-only or mixed founder teams at the angel investor pitch events was 29%. Our targets are 40% and 35% respectively. We also have a 40% minimum target for the proportion of female applicants at The Hub, and in 2021 female applicants actually accounted for 48% of all applicants.

Entrepreneurship 2021

- **Danske Bank Growth:** 50 employees are part of our Growth tribe, a centre of excellence that specialises in helping growth companies across our business and market areas.
- **The Hub:** 9,000+ start-ups and 1,100+ investors are listed on our free, digital-community platform for start-ups across our markets. 1,750+ of the listed businesses are purpose-driven impact start-ups. Start-ups have posted 43,000+ jobs on the platform since its December 2015 launch, and 775,000+ applications have been received. The Hub is operated by Rainmaking.
- **+impact accelerator:** 49 Nordic start-ups graduated from our training programme for impact start-ups.
- **Angel Investor Academy:** 287 Private Banking customers participated in training programmes about angel investing and at pitch events with start-ups in Finland, Sweden, Norway and Denmark.
- **Canute:** 34 start-ups participated in four Canute market introduction programmes for scale-ups going international. Danske Bank is a founding partner.
- **Ideations Workshops:** 37 start-ups participated at seven ideation workshops held at Danske Bank providing ideas for solving some of the challenges Danske Bank is facing and insights on how we can make it easier for start-ups to work with us.



Fresh.land

The Danish start-up Fresh.land uses The Hub as its primary channel for recruiting new employees. Founded in 2015, Fresh.Land is a digital platform that shortens the farm-to-table supply chain for fruit and vegetables by connecting farmers, logistic partners and consumers in one integrated solution. Fresh.Land is currently enjoying a tenfold level of annual growth and is scaling up its business across the EU.

"We have 10 different nationalities on our team, and our management team has an equal distribution of men and women. We always hire objectively and choose the best candidate for the position - irrespective of factors such as gender, age or ethnicity. And this reflects well on The Hub as a platform that attracts a great level of diversity across the talent pool."

Mathilde Jakobsen, CEO & Co-Founder of Fresh.land

FINANCIAL CONFIDENCE

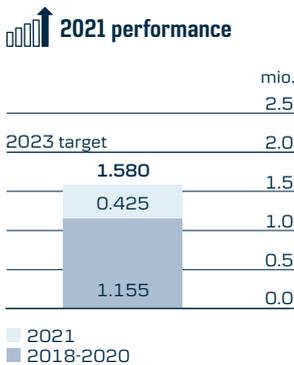


Building good money habits

All Danske Bank’s educational programmes have been updated to help children and young people to develop good money habits for life.

Ambition

To support two million people with financial literacy tools and expertise by 2023.



Data accumulated from 2018.

SDG contribution

We help people to achieve literacy and numeracy, in support of SDG 4.6.

Children who have a higher level of financial understanding are more likely to grow up to become adults who have higher levels of savings, who feel more comfortable making financial decisions and who are less burdened by bills. So by ensuring that children experience money early in their lives, parents, caregivers and teachers are able to positively influence the money habits that children develop as they grow up.

Since early 2018, Danske Bank has supported almost 1.6 million children, young people and parents by providing financial literacy tools and expertise - and with our updated educational programmes, we are making progress on reaching our target of having supported two million by the end of 2023. This is an essential part of Danske Bank’s efforts to help people across our markets to achieve greater financial confidence.

Open school initiative

Our long tradition of supporting schools by holding guest lectures and providing teaching materials on the subject of financial confidence harmonises

well with the Danish government’s open school initiative. The idea behind this initiative is that schools bring in different types of expertise from their local community to inspire pupils and provide more variation in the school day. The guest lectures are designed around the curriculum objectives of schools and the learning goals for each class, and they also support more differentiated teaching.

Danske Bank is happy to support such government initiatives and to engage with schools in local communities through our corporate volunteering programme, and we participate in the ongoing discussions with the government, business organisations and other stakeholders about how the private sector can contribute to the open school initiative. Insights from these discussions have also provided the backdrop for the relaunch of our updated school programmes in 2021 - and for the launch of our new programmes.

Relaunch of Moneyville

Since the 2008 launch of Danske Bank’s free digital learn-

ing tool, Moneyville, more than five million children across our market areas have played and learned about money in this interactive and colourful universe designed for children aged 5 to 9. However, a lot has happened since 2008. Firstly, children’s daily lives have become more digital, and they now have more experience and higher expectations when it comes to digital games. Secondly, with spending becoming increasingly digital, money has become more invisible, and consequently the value of money is today less tangible and understandable for many children. Lastly, educational objectives have changed and schools have gained much more experience with digital learning. All of these factors necessitated our update of Moneyville.

The new Moneyville was launched in August 2021 and can still be used both at school and at home to practice algebra. The game continues to teach children how to postpone an immediate gain in favour of greater and later reward (known as delayed gratification), which is an important skill when it comes to fostering good money habits.

The strength of Moneyville is that it not only allows children to acquire new knowledge but that it also allows them to use and cement this knowledge when they play. At the same time, the challenges posed in the game are adjusted to the child's level so that all players gain useful experience from playing.

Moneyville now includes a sustainability dimension. Children earn money by dealing with the items they come across during the game, for example by collecting resources such as fish from the lake or eggs from the hen. The money earned can be used to improve their character and city – or they can choose to save it and invest in a greener, more sustainable city. If the city stays green, players get more money.

Since August 2021, 207,960 children have played the re-launched Moneyville. This figure represents 28% of school pupils aged 6 to 9 in Denmark and 16% in Norway. Data from these first five months indicates that the more the children play, the more they invest in greener solutions – and the more they exercise self-discipline when it comes to making purchases. For instance, almost 65% of the players who upgraded the game invested in sustainable solutions, with electric trucks and the wastewater treatment plant among the favourites.

Peng’Pong for all schools

In 2020, we developed and tested new learning material called Peng’Pong, which targets primary school pupils and was developed in partnership with the Danish students’ organisation. Based on everyday experiences and through exercises and reflection, the material helps pupils to develop their financial skills and knowledge.

Since May 2021, the Peng’Pong learning material has been available online for all schools, and it can be combined with a guest lecture given by a specialist from Danske Bank. Peng’Pong has been used by more than 24,000 pupils aged 10 to 12 in schools in

Denmark, and 31 Danske Bank employees have given guest lectures.

Podcasts on PengeSkyen

Schools play an important role in teaching children good money habits from an early age. But when it comes to helping children achieve financial confidence, the role of parents is key. To support parents, we launched the online universe PengeSkyen (The Money Cloud) in Denmark in 2020 and in Norway in September 2021, under the name Pengevaner. Here, parents can find tips, entertainment and advice from experts on how to foster good money habits in children.

Due to the COVID-19 pandemic, all of this year’s psychological events were postponed until 2022, when we look forward to again being able to meet children and their parents face to face at events such as Pocket Money Day and PengeKøbing.

But the pandemic also gave rise to many creative new ideas. In June 2021 a podcast series called Amid was added to PengeSkyen, which has fun facts and great stories about money aimed at children aged 5 to 12. Our Moneypedia podcast in particular has caught on among children and has been

played more than 6,000 times. Children can ask all kind of questions about money, and our podcast host calls in experts to answer these; for example, why does money exist at all? And what happens to the money after it has been given to the cashier at the shop? Since its launch, the podcast has ranked in the top five in Apple’s Education for Kids podcast chart most weeks.

Danske Bank youth panel

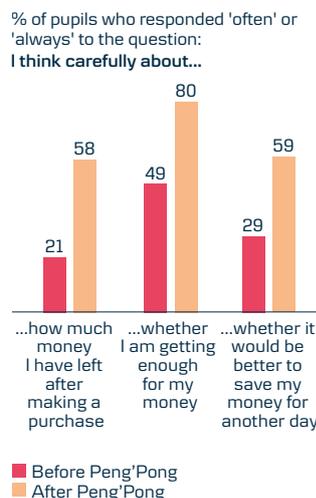
In 2021, we set up a Danske Bank youth panel to enable us to gain a better understanding of the next generation and of how we can help this generation to become financially confident. Young people are invited to join us for workshops to discuss issues ranging from how they are spending their money and what concerns and dreams they have to how digital money is changing their money habits. A surprising finding from the first two workshops is that the next generation has not yet turned its back on cash. They use cash for buying food at school or sweets, whereas they use digital tools to administer larger transactions. Some set themselves mental rules to reduce their desire to shop, which is an insight we will examine further in 2022 when we plan to hold another four workshops.

Financial confidence 2021

- **MoneyVille:** Since its August 2021 relaunch, 207,960 children across our market areas have used our online game to gain a better understanding of how money is earned, how to prioritise spending, and the importance of saving.
- **Money Week in Denmark:** Due to COVID-19 and home schooling, Money Week in March 2021 turned digital, with videos and guest lectures on Facebook aimed at students aged 14 to 16 in Danish schools. Money Week is a partnership with Finance Denmark and the Danish Association of Teachers of Mathematics.
- **SMART Money in Denmark:** Our financial advisers participated in guest lectures in Danish schools, teaching 734 children how they can improve their financial confidence.
- **Pocket Money app:** 18,329 new users in Denmark, Norway, Sweden and Finland.
- **PengeSkyen in Denmark:** About 800 parents visited our online universe that provides entertainment and advice on how to foster good money habits in children. The PengeSkyen Podcast has been played 6,183 times since its June 2021 launch.
- **Pengevaner in Norway:** Almost 1,600 parents visited the Norwegian version, launched in September 2021, of our universe PengeSkyen.
- **Peng’Pong in Denmark:** 24,216 pupils aged 10 to 12 in Danish schools have used the learning material on the topic of money habits.
- **MoneySmart in Northern Ireland:** Due to COVID-19, only 343 primary and post-primary school children were educated by Danske colleagues about money and budgeting. Instead, the time was used to review and update the programme, including new content on topics like fraud awareness, gambling, and preparing to become financially independent.
- **Sustainable Money:** Danske Bank advisers participated in the Sustainable Money Relationship programme, in which 166 young people in pre-vocational training explored their feelings and attitudes towards money and consumption through digital storytelling. The programme is organised by The Children and Youth Foundation in Finland and was held online due to COVID-19.

Peng’Pong has an impact

For most adults, it is common sense to consider things such as whether the price of a certain product is good, how much money is left in their bank account, or whether it is better to save up than to go shopping. However, such considerations are not common sense for most teenagers. A survey conducted in November 2020 among pupils in ten test classes showed that only one in three children aged 11 to 12 reflects upon these questions. But after only eight hours of learning about money and financial habits in Peng’Pong, more than 60% of the pupils answered that they now reflected upon these questions more than they did before.



GOVERNANCE & INTEGRITY

Compliance culture

Danske Bank continues to develop and embed a strong compliance culture that sets clear expectations for the conduct of employees and of the Group.

A strong compliance culture empowers all of our employees to take active steps to ensure that we as a Group adhere to applicable laws, rules and regulations. We achieve this by setting a clear tone from the top, by reinforcing individual accountability and risk-awareness through appropriate policies and training, and by supporting open communication through accessible tools, behavioural standards and reward structures.

Our Code of Conduct Policy outlines a set of principles that govern our behaviour and way of doing business at Danske Bank. The principles stipulate that we take responsibility for our role in society and in the financial market and that we run a sustainable business by integrating ESG factors into our business activities. In 2021, the code was updated to connect our new Purpose and Culture Commitments with key Group policies, and it is a key lever for increasing trust and confidence in the products and services we deliver – and in the way we deliver them.

Effective risk management

Danske Bank applies an enterprise risk management (ERM) framework that sets common standards for risk management across all risk types. To ensure appropriate oversight and accountability, our risk management is organised in accordance with the principles of the three-lines-of-defence model. This model consists of frontline and direct support functions as the first line, Group Risk Management and Group Compliance as the second line, and Group Internal Audit as the third line.

We continuously invest in our ERM and risk management capabilities to ensure that we are aligned with regulatory and

industry standards and that we uphold effective governance processes. In 2021, we introduced our new Conduct Risk Policy to better define conduct risk roles, responsibilities and accountabilities, and we strengthened our governance with the development of our Compliance, Conduct & Reputation Risk Committee to provide more effective oversight of the Group's compliance, conduct and reputation risk profile. Moreover, a new sustainability compliance team was established to provide dedicated regulatory compliance support across the Group.

Voicing concerns

Danske Bank promotes a working culture in which employees feel they can share their concerns with their colleagues, managers or HR, and we encourage employees to speak up about suspected wrongdoing as soon as possible. Communicating openly and sharing our concerns is a core part of our sound business culture and is reflected in our Code of Conduct and our new Culture Commitments. Our Escalation Policy also helps employees to recognise potentially significant issues and clarifies the relevant triggers and escalation paths.

If regular channels of communication and escalation are unavailable, inappropriate or compromised, employees can use our whistleblowing scheme. Internal and external stakeholders who witness or experience wrongdoings or who may have other concerns can use the scheme to voice such concerns anonymously, without fear of negative repercussions. All concerns are handled in the strictest confidence and are investigated appropriately.

Following the establishment of a dedicated whistleblowing

operations unit in 2019 and mandatory eLearning on how to share concerns and report wrongdoings, the number of submitted reports increased by 79% in 2020. The number of reports submitted in 2021 remains consistent with 2020 and reflects our ongoing commitment to ensure that employees have the right tools to voice their concerns with confidence. In 2021, we enhanced our whistleblowing reporting site further by introducing the option to submit concerns via voice recording and using voice-altering software.

Tax transparency

At Danske Bank, we have a firm position on tax compliance, as set out in our Tax Policy. We seek transparency and a proactive, open and cooperative relationship with the tax authorities, and we are committed to disclosing our tax payments in accordance with national and international requirements and in line with good practice among our peers.

Danske Bank, as a matter of policy, does not participate in any aggressive tax arrangements, and should it come to our attention that any of our customers or business partners are engaging in tax fraud or tax evasion, we cooperate with the relevant authorities in accordance with applicable rules and regulations to settle the issue. Our employee training on financial crime prevention includes understanding tax affairs at customer level and detecting tax evasion.

Anti-bribery and corruption

Mitigating the risks associated with bribery and corruption is part of our compliance infrastructure. We operate in accordance with the following five principles: (i) not to accept or solicit bribes in any form; (ii)

Ambition

To train over 95% of our employees annually in risk and compliance by 2023.

2021 performance

96% of our employees completed and passed risk and compliance training.

SDG contribution

We work to reduce corruption and bribery in all forms, in support of SDG 16.5.

not to make or accept facilitation payments; (iii) not to offer, promise or give a financial or other advantage; (iv) to only accept gifts given or received in specific situations; and (v) to avoid any conflict between our personal interests and the interests of the Group.

In 2021, we introduced a new Financial Crime Policy, which sets the principles for governance of all financial crime risks across the Group, including bribery and corruption. We further developed our anti-bribery and corruption control framework by issuing an instruction that provides detailed guidance for employees to identify, prevent, manage, report, record, escalate, and/or disclose detected or suspected attempts or incidents of bribery and cor-

ruption. Additionally, our zero-tolerance stance on bribery and corruption is expressed in our Code of Conduct Policy, which is supported by our Conflict of Interest Policy and Gift and Hospitality Instruction.

Our policies and instructions comply with applicable laws and regulations regarding bribery and corruption in the countries in which the Group operates. The laws and regulations we comply with include the criminal code of each country, the UK Bribery Act and the US Foreign Corrupt Practices Act.

Mandatory Training

Danske Bank’s mandatory training provides essential knowledge to empower employees to do the right thing for customers, colleagues and society. All em-

ployees must complete annual training courses on a range of risk and compliance topics related to our policies, processes and applicable regulation. New employees must complete these courses within their first 14 days of employment.

We continue to develop the courses to ensure they are more targeted and relevant for our employees. In 2021, we released completely new code of conduct training based on the updated Code of Conduct Policy and aligned to our new Cultural Commitments. In order to ensure even more effective learning, we also strengthened the anti-bribery and corruption course and upgraded and integrated the training in conflicts of interest training and market abuse.

Relevant policies

Group policies of specific relevance to sustainability include:

- Code of Conduct Policy
- Conduct Risk Policy
- Compliance Policy
- Conflict of Interest Policy
- Credit Policy
- Diversity and Inclusion Policy
- Escalation Policy
- Financial Crime Policy
- Market Abuse Policy
- Remuneration Policy
- Security Policy
- Stakeholder Policy
- Supplier Code of Conduct
- Sustainable Finance Policy
- Responsible Investment Policy
- Tax Policy
- Whistleblowing Policy

Read more

For more details, please see our Annual Report 2021 and our Risk Management 2021 report.

Learning path for mandatory risk and compliance training

Lay the foundation

 <p>Code of conduct</p> <p>What are the conduct policies and standards that all employees must live up to.</p>	 <p>Everyone is a risk manager</p> <p>What defines good risk behaviour, and how to create a sound risk culture.</p>	 <p>Share your concerns</p> <p>Why we embrace a speak-up culture, how we share our concerns and report wrongdoings, e.g. through the whistleblowing scheme.</p>	 <p>Security and operational resilience</p> <p>How to recognise threats to IT security and signs of fraud, and how to respond.</p>
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Learn about the biggest regulations

 <p>Fighting financial crime</p> <p>How to prevent money laundering, the financing of terrorism, fraud, bribery and corruption, tax evasion, and the breaching of financial sanctions.</p>	 <p>GDPR</p> <p>How to protect personal data and comply with the EU General Data Protection Regulation (GDPR).</p>
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Gain specialised knowledge

 <p>Competition law</p> <p>How the requirements affect our activities, including key risk areas.</p>	 <p>Anti-bribery and corruption</p> <p>How to identify and handle bribery and corruption risks, and what are the principles for giving and receiving gifts and hospitality.</p>	 <p>Conflict of interest and market abuse</p> <p>How to understand what constitutes a conflict of interest and market abuse, and how to behave in such situations.</p>
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GOVERNANCE & INTEGRITY



Financial crime prevention

At Danske Bank, we continue to strengthen our defence systems and capabilities to protect our customers, society and our bank against financial crime.

Ambition

To continue to strengthen our efforts in the fight against financial crime to become an even better bank for all stakeholders.

2021 performance

99.9% of our targeted customer base had their due-diligence information refreshed, marking a significant milestone in our remediation work.

SDG contribution

We work to reduce illicit financial flows and combat all forms of organised crime, in support of SDG 16.4.

Financial crime fuels some of society's most serious social and economic threats - from drugs and people trafficking to counterfeiting, firearms sales and terrorism. Criminals who attempt to misuse the financial system are becoming increasingly sophisticated, so fighting financial crime remains at the top of Danske Bank's agenda. In 2021, we continued to make substantial investments to enhance our financial crime prevention procedures and competencies, and we made solid progress on strengthening our defences.

Advanced technologies

At Danske Bank, we continue to optimise and automate the processes, systems and tools that underpin our financial crime prevention efforts. In 2021, we further integrated and developed our IT systems to tighten our controls and make processes smoother and simpler for our customers.

Supported by faster automated processes, we made good progress with our Know your Customer (KYC) obligations.

A significant milestone was achieved in updating and expanding the information we have on existing customers, with 99.9% of targeted customers now reviewed - and we are on track for completing KYC processing of our subsidiaries and remaining customers. Additionally, we invested heavily in how we perform KYC procedures by improving both the effectiveness of processes and the digital customer experience.

Our monitoring and screening processes also underwent development with the expansion of our data analytics capabilities. We now continually screen our customers, relevant associated parties and their activities against national, EU and global (e.g. UN and US Office of Foreign Assets Control) sanctions lists to ensure that we or our customers do not inadvertently conduct business activities that breach - or are at risk of breaching - sanctions.

In addition to sanctions surveillance, we implemented a market-leading trade-monitoring platform that draws upon

analytics and machine learning. This platform enhances our capabilities of detecting issues such as market abuse in 95% of the trading activity that passes through Danske Bank. In 2021, our analytical detection and investigation capabilities were further enhanced with the rollout of a centralised investigation platform that enables us to detect potential risk faster and more effectively by allowing our investigators to find hidden links where they suspect there may be a risk of criminal activity.

We also implemented new screening solutions that screen our customers against international watch lists to ensure that we only conduct business with acceptable individuals. Furthermore, we increased our use of data science techniques to proactively identify patterns and trends in transaction activity that indicate financial crime risk. This enables us to respond faster to potential threats.

In 2021, we further automated the process of detecting, investigating and preventing financial crime. This was achieved by

expanding our capabilities, for example by introducing robots to speed up the process of submitting Suspicious Activity Reports (SARs) to relevant authorities and to improve the handling of alerts generated by our automated monitoring and screening solutions. We also significantly invested in improving data coverage and quality, thereby enabling us to know our customers better and to identify financial crime faster.

Strong governance and capabilities

Although technology is imperative in our fight against financial crime, it can only take us so far. Ultimately, it is our employees who make the difference. We continue to ensure that we have the right people, with the right skills, in the right places across our organisation, and a total of 3,200 full-time employees are dedicated to the financial crime prevention agenda.

In 2021, all employees across the Group again completed annual mandatory eLearning courses on financial crime, see p.27. Specialist training required for all employees in our Financial Crime units was expanded, and we continued to broaden and improve the training of our customer-facing staff across the Group. Building on the Group-wide mandatory financial crime eLearning, over 5,800 customer-facing employees across the Nordic countries completed targeted financial crime training sessions

facilitated by their line managers, who are specially trained for the purpose.

The extensive governance structure that was implemented in 2020 included a comprehensive multi-year Group-wide Financial Crime Plan that outlines clear divisions of roles and responsibilities. The Plan serves as a detailed road map for our Financial Crime Transformation, which both ensures international best practice and meets our regulatory obligations in all the jurisdictions in which we operate.

Building on our governance capabilities, we in 2021 enhanced the oversight responsibility for all financial crime activities. Additional governance was also introduced to ensure oversight of ongoing material financial crime risks across the Group as we return to a business-as-usual state.

Our policies and instructions were further developed to ensure that our regulatory obligations are articulated precisely, thereby decreasing unnecessary complexity and increasing alignment across the Group. In 2021, we consolidated our policies into one overarching financial crime policy. This policy sets out our principles and standards for the management of risk and compliance associated with financial crime, and it determines the objectives of our Group-wide financial crime prevention framework.

We continue to share our progress with regulators on an ongoing basis. In February 2021, the Danish Financial Supervisory Authority (DFSA) decided to follow our progress even closer by appointing an independent expert to monitor the execution of our Financial Crime Plan. Given the complexity and scale of our multi-year Financial Crime Plan, which we recalibrated in 2021 to meet the emerging implementation changes and demands of our remediation efforts, we fully support and welcome this decision.

Partnering for change

It is our belief that a joint approach to fighting financial crime is essential in order to make the financial systems safe and resilient. Over the past years, Danske Bank has played a central role in spurring this collaboration. We have actively engaged in major initiatives to share insights, expertise and develop solutions aimed at strengthening and securing our collective defence systems at a domestic, Nordic and European level – all of which was undertaken in close collaboration with sector peers, public institutions and supervisory authorities.

In 2020, we co-founded the Swedish Anti-Money Laundering Intelligence Taskforce (SAMLIT), which tests new methods for sharing information between banks and authorities and tests ways to enhance the effectiveness of future financial crime prevention methods. This

year, SAMLIT went from being a pilot project to becoming a formal collaboration in which we actively participate, alongside our participation in similar public-private partnerships in Finland, Lithuania and Denmark. Through the Danish industry association, Finance Denmark, Danske Bank is part of a permanent AML working group. In 2019, the working group's AML taskforce proposed establishing an operational collaboration between the authorities and private actors to exchange information about serious cases of money laundering or terrorist financing. This year, the Danish Government proposed establishing such a collaboration under a new special crime unit.

Similarly, we harness the Bank's expertise to help improve legal and regulatory approaches across the EU. For example as a member of the AML taskforce established by the Centre for European Policy Studies (CEPS). In 2021, this taskforce presented a set of recommendations on how to make EU AML policy more effective.

We also contribute to the development of more effective legislation through our Nordic and European trade associations, for example by providing input to the European Commission's Anti-Money Laundering and Countering the Financing of Terrorism Legislative Package.

Raising customer awareness and vigilance of fraud

The monetary losses from payment fraud – such as investment scams, often linked to cryptocurrency, romance scams and ID theft – can amount to millions both for personal and business customers. Fraudsters are continually broadening and honing their techniques, and in 2021 the number of attacks on our customers increased by 18% on 2020 levels. In 2021, we continued to build on our ability to prevent fraud and intensified our efforts to raise customer awareness on a wide range of social engineering techniques. One such initiative was an awareness campaign about vishing – a phone scam designed to retrieve personal information. Through the campaign, more

than 200,000 elderly personal customers received targeted information on how to better protect their personal credentials and credit card information from persuasive criminals who are intent on misusing this data.

Through our collaboration with Finance Denmark and the Danish Consumer Council, and by contributing information to the free app Mit Digitale Selvforsvar, we shared with a diverse audience key alerts and information about preventing fraud types – including phishing, vishing, romance scams and investment scams. By doing so, we contributed to the general public awareness of financial fraud.

GOVERNANCE & INTEGRITY

Customer engagement

Helping people and businesses to realise their ambitions and assisting with the digital and green transition are key focus areas in our customer engagement.

Customer satisfaction is a proxy for how well we are engaging with our customers and helping them to build their lives and businesses on a solid financial foundation. Despite another year of COVID-19 restrictions and remediation work in connection with our legacy cases, Danske Bank all in all managed to maintain customer satisfaction. And we are on the right path to meeting our ambition of ranking, on average, among the top two banks for customer satisfaction in everything we do by 2023.

Through our Better Ways of Working initiative, we aim to improve the customer experience and respond faster to changing customer demands. All advisers receive continual training in how to offer the most suitable products and advice to ensure that they act in the best interests of our customers. As a matter of principle, personal and business customer advisers do not receive sales-related bonuses.

We regularly send questionnaires to our customers to receive input on how we can improve the customer experience, and we encourage customers who are dissatisfied with our services to contact us with a view to settling the matter. It is also possible for customers to file a complaint online.

Digital transformation

The coronavirus pandemic has expedited Danske Bank's digital transformation. Not only are we meeting the increased demand from customers for remote assistance, but we are also using the opportunity to accelerate our service-model transformation by encouraging an increased preference for - and comfort with - online meetings.

Since the start of the pandemic, we have been in contact with hundreds of thousands of customers at online meetings, by phone and via chat services and other digital communica-

tions. Across our markets, we have offered extended help and flexibility to customers, and in general we have been more accommodating towards providing credit. And by doing so, we have helped contribute to mitigating economic consequences of the pandemic.

During 2021, our employees continued to work hard to engage with customers in new ways - by learning new skills and sharing these with customers, and also by creating a coherent customer experience across channels. As a result, we observed an increase in the number of online and phone meetings, and we saw a reduction in the gap in customer satisfaction between remote meetings and physical meetings. At the same time, our frontline and operations units made a concerted effort to protect our customers against fraudulent activity, which increased in intensity during the pandemic, see p. 29.

Ambition

To rank, on average, among the top two banks for customer satisfaction in everything we do by 2023.

2021 performance

Personal & Business Customers

- Personal customers: Below target
 - Business customers: On target
- ### Large Corporates & Institutions
- Number 1 overall in the Nordic countries
 - On target in 3 out of 4 countries

Danica Pension

- Business to customer: Number 1
- Business-to-business customers: Number 4

Northern Ireland

- Personal Banking: Number 1
- Corporates & Business Banking: Number 1

SDG contribution

We seek to deliver easy and secure access to financial services for all, in support of SDG 8.10.



High acclaim for our digital solutions

In 2021 rankings published by financial industry media outlet FinansWatch and the consultancy Wilke, Danske Bank was ranked top in the categories Best Digital Customer Solutions and Digital Financial Institution of the Year, and thereby secured top-ranking positions for the third consecutive year among large banks in Denmark.

Danske Bank was particularly praised for its online and mobile banking solutions, digital communication, social media activities and innovation. This acclaim confirms that we are on the right path with our digitalisation efforts, which focus on providing trusted digital experiences for our customers on a secure, flexible technical foundation that enables them to use the channel they prefer, irrespective of what they wish to do.

Read more

For more details about customer satisfaction and data ethics, please see our Annual Report 2021.



Accessibility for everyone

With more than 1.6 million users, our Danske Mobile Banking app is the solution most used by our customers. However, as well as engaging with our customer through digital platforms and self-service solutions, we also meet our customers at our 170 physical locations across our core markets and in Northern Ireland.

As we continue to develop and deliver new digital solutions, we remain committed to ensuring that these can be used by everyone. We believe that being a customer with Danske Bank should be easy, also for customers with disabilities and for those who are less comfortable with digitalisation.

Our efforts to improve digital accessibility are intended to benefit different customer preferences and contexts - not just customers with low vision, hearing loss, photosensitivity or other disabilities, but also customers who use small screens such as mobile phones and smart watches. Improved digital accessibility also benefits customers with temporary disabilities, such as a broken arm, and addresses situational limitations such as readability in bright sunlight.

For example, we are improving the colour contrast to make it easier to read text, and we are putting names and text on diagrams, images and image buttons to support customers who use screen reader tools. We are also making it easier to navigate using only a keyboard, without the need for a mouse or touchpad.

Other accessibility services

include ordinary mail and mail payment, Easy Banking, cash cards and cash deposits. Moreover, many of our ATMs have braille keyboards and synthetic speech to help visually impaired people.

Data ethics and protection

The rising level of digitalisation and the increased amount of data available provide new opportunities for using data to develop more tailor-made products for the customers. At the same time, it is becoming increasingly important to consider the question of whether it is ethically acceptable to use the data available.

To this effect, Danske Bank in 2021 developed a set of ethical principles for how we may use customer data to personalise our products while continuing to protect the customers' interests.

We also implemented a new governance framework for personal data protection that sets out the principles and instructions that govern how personal data is processed by the Group. The instructions are designed to ensure that personal data is used both lawfully and ethically in connection with activities undertaken within the Group.

This framework also guarantees that individuals are able to exercise their personal data rights, in compliance with relevant data protection legislation such as the General Data Protection Regulation (GDPR), European ePrivacy Regulation and national data protection legislation.

Green transition

Danske Bank represent a broad variety of customers and sectors, and we are committed to helping our customers maintain a future-focused perspective when they act and make decisions. This naturally extends to supporting our customers in their green transition, which we do with our sustainable finance offerings, see pp. 14-21.

To prepare our advisers for customer dialogues on the topic of sustainability risks and opportunities, we have developed and started the rollout of comprehensive and targeted training. This training equips the advisers with the specific skills in the areas of sustainability and sustainable finance that match their customer segments and types. In 2021, we trained about 1000 business customer advisers and relationship managers across the Nordic countries and Northern Ireland and 350 Private Banking advisers in Denmark. We will in 2022 continue the training and also provide individual sparring and coaching.

Furthermore, to inform and support colleagues in customer dialogues regarding the topic of green loans, 40 advisers in the medium-sized business customer segments were appointed as local experts on green loans in their respective countries and regions. These advisers will also use the results of our carbon footprint mapping of our lending book to enable more in-depth dialogues with our customers. Besides green loans, our sustainable finance offerings also include our GreenFleet70 concept, which Nordania Leasing

introduced in Denmark in 2020 to help companies reduce road transport emissions. In addition to offering an extensive selection of electric vehicle models, the concept provides a number of tools, including an advanced fleet planner. In 2021, the GreenFleet70 concept was launched in Sweden.

Healthcare offerings

Too many people wait too long before they seek help and advice about their health - and the consequences of this delay can be serious. To address this, Danica Pension launched a new healthcare package in 2021 to heighten focus on prevention. Customers now have easy and quick access to an online doctor, psychologist and dietitian, which they can do without a doctor's referral and without having to register their consultations with Danica Pension.

In 2021, Danica Pension also held an online conference together with the University of Copenhagen to address how businesses best can support a young workforce under pressure. Providing the backdrop for this conference was data from Danica Pension that confirmed that young people in particular were struggling with mental consequences of the coronavirus lockdown and were seeking psychological treatment.

Danica Pension has also developed guidelines for managers and employees about the mental challenges associated with working from home for extended periods and with returning to a hybrid workplace.

GOVERNANCE & INTEGRITY

Interest payment

In 2020, Danske Bank introduced a negative interest payment threshold on a number of deposit accounts for personal customers in Denmark, and in 2021 we changed the limits gradually. We understand that

many customers may see it as illogical that they have to pay for having money deposited in a bank. Part of the explanation can be found in the fact that banks themselves are required to pay negative interest for the money that they place in bonds

or deposit with the Danish central bank. The highly unusual situation of negative interest rates has existed now for some time, and there is little prospect of the situation changing in the near future. At the same time, we are experiencing a signifi-

cantly increase in deposits, so we are advising our customers how they can achieve the best possible financial outcome, including whether there are relevant alternatives to cash deposits.

Remediation efforts

In recent years, we have made significant investments in and improvements to our technology, systems, processes and capabilities within risk management and compliance. We have also sought to create a management culture in which potential issues are raised and addressed. As a result of these initiatives, we have identified a number of legacy issues in which errors may have led to detrimental outcomes or losses for our customers.

We cannot undo these past mistakes, but we are fully committed to rectifying any errors that we identify – and we will do so in a proactive and timely manner. Therefore, we will leave no stone unturned in order to identify and clean up issues and compensate customers affected by these legacy issues. Remediation of these cases is well under way.

A dedicated remediation office has been set up to oversee the remediation of identified legacy issues and to ensure that all issues are handled consistently, decisively and proactively. Referring directly to the Executive Leadership Team, the remediation office ensures a fully transparent approach and timely communication to customers, authorities and other stakeholders.

We also have a New and Amended Product Approval (NAPA) process to ensure that the products and services that we offer look after the best interests of our customers and comply with relevant regulations.

To provide full transparency, detailed descriptions of significant legacy cases, our remediation efforts and statements of inspections from the Danish Financial Supervisory Authority (the Danish FSA) are available on our website. A brief year-end 2021 status is provided here:

Estonian branch: Our internal investigation into the non-resident portfolio at the now-closed Estonian branch was launched in 2018 to examine alleged violation of the rules on prevention of money laundering, and this investigation was completed in 2020. We continue to be in close dialogue with authorities in Denmark, the USA, Estonia and France; however, the timing and outcome of these dialogues remains uncertain.

Flexinvest Fri: In 2021, we closed the Flexinvest Fri case. In connection with this case, we have paid a total of DKK 362 million in compensation to almost 87,000 customers who invested in the Flexinvest Fri product during a specified period and who were charged fees that were too high. From October 2019 to January 2021, we held individual meetings with 50,000 Flexinvest Fri customers so that we could ensure that each customer had the correct and appropriate risk profile. After these meetings, the level of satisfaction among the customers involved was on a par with that of other customers, despite the fact that we were holding these Flexinvest Fri meetings because we had neglected to do what was best for our customers.

Debt collection: Our comprehensive investigation launched in May 2019 to identify the root causes of errors in our debt collection systems in Denmark was completed in 2021. The investigation concluded that 7,800 debt collection customers are eligible to receive repayments totalling approximately DKK 28 million as a result of overcollection of debt. In addition, compensation of approximately DKK 23 million will be paid to these customers for the time that the money that was overcollected from them could have been at their disposal. During the course of our investigation, several additional issues were identified. We will continue to address these additional issues on an ongoing basis, and the customers affected will be compensated accordingly. Until these outstanding matters have been resolved, we have suspended the collection of debt from all customers of our debt collection department.

Tax services: During 2020, we identified insufficiencies in our processes related to tax services offered to some of our custody account customers. We initiated a thorough review of the tax services to ensure that any other potential issues were uncovered, and as of end of year 2021 the review indicated that up to 6,000 customers may be affected by these additional issues. These issues primarily relate to potentially incorrect payments made to customers (including differences in dividend payments), the application of potentially incorrect tax benefits, and potentially incorrect tax reclaims.

Sustainable supply chain

Danske Bank is upgrading procurement processes to strengthen risk mitigation and to build a resilient and sustainable supply chain.

In 2021, Danske Bank had 2,500 active suppliers and a procurement spend of DKK 10 billion. As well as safeguarding that the products and services we purchase are produced responsibly, our Procurement & Premises department also helps our suppliers to improve their ESG performance. Through these efforts, we make a significant contribution to minimising adverse sustainability impacts in the supply chain and to supporting the transition towards a sustainable economy.

This year, we set a new ambition for building a resilient and sustainable supply chain, and our target is that all our active suppliers are ESG assessed by 2023. We have started implementing a new supplier ESG assessment process that replaces our former responsible sourcing process and supplier screening. For this reason, we are not reporting on our previous target of ensuring that a minimum of 80% of supplier contracts above DKK 1 million have undergone the responsible sourcing process.

The new supplier assessment process is based on the sustainability platform Integrity Next, which combines supplier assessments and real-time social media monitoring. By using this platform, we are strengthening our sustainability risk mitigation, increasing supply chain transparency, and supporting our ambition to digitalise our procurement ecosystem. The platform will be fully integrated into the procurement processes by 2022.

Low risk tolerance

The supplier ESG assessment process begins with the sustainability standards set out in our Supplier Code of Conduct, which all suppliers must agree to comply with in order to be included in the contracting process. The code is based on international sustainability principles, including the UN Global Compact and the UN Guiding Principles on Business and Human Rights. Suppliers are also expected to promote similar sustainability standards in their own supply chains. Furthermore, we have addi-

tional specific environmental requirements that suppliers of selected products and services must meet.

After they have agreed to comply with the Supplier Code of Conduct, suppliers must register and assess their ESG performance on the Integrity Next platform. A supplier that scores below expectations in the assessment must agree with Danske Bank on an improvement plan, and we maintain an ongoing dialogue with the supplier to follow up on their ESG performance. However, we have a low risk tolerance, and we may exercise the right to terminate the supplier contract if the issues are not resolved to our satisfaction.

Each year, we also conduct a handful of independent third-party supplier audits. These are normally carried out in the autumn, but due to the implementation of the new supplier ESG assessment process, this year's audits have been postponed until spring 2022.

New improved ESG assessment platform

 <p>Scalable solution allows ongoing registration of new suppliers.</p>	 <p>Customised questions for different sourcing categories provide better answers.</p>	 <p>Cross-industry platform allows suppliers to avoid registration on multiple systems.</p>
 <p>Free registration and ESG assessment accommodates SME suppliers.</p>	 <p>Real-time monitoring of suppliers' social media news allows for early risk mitigation.</p>	 <p>Dynamic update of supplier information enables easy follow-up on ESG performance.</p>
 <p>Assurance that registered suppliers conduct the ESG assessment.</p>	 <p>Sanction screening of registered suppliers.</p>	 <p>Integration with real-time data exchange to Click2Buy solution.</p>

Ambition

To ESG assess all active suppliers that are handled through Group Procurement & Premises by 2023.

2021 performance

141 high-risk suppliers out of 2,500 active suppliers were ESG assessed.

SDG contribution

We encourage our partners and suppliers to adopt sustainable practices, in support of SDG 12.6.

EMPLOYEE WELL-BEING & DIVERSITY

Diverse and inclusive culture

Danske Bank works to create a diverse and inclusive workplace and ensures that all employees across all our locations are afforded equal opportunities.

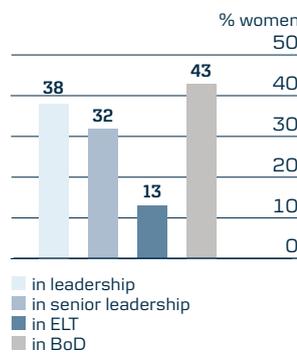
Ambition



To achieve a women/men gender diversity by 2023 of:

- 40/60% in leadership positions
- 35/65% in senior leadership positions
- 25/75% in ELT positions
- 38/62% in BoD (AGM-elected)

2021 performance



SDG contribution

We seek to provide equal opportunities for leadership at all levels of decision-making, in support of SDG 5.5.

At Danske Bank, we believe that a diverse and inclusive culture will help us to release the full potential of our employees and to become a better bank for all our stakeholders. Nurturing a sense of belonging is essential to us: when people belong, they are comfortable expressing themselves openly, freely and in their own voice – and they feel empowered to make a difference.

In 2021, we continued our efforts to advance our Diversity & Inclusion (D&I) agenda, both in Danske Bank and towards society in general. Following up on our D&I mission statement and governance structure introduced last year, we reviewed our D&I Policy and hired D&I subject matter experts to develop and implement actions. Furthermore, our D&I Council, local D&I Leads and advocates have worked to anchor D&I efforts centrally and across the Group.

Gender equality

Our gender diversity targets for 2023 have been set in view of our long-term ambition of reaching gender equality of 50% at all levels, with an acceptable variation of plus/minus 10%. We still see that structural and cultural barriers prevent women from accessing senior leadership positions, which is why our focus remains on developing inclusive and gender-balanced recruitment processes and on implementing tools that prevent biases in our HR processes. For example, we use the Develop Diverse scanning tool for our Danish and English recruitment ads to ensure inclusive language, and the Bloomberg Financial Services Gender-

Equality index helps to guide our internal efforts and creates transparency externally.

To further the agenda, we in 2021 rolled out a D&I educational programme for all managers. Inspired by UNESCO core competencies, the programme aims to educate the whole organisation about reflecting about inclusive language use, leadership and stereotypes. We also made an agreement with our recruitment suppliers to ensure a focus on gender diversity during the recruitment process for leadership positions, and in collaboration with Copenhagen Business School and Innovation Fund Denmark, we have recruited a PhD student to study how micro practices can increase gender diversity in senior leadership roles.

Among our senior leaders, the women/men gender split changed from 28/72% in 2020 to 32/68% this year, and for women in leadership positions we saw a slight increase from 37% in 2020 to 38% in 2021. For our Executive Leadership Team (ELT), the number is unchanged, so our focus on all these levels will continue.

The gender balance for members elected to our Board of Directors (BoD) at the Annual General Meeting (AGM) is 43% and has improved as a result of the overall number of seats decreasing to seven. When we include the four employee-elected members of the BoD, total share of women on the BoD is 55%, which equates to full gender equality.

Median gender pay analysis
In 2020, we reported our

median gender pay gap for the first time. The figure indicates whether the gender population is distributed fairly from lowest- to highest-earning positions as it is the difference between median hourly earnings of men and women across the organisation. Our 2021 result show a slight decrease in the gender pay gap from 20% to 19%. Not only does this indicate a structural and societal gender imbalance at different levels of our organisation, but it also reflects how we have traditionally valued different types of work, which has led to a disproportionate number of men in higher-paid positions.

We expect to see the median gender pay gap improve over time as we continue breaking down the structural and cultural barriers and focus on D&I in performance evaluation and salary review processes. In addition to analysis at Group level, we monitor pay levels and conduct local equal pay and gender pay analyses, which we report annually to the local authorities where we operate.

LGBTQ+ inclusion

Danske Bank is working to further improve LGBTQ+ rights and conditions, and in 2021 we implemented a Group-wide Transgender Instruction. This provides workplace support for transgender colleagues and those in the process of gender transition. Based on positive feedback from our employees, the instruction has also been introduced as a tool for advisers to support their dialogue with transgender customers.

We also regularly host inclusion-focused events and

Read more

For more gender diversity figures, please see p. 46 and our Sustainability Fact Book 2021.



In August, to celebrate the 25th anniversary of the first Copenhagen Pride, the Danish capital and Malmö hosted Copenhagen 2021 – the largest LGBTQ+ event ever held in Denmark. Danske Bank was one of the main official partners of this event, which included both WorldPride and EuroGames, and more than 1,500 of our employees participated in various internal and external activities.

webinars with external speakers to open the conversation about potentially difficult topics. In 2021, we made rainbow podcasts about issues such as discrimination and pinkwashing to increase awareness. Furthermore, we now have internal employee-led rainbow networks for LGBTQ+ and allies in Denmark, Lithuania and Northern Ireland.

Race equality

Inclusion of people from ethnic minority backgrounds in the workplace is also a key area of focus. In 2021, Danske Bank Northern Ireland introduced its new Race at Work campaign, launched by Business in the Community in partnership with the Equality Commission for Northern Ireland. Danske Bank is committed to proactively supporting this agenda, and one of our initiatives is the launch of a race equality network to provide

a safe space for employees to share their experiences – free from prejudice, judgment or stereotyping.

Do right

Movements such as #MeToo and #blacklivesmatter have demonstrated that harassment and discrimination of any kind are still major societal issues, and they also highlight the need for organisations to review – and change – their culture and reporting structures.

Although the number of incidents reported is very low, we want to increase awareness of this area, and in 2021 we set up an internal project group to identify areas of strength and areas where we can improve. Also in 2021, a third-party-led Group-wide human rights risk assessment was initiated, which will be followed up in 2022, see p. 13.

At Danske Bank, we have a zero-tolerance position on sexual harassment, and we expect all employees to protect and respect human rights, including labour rights, and to act in accordance with our Code of Conduct Policy, HR-related policies and internal human rights guidelines. We continuously work to identify, assess and address potential and actual adverse human rights infringements. We also promote a healthy and safe working environment free of discrimination, and we protect employee rights to freedom of association, collective bargaining and privacy. If employees in Danske Bank experience inappropriate behaviour, we encourage them to contact HR legal, share their concerns on our DoRight intranet site or use our whistleblowing scheme, see p. 26.

Read more

For more details about our work on human rights, please see our Statement on Modern Slavery Act 2021.

EMPLOYEE WELL-BEING & DIVERSITY

Engaging employees

Danske Bank seeks to foster the well-being and professional development of employees and drives a culture of continuous progress on engagement.

Our ways of working and engaging with each other are currently undergoing significant change, with a transition towards more hybrid and flexible working. Because we want this new setup to further release the potential of our more than 21,000 employees, building employee and leadership capabilities to embrace and thrive in a hybrid work environment is a key area of focus for us – and it goes hand in hand with our ongoing culture transformation.

Culture and engagement
Input from employees across

the Group has helped shape our new Purpose and Culture Commitments, which we introduced in 2021. These commitments form part of Danske Bank’s framework, see p. 6, and will guide our ways of working over the coming years.

In 2021, we also implemented a new Culture and Engagement Survey to gain deeper insights into the employee experience and to measure employee engagement more accurately. The survey provides results at a team level, and the data accumulated will support our teams’

year-round dialogue and work with culture and engagement. By year-end 2021, our employee engagement score had risen from 71 to 74 since May 2021, and we will build upon our strengths as we progress to meet our updated 2023 target score of 77.

Hybrid work and flexibility
In our transition towards more hybrid and flexible working, we are building upon the experience learned from working at home and from the office so that we can reap the benefits of both. Our cross-functional

Culture Commitments

<i>Team Up</i>	<i>Own It</i>	<i>Be Open</i>
We create value for our customers by being one bank	We aim high and take ownership for better results	We seek potential and make transparency and inclusion a priority
<ul style="list-style-type: none"> • We tear down silos to best help our customers. • We build simple and flexible structures with clear roles and responsibilities in order to work efficiently. • We seek better ways of working to be agile and team up around shared priorities. • We share knowledge, using our individual and united expertise to deliver our best. 	<ul style="list-style-type: none"> • We step up and take ownership for getting things done. • We champion compliance and apply our knowledge of risk, to safeguard our customers and society. • We value initiative, trusting each other’s expertise and decisions. • We continuously seek to improve, to exceed our customers’ expectations. 	<ul style="list-style-type: none"> • We are trustworthy, steering clear of secrets and speaking up honestly, acknowledging and learning from failing. • We dig beyond numbers to nurture potential, meeting others with understanding and empathy. • We embrace diversity to broaden our perspective and lead to better solutions. • We use the power of finance to strive for sustainable progress.

Ambition

To achieve an employee engagement score of 77 by 2023.

2021 performance

An employee engagement score of 74 as measured in our Culture & Engagement Survey.

SDG contribution

We seek to protect labour rights and promote safe and secure working environments for all our employees, in support of SDG 8.8.

Read more

For more employee figures, please see p. 46 and our Sustainability Fact Book 2021.



programme, Working@Danske – which focusses on redesigning workspaces, new digital tools, leadership development, and physical and mental health – supports the enablement of hybrid work and improves work practices, employee well-being and engagement.

Our internal surveys showed that there is a desire for working from home, and it indicated general satisfaction with working in a flexible environment. At Danske Bank, all employees are offered a flexible and virtual workplace, and in 2021 we negotiated local collective agreements with Finansforbundet, the Danish financial services union, regarding working from home. We also offered a DKK 8,000 cash allowance to employees to upgrade their individual home offices, and approximately

18,000 employees across the Group had received this allowance by the end of the year.

How time is split between working at the office or from home is decided by the employees and local managers themselves, and it should harmonise with work assignments and collaboration in the team. Working from home must always be voluntary, and our Working Environment Committee will on an ongoing basis ensure that working from home is both healthy and safe for employees.

At our offices, we are introducing activity-based workspaces by redesigning our workplaces into work zones that support different work activities and work preferences. In 2021, we tested local work hubs at our branches around Copenhagen that al-

lowed non-branch employees to work from branches to reduce time spent commuting and to support collaboration across departments.

Professional development

In February 2021, we launched the Grow@Danske dialogue tool to support our employees' and managers' dialogue and to provide an integrated approach to performance, development and engagement. In conjunction with this, we also launched our Grow Universe, which is an online platform accessible to all employees that supports them in their professional development at Danske Bank. Grow@Danske involves regular check-ins and reviews, and the frequent dialogues enable our employees to set goals together with their manager and define what is expected of them in terms of results and behaviour

in line with our Culture Commitments.

To create forward-looking and development-focused dialogue, a new qualitative performance assessment has been introduced, and we are using our HR platform to document performance activities for employees and as a source of relevant tools and templates.

We also systematically work with succession and talent management to maintain and further develop a strong talent pipeline and a high-performing organisation capable of meeting ambitious strategic targets.

Better Ways of Working

In 2020, we launched our Better Ways of Working initiative to become a more engaging workplace and a better bank for customers and employees. Through the initiative, we encourage more collaborative relationships between departments and a reduction in bureaucracy.

In February 2021, we reorganised more than 4,000 employees, moving them from specialist departments into 26 cross-functional teams that work towards one common goal and which have the autonomy to decide how to deliver the best solutions for our customers. As well as empowering the employees, this is making us more efficient and is speeding up the digitalisation of customer journeys.



Mental health and well-being

To help our employees to thrive, we focus on both physical and mental well-being. On our Working@Danske website, employees can find inspiration on how to improve the physical working environment at the office and at home.

In August, 2021, we held Mental Health Week across the Group, during which more than 90% of participating employees stated that they would recommend participating in similar mental health activities to their colleagues. We plan to host another Mental Health Week in early 2022, and we will also improve accessibility to our mental health and well-being tools and guides on our intranet.

EMPLOYEE WELL-BEING & DIVERSITY

Sustainability training

With several clusters of sustainability expertise across units working to integrate sustainability into our processes and solutions, we have a solid foundation for making well-informed decisions on sustainability risks and opportunities - for both the bank and our customers.

However, creating sustainable progress requires innovative and integrated thinking, and it involves everyone across the Group.

Therefore, we launched a mandatory eLearning in May 2021 that teaches all employees how we work with sustainability, how

they can get involved, and how they can use this insight when they engage in discussions with colleagues, customers and partners. Since its launch, more than 13,000 employees have completed the training.

In recognition of the importance of everyone's involvement,

Danske Bank donates a tree to WWF for every employee who completes the training - and an additional tree is donated for every employee who attains a high score. The sustainability eLearning is now part of the Group-wide mandatory risk and compliance training, see p. 27.

Corporate volunteering

Danske Bank employees have the opportunity to spend one workday per year participating in voluntary work as part of our Time2Give initiative. Whether employees want to volunteer on their own or with their team is their personal choice. Similarly, employees can choose the

cause they wish to support, or they can in some countries sign up for an event organised by Danske Bank. In several countries, Danske Bank offers employees the opportunity to volunteer with local NGOs that the bank has partnered with. Despite the COVID-19 restrictions that forced the

cancellation of many activities, 1,464 employees across the Group donated 10,516 hours and competences to the value of DKK 1,944,575 during 2021.

In addition to improving public relations with local communities, corporate volunteering

programmes offer long-term rewards through employee retainment and engagement because employees increasingly prefer to work at companies that give something back to society. This fact is supported by surveys conducted among 352 Danske Bank volunteers in 2021.

We saw an overall positive development in the survey results compared with 2020. The surveys showed that 97% are satisfied with the volunteering experience in the Time2Give programme and that 81% experience an increased sense of pride in working at Danske Bank. Furthermore, 82% of the volunteers experience an increased sense of team spirit between themselves and their colleagues, which creates new opportunities for cooperation across the Group and contributes to improving the working environment. Last but not least, 65% feel inspired to do more volunteering in their spare time.

In light of this positive feedback, we will increase our efforts in 2022 to raise awareness among all employees in all countries that they have the opportunity to participate in voluntary work, and we will ensure that employees understand that Time2Give is an inclusive programme that caters to all employees, irrespective of skills, interests and time available.

Selected Time2Give activities



In **Denmark**, Mind Your Own Business offers male teenagers aged 13 to 19 from deprived areas the opportunity to start up their own microbusinesses. Danske Bank employees are helping 11 groups to gain a general understanding of banking terms and are teaching them how to make a budget and how to conduct their annual general meeting.



In **Norway**, employees assisted the Church City Mission (Kirkens Bymisjon) - a non-profit organisation involved in social work. The work included providing free legal aid for individuals with addiction issues, staffing volunteer community night patrols, and arranging meals for people in need.



In **Finland**, Danske Bank advisers participated in a joint programme for banks aimed at strengthening the financial skills of young people who find themselves in a challenging financial situation. The programme is coordinated by the Helsinki Deaconess Foundation and helps around one thousand young people per year.



In **India**, employees from Danske IT participated in establishing Rain Water Harvesting infrastructure in over 100 schools in Bangalore. The project will provide over 1,300 people with access to clean water, and it will also replenish aquifers with over one million litres of water in a year.



In **Lithuania**, many of our volunteers spent a day building and cleaning cages at animal shelters. Other employees participated in environmental projects, such as cleaning up rivers and parks. A third popular activity was assisting the national food bank in preparing and distributing food to people in need.



In **Northern Ireland**, employees participated in providing fraud awareness and social media education within the social housing sector to some 70 people at nine online sessions. Other employees from the IT & Information Security team spent a day with 10 young people with autism, during which the employees explained first-hand about jobs in IT.

ENVIRONMENTAL FOOTPRINT

Environmental efforts

Reducing carbon emissions from our operations is a central element in our efforts to minimise our environmental footprint.

Everyone in society has a part to play in the global fight against climate change, and Danske Bank is dedicated to reducing carbon emissions from its operations. Our 2023 target was originally to reduce carbon emissions by 10% relative to 2019. However, COVID-19 has led to a significant change in our ways of working, with digital meetings replacing a number of physical meetings, thereby helping us to reduce travel-related emissions on a more permanent basis. We have therefore updated our target to a 40% reduction by 2023 in relation to 2019 - complemented by a 60% reduction

by 2030 in relation to 2019. Alongside this, we will continue to increase the scope of our reporting, including categories such as employee commuting and emissions associated with employees working from home in our scope 3 emissions.

Carbon compensation

Since 2009, Danske Bank's carbon emissions from its own operations have been compensated for. This has been achieved by purchasing certified renewable energy and verified carbon credits for the carbon emissions that we cannot eliminate, for example from transport

and heat consumption. The carbon credits equate to 4,733 tonnes of CO₂ emissions for scopes 1, 2 and 3. All electricity used by Danske Bank comes from renewable sources certified by Guarantees of Origin and International Renewable Energy Certificates, resulting in a renewable energy share of 46%. We only purchase carbon credits for projects verified according to international standards.

Read more

For more environmental figures, please see p. 46 of our Sustainability Fact Book 2021 and our Statement on Carbon Neutralisation 2021.

Main carbon reduction initiatives



Energy-efficient buildings

We continue to increase the energy efficiency of our building portfolio by installing LED sensor lighting systems at premises in Denmark, Finland and Norway. In 2021, this accounted for a saving of over 37 tonnes of CO₂. Combined, our efforts to reduce our consumption of electricity and heat resulted in a 6% decrease from 2020 levels.



Eliminating fossil fuels for heating

By 2022, we will have eliminated emissions from on-site heating across all sites. In Denmark, we will purchase biogas certificates of origin to transition on-site gas usage to carbon-neutral heating, and in Northern Ireland we are replacing oil and gas boilers with heat pumps and electric radiators.



Electric vehicle charging stations

To promote greener vehicles and provide the opportunity for employees, customers and members of the public to charge their cars, we installed 150 electric vehicle charging stations at a number of our sites in Denmark in 2021 and will continue with installations in 2022.



Reducing air travel

In 2021, the spend for travel was 85% lower than in 2019, which was the most recent year of travel unaffected by COVID-19. When we travel, we prioritise greener options in line with our Travel & Expense Instruction, which includes specific guidelines on when to take the train instead of flying. Due to the ongoing pandemic, our carbon emissions from air travel in 2021 were 95% lower than in 2019. We have set targets of maintaining carbon reduction from air travel at 60% in 2022 and 55% in 2023 by 2019 levels.



Sustainable food purchasing

In 2021, we reviewed the food-purchasing process for our canteens in Denmark, and we set targets for increased local and seasonal sourcing and reduced consumption of red meat at our canteens across the Nordic countries and in Lithuania. In 2022, we will assess the climate impact of food purchased in all our canteens.



Minimising food waste

We have implemented the Winnow food waste management system at our main office in Helsinki to help us track food waste patterns and adjust behaviours. In 2021, the canteens reduced food waste by 8.6 tonnes, equivalent to 37.1 tonnes CO₂e emissions saved. We plan to implement the system at a number of our larger sites across the Group in 2022.



Waste segregation

In 2020, we established waste segregation stations at all offices and branches and replaced all individual waste bins to increase our recycling rate from 45% to 75%. From 2022, we will be able to track the waste flows by means of quarterly waste reports that detail recycling rates and carbon emissions from waste from across the Group.



Ambition

To reduce carbon emissions by 40% by 2023 and 60% by 2030 in relation to 2019.



2021 performance

69% carbon emissions reduction since 2019

787 tonnes CO₂e scope 1
2,786 tonnes CO₂e scope 2
1,161 tonnes CO₂e scope 3

For a definition of scopes, see p. 48.



SDG contribution

We stimulate climate change measures, in support of SDG 13.2.

PERFORMANCE OVERVIEW & ASSURANCE

Task Force on Climate-related Financial Disclosures

At Danske Bank, we have been reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) since 2019. Every year, we aim to develop our disclosures to reflect our increasing climate ambitions and actions. Our TCFD implementation embeds climate considerations into our core business operations, and we collaborate across our organisation to share and develop best practices. In 2021, embedding all the necessary climate data for sufficient climate risks and opportunity disclosures continued to be a key focus area. A key publication explaining our approach in this area was our Climate and TCFD progress update, published in June 2021. To enhance our own and

the financial industry's expertise, Danske Bank actively participates in industry-wide collaborations, including the UNEP FI's TCFD pilot Phase III. Danske Bank has also committed to a number of financial industry initiatives that support climate action and improved climate disclosures, including the Net-Zero Asset Owner Alliance, the Net Zero Asset Mangers Initiative, the Net-Zero Banking Alliance and the Partnership for Carbon Accounting Financials. In addition to this report, please see a separate TCFD report (in Danish) from Danica Pension for more details about how climate-related topics are addressed in our pension subsidiary.

1. GOVERNANCE

1.a) Board oversight

The Board of Directors (BoD) exerts oversight over climate-related issues in a variety of manners - both as routinely scheduled items and when important matters arise. The Group's Sustainability Strategy is reviewed annually by the BoD, which also approves new policies and the annual external reporting on sustainability, including climate. Environment, social and governance (ESG) considerations are also taken into account when the BoD considers the Group's sector risk and risk appetite. In 2021, the BoD also discussed customer cases in which the

practical implications of the renewed Position Statement on Fossil Fuels had to be considered.

1.b) Management role

The overall responsibility for Danske Bank's 2023 Group Sustainability Strategy, policies and related programmes, including climate-related issues, resides with the Business Integrity Committee (BIC), which includes all the members of our Executive Leadership Team and is chaired by our CEO, Carsten Egeriis. Among other duties, the BIC is responsible for Danske Bank's approach to climate-related products and

the implementation of TCFD recommendations. In the four BIC meetings that took place in 2021, twelve different climate-related items were discussed. Topics included net-zero carbon emission commitments and portfolio targets, a new position statement on fossil fuels, sector ESG risk assessments, and Danske Bank's Group Risk Appetite.

In 2020, we set up the Sustainable Finance Council, which includes members from all business units and from Group Risk Management, to act as a preparatory consulting body for the BIC.

The impacts of climate risks on credit risk are also discussed by our executive Group All Risk Committee during sector reviews and risk appetite discussions. During 2021, climate was discussed as highly material risks in the sector reviews, for instance for agriculture, commercial property, oil and gas, consumer goods, and transportation sectors. A third governing group is our ESG Integration Council, which consists of heads of different investments strategies, including responsible investments. This council ensures the integration of ESG into the investment decisions across the Group.

2. STRATEGY

Climate change is an important strategic consideration for Danske Bank, and we anticipate that it will affect the bank's business in the near, medium and long term. Furthermore, we acknowledge that climate change not only has an impact on our business but that the business decisions we make can also enable and speed up the transition towards low-carbon and sustainable societies. During 2021, we updated Danske Bank's purpose to reflect the power that finance has to create sustainable progress.

2.a) Identified risks and opportunities

The primary way for climate-related risks to materialise for the Group is through the impact that climate change can have on the financial performance of our customers and investments. It is generally expected that transition risks will materialise over a shorter timespan than physical risks will, and this will influence how we prioritise our efforts. The transition-related risks of individual sectors differ greatly, and we are therefore developing policies and risk assessments for highly exposed sectors first, such as the utilities sector,

agriculture, transportation and shipping. Carbon mapping of our lending book and climate scenario analyses are some of our key ways of identifying the relevant transition risks. Within the Nordic societies that we are part of, flooding risk caused by the increased frequency and severity of storms and by sea level rise is one of the key physical risks that we analyse using estimates of future climate changes.

The vast majority of our customers have ambitions to become more sustainable in their operations or in their personal lives. Supporting them in these efforts

with suitable products and advisory services represents a key business opportunity. We continue to identify new types of climate opportunities by increasingly integrating sustainability and climate considerations into the commercial strategies of our business units.

The fast-developing EU regulatory landscape is continuously changing, and requirements and standards in the financial sector relating to climate-risk management and defining and redirecting capital towards a greener economy are being heightened all the time. Through the Group's

regulatory implementation programme, we continue to integrate these requirements and standards into our risk and business procedures.

2.b) Impact on business, strategy and financial planning

We understand that climate-related risks and opportunities can have significant financial implications for our operations. For instance, our success within the area of climate considerations can affect our customer acquisition and retention, competitive position, balance sheet health, and the market value of our investments. For this reason, we are taking action within all areas of our operations.

As part of our sustainable finance ambition and our commercial execution roadmaps, we have set a number of quantitative sustainable financing and responsible investments targets in order to measure and boost our ability to capture the significant business opportunities arising from the low-carbon transition. Within responsible investments, we have committed to increas-

ing assets under management [AuM] in investment funds with sustainable investment objective [Article 9 funds], to DKK 150 billion by 2030. Similarly, we have set a target of facilitating DKK 300 billion in sustainable financing by 2023.

At Danske Bank, we also recognise that climate action has an impact on all parts of our lending book and investments. To future-proof our business we have committed across our organisation to facilitate the societal net-zero transition: we have signed up to the Net-Zero Banking Alliance for our lending book, to the Net-Zero Asset Owner Alliance for our pension assets in Danica Pension, and to Net Zero Asset Managers Initiative for our wealth management business. Within all these initiatives we have committed to supporting the goal of global net-zero greenhouse gas (GHG) emissions by 2050 or sooner, and to also set specific short- and medium-term targets. As a specific example of such medium-term targets, we have in 2021 committed to a target

of halving the weighted average carbon intensity from our investment products between 2020 and 2030.

Furthermore, we are continuously investing in order to capitalise on climate-related opportunities and to mitigate risks. Currently, we have some 90 employees working with sustainable finance, and therefore with climate topics, across our organisation. Ongoing efforts will be to further integrate climate risk and opportunity considerations into our financial and capital planning efforts to further enhance the above strategic targets and to align these with wider balance sheet considerations.

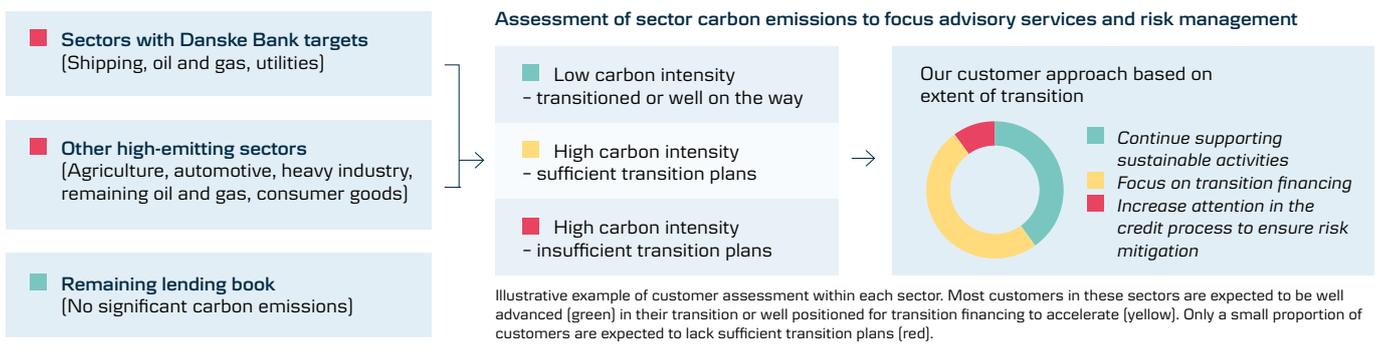
2.c) Resilience of organisation strategy

Maintaining a robust climate resilience of our business requires continuous analysis and strong execution. With respect to resilience against climate-related risks, scenario analysis is an important tool to help test the resilience of Danske Bank. Within this work, Danske Bank

has taken a risk-based approach and conducts scenario analyses on the sectors that are most exposed to transition and physical risks on a sector-by-sector basis. Additionally, due diligence, risk appetite and risk policies are further tightened where deemed necessary in order to ensure resilience.

Analysing the climate impact of our entire lending book is also critically important in order to understand the most significant areas of climate action, our provision of transition finance as well as possible areas of climate transition risk. In 2020, we committed to aligning our corporate lending book with the ambitions of the Paris Agreement and have since then been mapping the GHG emissions financed by our lending activities. In June 2021, we released the first results from this mapping in the Climate and TCFD progress update report. Since then, the initial mapping of remaining customer segments has been finalised which has enabled us to set targets and refine our approach as outlined below.

Climate assessment approach: Having now completed the initial carbon emission mapping and analysis of our lending book, we are able to focus on risk and opportunities in the high-emitting sectors. For these sectors, we seek to engage with customers to gain an understanding of their transition plans, with the aim of providing them with transition finance.



Transition finance

Danske Bank is committed to providing transition finance to high-carbon-emitting corporate customers to assist their transition to becoming low-carbon and Paris-aligned businesses. This requires a common understanding of the customer's current carbon emissions - both absolute and intensity-based emissions - and because decarbonisation takes place at different speeds and through different measures in different sectors, an understanding of the customer's decarbonisation path and

emission-reduction phases is also required. When we work together with our customers on their plans and timeline, we use sector-specific Paris-aligned decarbonisation scenarios from reputable sources, with the aim of providing finance that supports a trajectory aligned with the Paris Agreement. For customers with high carbon emissions and insufficient transition plans, we have an increased risk focus and have tightened criteria in our credit assessments.

PERFORMANCE OVERVIEW & ASSURANCE

We are consistently evaluating our exposures for high ESG risk sectors, and we take action where this is deemed to be relevant. In 2021, we updated our Group Position Statement on Fossil Fuels and committed to phasing out financing for coal- and peat-fired power generation, and from 2023 onwards we will

require Paris-aligned transition plans from all oil and gas companies that we do business with.

Our execution within the area of sustainable products has resulted in Danske Bank becoming the largest sustainable bonds originator within

the Nordic region, and it has resulted in a 21st position in the Bloomberg global sustainable bond league table. Advisory services and engagement are also significant ways through which we can take action to seize climate-related opportunities. During the first half of 2021, GHG emissions was the

most frequently discussed ESG engagement topic within our asset management business. Sustainability considerations are also part of the remuneration process for our portfolio managers.

3. RISK MANAGEMENT

Climate-related risks can have an impact on Danske Bank through numerous channels, for example through the financial risks we take, including credit, market and liquidity risk; and through non-financial risks, such as operational and compliance-related risks.

The table below provides an overview of the focus areas with respect to climate risk management in 2021.

Unit	3.a) Process for identifying and assessing climate-related risk	3.b) & 3.c) Process from managing climate-related risk and integrating this into our overall risk management processes
Lending	<p>Using a climate risk heat map, we prioritise our risk management efforts on sectors that are the most sensitive to transition risks and physical risks.</p> <p>Identification of climate-related risks occurs through:</p> <ul style="list-style-type: none"> • ESG due diligence when granting a loan. • ESG risk assessments for high-risk portfolios. • Climate scenario analysis for high-risk portfolios to further determine portfolio resilience. • Measuring the carbon footprint of our lending portfolio to further account for transition-related risks. 	<p>Expectations of how we want to manage climate-related risks are outlined in the Group's position statements. Any restrictions outlined in the position statements are further embedded as policy requirements in our Credit Policy, which outlines our procedure for how we manage ESG risks (including climate risk).</p> <p>Specifically, climate-related risks are managed at:</p> <ul style="list-style-type: none"> • Customer level, where the ESG due diligence allows us to further assess whether any actions are needed to further mitigate any climate-related risks. • Portfolio level, where climate risk considerations form part of determining the overall risk appetite level for the sector. This allows for actively steering the ESG risks at portfolio level. We also use scenario analysis and carbon emission estimates to further assess needed actions to ensure our loan portfolio supports the needed transition.
Asset management	<p>The process for identifying and assessing climate-related risk follows the overall process for incorporating sustainability risk, which is outlined in our Responsible Investment Policy. Central to this is our investment teams' focus on sustainability issues that are likely to affect a company's business and ability to deliver attractive returns to our investors.</p> <p>To enable a systematic approach, we have developed our proprietary analytical tool, called mDASH (short for materiality dashboard). The tool organises and categorises data from companies and external data providers, including a company's carbon footprint from their own operations, products and supply chains.</p>	<p>Based on the materiality perspective, we use several tools to manage climate-related risk. In terms of active ownership, we engage with companies on climate-related issues and have also incorporated relevant aspects into our voting guidelines. Being a signatory of the Net Zero Asset Managers Initiative, we are committed to engaging with the 100 largest emitters in our portfolios by 2025.</p> <p>If necessary, we exclude companies that are involved in activities with significant negative climate impact, and for some of our funds we also use carbon risk score as an inclusion criteria, the aim of which is to achieve a better score than that of the benchmark. Moreover, through different initiatives, we address relevant carbon risk-related aspects, e.g. The Institutional Investors Group on Climate Change, the TCFD and Climate Action 100+.</p>

Read more

For more details about climate-related risk, please see our Risk Management 2021 report and Danica Pension's TCFD report (December 2021).

Climate risk scenario analysis in 2021

As part of our credit risk assessments, we are conducting climate scenario analyses in order to assess climate-sensitive sectors identified through our climate risk heat map. The analysis is already now starting to inform sector-specific risk strategies and risk appetite, but our ambition is to gradually advance usage over time as data and methodology evolves and as more sectors are covered. In 2021, the following sector-specific climate risk analyses were performed:

Physical risk from flooding – real estate (households)

Our initial physical risk assessment of flooding risk in Denmark from 2020 was extended to also look at flooding risk in Norway and Northern Ireland. Important first steps were also taken to extend that analysis to Sweden and Finland, and methodology and data will be further refined in 2022. Initial indications show that the Danish mortgage portfolio is more exposed to the risk of flooding. However, further efforts must be carried out to warrant comparisons across market areas. Granularity and complete risk assessments often hinge on the quality of national flooding maps, for which geographical granularity can vary greatly. Translating the risk into financial impacts, including the incorporation of mitigation factors such as insurance coverage, will continue to be a priority.

Transition risk – commercial property

An initial transition risk assessment was conducted using carbon emission estimates for the Danish commercial property portfolio. Results showed that carbon intensity differs significantly based on a building's energy label and heating

source. For example, the part of the property portfolio that still uses fossil fuel (coal, oil or natural gas) as a heating source and that has an Energy Performance Certificate (EPC) of C or worse makes up less than 7% of the total Danish commercial property exposure but accounts for 33% of the total financed CO₂ emissions. The next steps will be to extend the risk analysis of the carbon emission estimates and to look into how to conduct scenario analyses using such insights.

Transition risk – oil and gas

Our 2020 transition risk analysis performed on the oil and gas portfolio was also extended in order to use the newly released net-zero climate scenarios from both the Network for Greening the Financial System and the International Energy Agency. Irrespective of the scenario used, ambitious transition plans are needed to ensure stable credit quality over the long term, and our work to ensure Paris alignment continues to be key for this sector.

Transition risk – agriculture

An updated scenario analysis was also conducted on the agriculture portfolio, in which agricultural production demand, product prices (indexes), and carbon price from the NGFS scenarios were used to assess the long-term impacts on customers and their probability of default. Results showed high levels of sensitivity towards carbon taxes, especially for livestock. However, the analysis assumes static cost of operations, static carbon intensity and no government support. Risk appetite adjustments are in place for 2022.

Read more

For more details on how we conduct flooding risk assessments, please see the Climate and TCFD progress update report (June 2021).

4. METRICS AND TARGETS

4.a & 4.c) Disclose the metrics and targets used to assess and manage climate-related risks and opportunities

We are monitoring, reporting on and setting targets for a number of different metrics that measure our climate-related actions and Danske Bank's net-zero path. The table below provides an overview of some key metrics and targets that we monitor for climate purposes. For the complete figures, please see the data table on p. 46. We expect that metrics and targets will develop and improve over the coming years. As part of our TCFD reporting, we will provide transparency on new and updated metrics and targets.

Disclosure area	Example metrics	Target
Sustainable product offering	Facilitated sustainable financing: DKK 192 billion	DKK 300 billion by 2023 (updated)
	Assets under management in funds with sustainable objective (Article 9): DKK 65 billion	DKK 150 billion in 2030 (new)
Climate-related risks (see our Risk Management 2021 report for more details)	Proportion of lending activities materially exposed to transition risks: around 19% of total lending exposure	No targets
	Proportion of lending activities materially exposed to physical risks: around 6% of total lending exposure	No targets
Financed emissions	GHG emission intensity for shipping lending portfolio: gCO ₂ e/DKK million lent	20-30% reduction in emissions per unit transported by 2030 against a 2020 baseline (new)
	GHG emission intensity for utilities lending portfolio: gCO ₂ e/kWh	30% reduction in carbon emissions per kWh of power generation by 2030 against a 2020 baseline (new)
	Oil and Gas [absolute target/risk appetite]	50% reduction in lending exposure by 2030 against a 2020 baseline (new)
	Weighted average carbon intensity of investment products	50% reduction from 2020 to 2030 (new)

PERFORMANCE OVERVIEW & ASSURANCE

Taxonomy Regulation

In accordance with Article 8 of the EU Taxonomy Regulation and the underlying Disclosures Delegated Act, the Danske Bank Group is required to disclose the proportion of taxonomy-eligible and taxonomy non-eligible activities related to the environmental objectives of climate change adaptation and climate change mitigation for year-end 2021. The Disclosures Delegated Act came into force on 1 January 2022.

As the EU Taxonomy is still being developed and because data from corporates on taxonomy-aligned activities is limited, the Danske

Bank Group does not fully utilise taxonomy alignment in its business strategy, target setting, product design and processes or in its engagement with customers and other stakeholders.

Taxonomy-eligible activities illustrate the extent of the Danske Bank Group's activities in the non-trading portfolio towards sectors covered by the EU Taxonomy. Consequently, the presented metrics below do not illustrate the Danske Bank Group's proportion of green assets because these require classification as taxonomy-aligned activities.

Taxonomy Regulation – Mandatory reporting

At 31 December 2021	in %	Content of Regulatory Metric
1. Taxonomy-eligible activities as a proportion of total covered assets	25	Activities with Financial and Non-financial corporates subject to NFRD, households and local governments covered by the EU Taxonomy Climate Delegated Act divided by total covered assets.
2. Taxonomy non-eligible activities as a proportion of total covered assets	28	Activities with Financial and Non-financial corporates subject to NFRD, households and local governments not covered by the EU Taxonomy Climate Delegated Act divided by total covered assets.
3. Exposures to sovereigns as a proportion of total covered assets	5	Exposures to sovereigns divided by total covered assets. Sovereigns include exposures to central governments, central banks and supranational issuers.
4. Derivatives as a proportion of total covered assets	0	Derivatives in the non-trading portfolio divided by total covered assets.
5. Exposures to corporates not subject to NFRD as a proportion of total covered assets	28	Exposures to entities not obliged to report under the NFRD divided by total covered assets.
6. Trading book as a proportion of total covered assets	19	Exposures in the trading book divided by total covered assets.
7. On-demand interbank exposures as a proportion of total covered assets	0	Exposures in the on-demand interbank market divided by total covered assets.
8. Total covered assets DKK bn*	2,696	Total assets excluding exposures to sovereigns and trading book. Total assets are defined according to the prudential consolidation of the Danske Bank Group.

* Voluntary information given to support the transparency of the regulatory metrics.

The Danske Bank Group's taxonomy-eligible activities amount to 25% of total covered assets at year-end 2021. The taxonomy-eligible activities relates to lending to households collateralised by residential property. Total covered assets amount to DKK 2,696 billion, excluding exposures to sovereigns and trading book. Taxonomy non-eligible activities amount to 28% of the total covered

assets. This ratio does not include exposures to corporates that are not subject to the Non-Financial Reporting Directive (NFRD).

The above metrics are unaudited and have been prepared to the best of our ability.

Read more

Read more about our Taxonomy reporting principles and limitations in data on p. 50.

Principles for Responsible Banking

As a signatory bank to the Principles for Responsible Banking (PRB), Danske Bank annually reports on progress made in implementing these principles.

The full version of our PRB self-assessment is included in our Sustainability Fact Book 2021.

Principles	Status at year-end 2021
<p>Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement and relevant national and regional frameworks.</p>	<p>Our Group Sustainability Strategy integrates selected SDGs on which we have a significant impact. The strategy also outlines significant steps to align our lending and investment activities to the Paris Climate Agreement. We support the Task force on Climate-related Financial Disclosure (TCFD) initiative, and we disclose climate-related risks and opportunities. To support the green transition in line with the Paris Agreement's target of limiting global warming to 1.5 degrees Celsius, Danske Bank has joined net-zero initiatives that are relevant for banks, asset managers and asset owners.</p>
<p>Principle 2: Impact & Target Setting We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p>	<p>In order to better understand our impact, Danske Bank co-founded the global impact consortium Banking for Impact in 2021. We started developing a value-creating model to better capture and assess the way our core activities lead to impact. We will expand this analysis with more quantitative data, and we will also start addressing the impact of our business activities. In 2021, we reviewed and updated our existing sustainable finance targets, to which we have added a new volume target for assets under management (AuM). By accelerating the carbon mapping of our lending portfolio, we introduced carbon emission reduction targets for three high-emitting sectors in our corporate lending book. Furthermore, in the area of asset management, we introduced a 2030 target to reduce the weighted average carbon intensity of our investment products by at least 50% against a 2020 baseline. Furthermore, Danica Pension set carbon emissions reduction targets for five high emitting sectors. These targets are part of our commitment to become a net-zero bank by 2050 or sooner. Our Group-wide sustainable finance framework provides guidance for the implementation of our ambition and targets.</p>
<p>Principle 3: Clients & Customers We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>	<p>In 2021, we elevated our ambition of being merely one of the leading banks for sustainable finance in the Nordic countries to also being <i>the</i> leading bank for sustainable finance in Denmark. To reach our ambition, we continued to expand our sustainable finance-related product offerings for large corporate customers and for personal and business customers throughout 2021. We also focused on further developing our solutions and advisory services to ensure that we, as a financial adviser, can fully support our customers' sustainability ambitions. This included sustainability training of customer advisers.</p>
<p>Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>	<p>We annually assess the materiality of sustainability-related topics. The assessment includes engagement with stakeholders, as defined in our Stakeholder Policy. Danske Bank is an active member of the Partnership for Carbon Accounting Financials (PCAF), and in 2021 Danske Bank joined the global consortium Banking for Impact. To ensure continued progression of the EU's sustainable finance agenda in a feasible and constructive manner, we actively engage in developing the regulatory framework for sustainable finance through our industry association memberships.</p>
<p>Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</p>	<p>The Board of Directors (BoD) and the Business Integrity Committee (BIC) develop and oversee the implementation of our Group Sustainability Strategy, which includes the PRB. They also oversee related policies, targets and commitments. Our policy on sustainable finance was adopted in 2021 and will further ensure effective execution of the PRB. To foster a culture of responsible banking, all employees must annually complete mandatory training in risk and compliance, and in 2021 we also launched a Group-wide mandatory eLearning on the Group Sustainability Strategy.</p>
<p>Principle 6: Transparency & Accountability We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p>	<p>We report annually on progress with our Group Sustainability Strategy - including the implementation of the PRB, the UN Global Compact, TCFD and the UN Principles for Responsible Investments (UN PRI). In 2021, Danske Bank also expanded its disclosures on climate in two reports - <i>Climate and TCFD update</i> and <i>Climate: Our Investment Approach</i> - with the aim of increasing transparency on our climate track record for our lending book and our investments respectively. We have backed our new sustainable finance ambition by committing to the UN-convened Net-Zero Banking Alliance, the Net Zero Asset Managers Initiatives and the Net-Zero Asset Owner Alliance to become a net-zero bank by 2050 or sooner, and we will report on progress in the years to come.</p>

PERFORMANCE OVERVIEW & ASSURANCE

ESG performance data

As part of our annual reporting practices, we include an overview of assured performance data related to our Group Sustainability Strategy. All data is prepared in accordance with our reporting principles, see pp. 48-49. Complementary data and information is included in our Sustainability Fact Book 2021.

	2021	2020	2019	2018	Targets (timeframe)
Sustainable finance					
Green bonds issued by Danske Bank (DB) [DKK billion]	7.4	3.7	3.7	-	
Green bonds issued by Realkredit Danmark (RD) [DKK billion]	17.0	9.8	0.8	-	
Share of green bonds issued (DB+RD) in relation to total bonds issued (%)	2.1	1.2	0.4	-	
Share of green bonds in relation to total bonds issued by DB (%)	2.2	1.1	1.1	-	
Share of green bonds in relation to total bonds issued by RD (%)	2.0	1.2	0.1	-	
Bloomberg League Table share of arranged sustainable bonds [DKK billion]	74.8	40.8	39.1	-	
Green loans granted to customers in DB [DKK billion]	20.6	12.5	6.2	-	DKK 300 billion
Green loans granted to customers in RD [DKK billion]	16.9	9.8	0.8	-	in sustainable financing
Share of total green loans (DB+RD) in relation to total loans (%)	4.3	2.6	0.8	-	(2023) ¹
Volume of treasury funds placed in green bonds [DKK billion]	12.4	9.4	7.1	-	DKK 10 billion in allocation
Ranking among Nordic banks in the Bloomberg Global Green Bonds - Corporate & Government League Table	1	1	2	-	Top 3 in the Nordic countries
Investments in the green transition by Danica Pension [DKK billion]	33.5	27.2	-	-	DKK 50 billion (2023)
Assets under Management (AuM) [DKK billion] ²	2,007	1,765	1,651	1,575	
AuM in ESG funds - Article 8 [DKK billion]	566	-	-	-	
AuM in funds with sustainable objective - Article 9 [DKK billion]	65	-	-	-	DKK 150 billion (2030)
Environment					
CO ₂ e emissions scope 1 (tonnes)	787	810	790	1,270	40% CO ₂ e reduction by 2023
CO ₂ e emissions scope 2 marked-based (tonnes)	2,786	3,119	4,480	4,308	and 60% by
CO ₂ e emissions scope 2 location-based (tonnes)	8,037	15,084	25,417	27,236	2030 in relation to 2019 ³
CO ₂ e emissions scope 3 (tonnes)	1,161	3,942	9,960	10,818	
CO ₂ e emissions per FTE (tonnes/FTE)	0.21	0.35	0.72	0.82	
Energy consumption (electricity and heat) [MWh]	93,895	99,570	107,615	111,046	
Energy consumption per FTE [MWh/FTE]	4.30	4.53	5.18	5.70	
Renewable energy share scope 1 and 2 (%)	46	53	52	53	
Social					
Number of full-time employees (FTE), end of year ²	21,754	22,376	22,006	20,683	
Gender diversity in the Executive Leadership Team (w/m%)	13/87	13/87	11/89	10/90	25/75% (2023)
Gender diversity in senior leadership positions (w/m%)	32/68	28/72	27/73	-	35/65% (2023)
Gender diversity in leadership position (w/m%)	38/62	37/63	37/63	37/63	40/60% (2023)
Gender diversity in the workforce (w/m%)	50/50	49/51	50/50	50/50	
Employee gender pay ratio (%) ⁴	81	80			
Employee turnover (%)	15	13	13	13	
Employee engagement (%) ⁵	74	84	86	84	> 77% (2023)
Number of start-ups and scale-ups supported with growth and impact tools, services and expertise	6,329	5,065	3,851	-	10,000 (2023)
Number of people supported with financial literacy tools and expertise	1,579,472	1,154,913	719,763	-	2 million (2023)
Number of participants in employee volunteering programmes	1,464	1,080	2,034	-	
Governance					
Gender diversity on the Board of Directors elected at the Annual General Meeting (w/m%)	43/57	33/67	25/75	38/62	38/62% (2023)
Employees trained in risk and compliance (%)	96	95	96	-	> 95% (2023)

¹ Sustainable financing includes green loans on the balance sheets in DB and RD and Bloomberg League Table share of arranged sustainable bonds (excluding sustainability-linked bonds) from current year and previous years (2019-2020). Total accumulated sustainable financing in 2021 was DKK 192.2 billion.

² The number of FTEs and AuM is from Annual Report 2021 and Fact Book Q4 2021.

³ Baseline is 15,230 tonnes of CO₂e emissions in 2019. A 40% emissions reduction equates to 9,161 tonnes of CO₂e in 2023 and a 60% emissions reduction equates to 6,158 tonnes of CO₂e in 2030. Our total CO₂e emissions from our own operations in 2021 amounted to 4,733 tonnes (scope 1, 2 marked-based and 3). Our total CO₂e emissions according to the GHG location-based methodology was 9,974 tonnes.

⁴ During our annual review, we observed a discrepancy in the reported number from 2020. Accordingly, we have updated the reported number (from 81 to 80) as well as our control mechanism.

⁵ In 2021, a new Culture and Engagement Survey was introduced. Due to a change in survey methodology, our previous 2023 ambition of a 90% engagement score is no longer applicable and we now target a Satisfaction & Motivation index of 77 instead.

Independent auditor's assurance report

To the Management and the stakeholders of Danske Bank

We have assessed Danske Bank's Sustainability Report 2021 ('the Report') to provide limited assurance on selected 2021 data on page 46 of the Report. The Report covers Danske Bank's international activities from 1 January to 31 December 2021.

Our assessment was performed in order to assess whether:

- the ESG performance data on page 46 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 2021.

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 on page 48-49 of the Report.

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the ESG performance data on page 46 in the Report. Furthermore, our responsibility is to provide limited assurance on whether Danske Bank has offset its consolidated CO₂ emissions for 2021. 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 requirements for independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

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 review from November 2021 to January 2022. Our work has included interviews with key functions in Danske Bank, inquiries regarding procedures and methods to ensure that selected ESG 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 ESG data at Group level, and performed analytical review procedures and tested ESG data prepared at Group level against underlying documentation. We have reviewed the reported data (some measured, some calculated and some estimated) as well as evaluated and given feedback on the reliability and validity of the underlying sources, especially of estimated data. 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 ESG performance 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 2021.

Copenhagen, 3 February 2022

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56



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PERFORMANCE OVERVIEW & ASSURANCE

Reporting principles

Sustainability Report 2021 covers the Danske Bank (DB) Group (the Group). For an overview of the Group and its significant subsidiaries, please refer to the Group's Annual Report 2021. We believe that the reporting provides a fair and balanced representation of our performance within the areas of sustainable finance and environment, social perspectives and governance.

To ensure data consistency, data has been defined and described in business procedures. Internal control procedures have been established to ensure that the data is reported according to the definitions.

SUSTAINABLE FINANCE

Green bonds

Green bonds covers green bonds issued by DB and by Realkredit Danmark (RD). Green bonds are defined in our Green Bond Framework. Total funding consists of the following: i) long-term bonds issued by DB (excluding tier 2 and additional tier 1), and ii) bonds issued by RD (excluding pre-issued bonds).

Bloomberg League Table share of arranged sustainable bonds

Volume accredited to Danske Bank in Bloomberg Global Sustainable Bonds - Corporate & Government League Table (green, social and sustainability bonds). We use the Deal Size (USD) and League Credit (USD) for all sustainable bonds arranged, and exchange into DKK. Sustainability-linked bonds are not included.

Green loans

Green loans granted by the Group, as defined in our Green Bond Framework. The green loan ratio is calculated by applying

green loans granted by the Group over total corporate loans, excluding reverse transactions in i) Personal & Business Customers; and ii) Large Corporates & Institutions.

Volume of treasury funds placed in green bonds

Total accumulated volume (DKK) of Group treasury funds placed in green or social bonds (and similar) or alternatively bonds that have been issued with a government guarantee and founded within Danish or another Nordic country's law that promotes the sustainable transition of our society.

Ranking among Nordic banks in the Bloomberg Global Green Bonds - Corporate & Government League Table

Ranking among Nordic banks in the Bloomberg Global Green Bonds - Corporate & Government League Table as of end 2021.

Investments in the green transition by Danica Pension

Investments in the green transition are defined as investments that contribute to the transition to a low-carbon, resilient and resource-efficient economy such as investments where e.g. products, services or activities contribute to environmental adaption, mitigation, prevention, control or restoration. Data includes: 1) investments in companies through listed equity and credit bonds with revenue relating to environmental objectives and investments in green bonds through credit, government and mortgage bonds; 2) alternative investments in renewable energy; 3) investments in sustainability certified buildings; and 4) sustainability certified buildings owned indirectly in real estate entities internationally. The reporting period for number 2, 3 and 4 runs from Q4 2020 to Q3 2021.

Assets under Management

Reporting principle for Assets under Management (AuM) is included in the Annual Report 2021.

AuM in ESG funds and funds with sustainable objective

Investments in Article 8 (ESG) and Article 9 (sustainable objective) funds as defined in the EU Sustainable Finance Disclosure Regulation. Data covers all Danske Invest funds. The AuM data is collected from the monthly total AuM delivery used for financial reporting. The calculations are based on our current interpretation of the regulation.

ENVIRONMENT

Environmental data covers the actual consumption from the Group's operations in Denmark, Finland, Ireland, Northern Ireland, Norway, Sweden, Lithuania and India, and it also covers the estimated consumption from the Group's remaining operations without registered data. The reporting period for the year 2021 runs from Q4 2020 to Q3 2021. Data is retrieved from the Credit360 reporting system. We report our CO₂e emissions based on the Greenhouse Gas Protocol.

CO₂e emissions scope 1

Scope 1 comprises CO₂e emissions from heating using oil and gas and from the usage of company cars. The emissions from heating are calculated on the basis of heating consumption, using average emission factors for heating for the country from International Energy Agency (IEA) and the Department of Environment, Food and Rural Affairs (DEFRA). For transport by company cars, the emissions are calculated on the basis of the mileage and emission factors from DEFRA.

CO₂e emissions scope 2

Scope 2 comprises CO₂e emissions from heating and electricity supplied by external suppliers. The emissions from heating and cooling are calculated on the basis of heating consumption, using either specific emission factors from energy companies or average emission factors for heating for the country from IEA. Similarly, emissions from district cooling are calculated on the basis of district cooling consumption and the specific emissions factor used for district heating. Scope 2 emissions are reported in accordance with the market-based and location-based methodology from the Greenhouse Gas Protocol Guidance. For the location-based approach, the emission factors from electricity consumption are calculated using a mix of emission factors from energy companies or average emission factors for the country from the IEA. For the market-based methodology, the emissions from electricity consumption were canceled out as a result of the purchase of renewable electricity certified by Guarantees of Origin and International Renewable Energy Certificates.

CO₂e emissions scope 3

Scope 3 comprises CO₂e emissions from paper usage and business travel by employee cars and flights. The emissions from paper are calculated based on paper consumption and the emission factors from DEFRA. For transport by employee cars, the emissions are calculated on the basis of the mileage and emission factors from DEFRA. The emissions from air travel are reported directly by our travel agency, American Express.

Estimated CO₂e from operations without registered data

For operations that do not have any measured consumption, we

estimate CO₂e emissions on the basis of the average number of full-time employees as provided by Group Finance from Q4 2020 to Q3 2021 and the average emissions per employee of the Group. These estimates represent 1% of total CO₂e emissions in 2021 and are distributed across the three scopes based on the share of the individual scope.

CO₂e emissions per FTE
CO₂e emissions per employee (tonnes/FTE) are calculated on the basis of the total amount of CO₂e emissions (tonnes) and the number of full-time employees provided by Group Finance from Q4 2020 to Q3 2021.

Energy consumption
Data for energy consumption from electricity and heat is either based on automatic data transfers from smart meters or quarterly meter readings, or it is calculated on the basis of statements received regularly during the year from energy companies and lessors. Data on 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 taken by the energy companies. If no reading or statement is available, we estimate consumption based on the average electricity or heat consumption per square-meter for the country unit. Data on floor space covers all properties used by the Group and its subsidiaries, including the Group's own premises and leased premises, for own operations in various countries.

In Sweden, heat consumption data is calculated on the basis of information from boverket.se (energy labeling of buildings). The consumption figure is calculated on the basis of the Group's share of floor space in the buildings in Sweden. Similarly, data on heat consumption at properties without actual consumption in Finland is calculated by using the key figures for Sweden because consumption patterns for locations in Finland are similar to sites in Sweden.

Energy consumption per FTE
Energy consumption per fulltime employee (MWh/FTE) is calculated on the basis of the total energy consumption (MWh) and the number of full-time employees provided by Group Finance from Q4 2020 to Q3 2021.

Renewable energy share scope 1 and 2
Renewable energy share within scope 1 and 2 is calculated on the basis of the total energy consumption and the amount of renewable electricity certified by Guarantees of Origin and International Renewable Energy Certificates. The calculation does not include fuel use from company cars. With limited data on the energy mix for heating, it is assumed that the energy mix is made up of a variety of different fossil sources. This is a conservative approach.

SOCIAL

Number of full-time employees
The number of full-time employees (FTEs), end of year, is based on information registered in the Group's accounting system at the end of Q4 2021.

Gender diversity in the Executive Leadership Team
Percentage of women and men in the Executive Leadership Team is defined as the number of women/men in the ELT divided by the total number of members of the ELT.

Gender diversity in senior leadership positions and in leadership positions
Senior leadership is defined as employees who hold the title CEO, any Vice President title, leader of business/function, leaders of leaders or leaders of team. Leadership positions are employees registered as supervisors. Calculations were based on information registered in the HR platform at the end of Q4 2021.

Gender diversity in the workforce
Gender diversity in the work-

force is based on information registered in the HR platform at the end of Q4 2021.

Employee gender pay ratio
The calculation includes all cash compensation (salary, bonus payments and any other monetary benefits) for all employees across the Group. The gender pay ratio is calculated by comparing the female employees' median cash compensation with the male employees' median cash compensation.

Employee turnover
Employee turnover is defined as the number of employees (head count) who retired or resigned divided by the number of employees (head count) per month and converted to a percentage rate. The information was retrieved from the HR platform and covers the entire Group. The employee turnover rate is based on information registered from Q1 to Q4 2021.

Employee engagement
Data on employee engagement for DB comes from the DB Culture and Engagement Survey, managed by our external provider Ennova. The survey covers the entire Group. The index score is an average based on replies to four questions in the survey: two on satisfaction and two on motivation. The survey runs two times a year.

Number of start-ups and scale-ups supported with growth and impact tools, services and expertise
The support can be via the digital platform, thehub.io, advice from DB Growth Advisers, enrollment in +impact accelerators, Canute programmes or other Growth and Impact initiatives in DB.

The KPI is measured using the number of start-ups and scale-ups that posted a job on The Hub, as a proxy. The start-up or scale-up supported is counted at the time it has posted the first job on The Hub. Data for the KPI covers companies registered in Denmark, Sweden, Norway, Finland and has been accumulated from Dec. 2015

and onwards. Data covers all types of corporate structures (IVS, ApS, AS, AB, Inc. etc.). Data is retrieved from the back-end system (Keystones) of The Hub.

Number of people supported with financial literacy tools and expertise
Data includes active unique users of DB digital educational tools developed to support financial confidence. Data also includes people participating in related physical events arranged by DB and number of listener to our Pengeskyen podcast. Data has been accumulated from 2018 and onwards.

Number of participants in employee volunteering programmes
Data includes the total number of employees (head count) who have reported their participation in the Time2Give programme during the year. All employees of the Group have the opportunity to participate. Registration is captured and reported via an internal IT system. For India, registrations are captured and reported using Excel and are sent to the Group.

GOVERNANCE

Gender diversity on the Board of Directors (AGM elected)
Percentage of women and men on the Board of Directors elected at the Annual General Meeting.

Employees trained in risk and compliance
The risk and compliance eLearning courses are mandatory for all employees of the Group and must be completed once a year and on time. In addition, all new employees of the Group must complete the module within the first 14 days of their employment. All temporary employees and external consultants with access to the Group's IT systems must also complete training. The completion data has been extracted from DB's external Learning Management System, Cornerstone at the end of 2021.

PERFORMANCE OVERVIEW & ASSURANCE

Taxonomy Regulation – reporting principles

The preparation of ratios for taxonomy eligibility is based on the prudential consolidation for the Danske Bank Group, excluding Danica Pension. The consolidation is in accordance with the supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council, and the Commission Implementing Regulation (EU) 2021/451 (FINREP). Furthermore, the preparation is based on the Delegated Act supplementing Article 8 of the Taxonomy Regulation (Disclosures Delegated Act C2021/4987).

The taxonomy-eligible activities include information about the non-trading portfolio towards EU counterparties only. This includes information about financial corporates, non-financial corporates, households (residential real estate, house renovation loans and motor vehicle loans only) and local governments.

Limitations in data

When assessing taxonomy-eligible activities for financial and non-financial corporates, actual information provided by the

counterparties is required. Entities subject to the Non-Financial Reporting Directive (NFRD) will have to publish their eligible activities according to the Taxonomy Regulation from 2022. For year-end 2021, we have therefore not included information related to financial corporates and non-financial corporates for taxonomy-eligible activities.

The division of corporates that are subject to NFRD and not subject to NFRD is based on internal data. Local implementation of NFRD differs in the EU countries, and the classification may change in the future.

Furthermore, information needed to determine taxonomy eligibility for home renovation loans and motor vehicle loans (EV cars) is limited, so we have excluded these activities in the presentation of taxonomy-eligible activities. The lack of data affects the presentation and accuracy of ratios for taxonomy-eligible activities, taxonomy non-eligible activities and non-NFRD entities.

Mandatory reporting under the Disclosures Delegated Act, Article 10

Taxonomy-eligible activities as a proportion of total covered assets	=	Activities with Financial corporates, corporates subject to NFRD, households and local governments covered by the EU Taxonomy Climate Delegated Act divided by total covered assets.
Taxonomy non-eligible activities as a proportion of total covered assets	=	Activities with Financial corporates, corporates subject to NFRD, households and local governments not covered by the EU Taxonomy Climate Delegated Act divided by total covered assets.
Exposures to sovereigns as a proportion of total covered assets	=	Exposures to central governments, central banks and supranational issuers divided by total covered assets. These exposures are not included in total covered assets.
Derivatives as a proportion of total covered assets	=	Derivatives in the non-trading portfolio (for hedge accounting purposes) divided by total covered assets.
Exposures to corporates not subject to NFRD as a proportion of total covered assets	=	Exposures to entities not subject to the NFRD divided by total covered assets.
Trading book as a proportion of total covered assets	=	Exposures in the trading portfolio divided by total covered assets. The trading book is not included in total covered assets.
On-demand interbank exposures as a proportion of total covered assets	=	Exposures in the on-demand interbank market (credit institutions) divided by total covered assets.
Total covered assets (Denominator in the Green Asset Ratio)	=	Total assets excluding exposures towards central governments, central banks, supranational issuers and the trading portfolio. Total assets are according to the prudential consolidation of the Danske Bank Group, excluding Danica Pension.

Voluntary reporting

We have voluntarily included the monetary amount for the total covered assets in the table on p. 44. The voluntary information supports the transparency of the presented metrics.

Sustainability in Danske Bank's annual reporting suite



Annual Report 2021
We provide high-level reporting on sustainability as part of the strategy and business unit sections.



Risk Management 2021
We provide high-level reporting on sustainable lending and climate-related risks in our lending portfolio.



Sustainability Report 2021
We report on issues that are material to our stakeholders and our business, including a summary of our PRB self-assessment and our TCFD reporting.

Our annual reporting suite includes sustainability-related information at different levels. The Sustainability Fact Book 2021 is a supplement to the Sustainability Report and provides additional non-assured ESG data and information, including an SASB Index and our PRB self-assessment. In addition, we issue our Statement on Modern Slavery Act 2021 and Statement on Carbon Neutralisation 2021. - these are available alongside our product- or sustainability-themed reports, including our Green Bond Impact Report and Active Ownership Report, at danskebank.com/sustainability.

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