Corporate Governance Report 2022

Danske Bank

Corporate Governance Report 2022

Statutory Corporate Governance Statement in accordance with section 134 of the Danish Financial Supervisory Authority's ("The Danish FSA") Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc., section 107b of the Danish Financial Statements Act, and the Nasdaq Nordic Main Market Rulebook for Issuers of Shares ("Main Market Rulebook").

This statutory report on corporate governance for Danske Bank A/S ("Danske Bank" and "the Danske Bank Group" ("the Group") when including its subsidiaries) forms part of the management's report section in Annual Report 2022, which covers the accounting period from 1 January to 31 December 2022.

The Corporate Governance Report 2022 has been approved by the Board of Directors together with Annual Report 2022.

The report is not covered by the auditor's report prepared in connection with Annual Report 2022.

The report comprises:

Section A:
Corporate Governance at Danske Bank
- Corporate governance structure
- Main elements of Danske Bank's internal control and risk management systems used in the financial reporting process
- Risk management and risk categories

Section B:
Status on compliance with the Danish Recommendations for Corporate Governance

Section C:
Status on compliance with other codes observed by Danske Bank

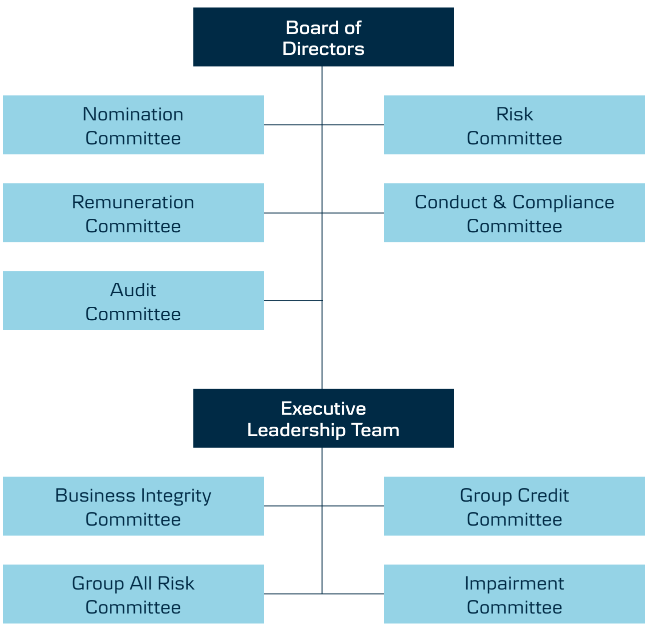
SECTION A: Corporate governance at Danske Bank

Corporate Governance structure
Danske Bank considers sound corporate governance essential in order to create value for – and maintain the confidence of – all of its stakeholders. Accordingly, Danske Bank adheres to the best corporate governance practices and standards applicable to Danske Bank.

The corporate governance structure and framework of Danske Bank are modelled to the specific needs and regulatory requirements incumbent on a complex, publicly traded, and Systemically Important Financial Institution ("SIFI") in Denmark.

Danske Bank's corporate governance framework encompasses its governing bodies and its governing documents. As such, the corporate governance framework is the foundation upon which Danske Bank is operated, managed, and controlled.

Serving under its highest governing body, the shareholders and the general meeting, Danske Bank has a two-tier management structure consisting of the Board of Directors and the Executive Leadership Team.



The general meeting and the shareholders
Danske Bank is a publicly traded company listed on Nasdaq Copenhagen. All Danske Bank's shareholders are entitled to exercise their rights at the general meeting in accordance with the Articles of Association and the one-share-one-vote principle.

During 2022, A.P. Møller Holding Group was the only major shareholder of Danske Bank holding more than 5% of the shares. More information about the shareholder base of Danske Bank is available in the Annual Report 2022 and at danskebank.com.

The Board of Directors
The shareholders elect the directors of the Board of Directors for a term of one year and the directors number between 6 and 10 in accordance with the Articles of Association. At the Annual General Meeting in 2022, the shareholders appointed nine non-executive directors to the Board of Directors.

Under Danish law, employees are entitled to elect from among themselves a number of representatives equal to half of the number of directors elected by the general meeting at the time of the announcement of the employee representative election. In 2022, there were four employee-elected members and the next employee representative election will take place prior to the annual general meeting in 2026.

As a SIFI, Danske Bank and the individual members of its management are subject to certain additional regulatory requirements pertaining to i) fitness and propriety, individual and collective suitability, time commitment and limits on the number of directorships, and ii) limits on variable pay, deferral, back-testing and clawback.

The qualifications which the Board of Directors shall possess collectively and individually are defined by the Board of Directors in the Competency Profile, which is available at danskebank.com.

In 2022, the Board of Directors deemed two of the shareholder-elected directors non-independent due to their relation with Danske Bank's major shareholder, A.P. Møller Holding Group.

More information about the individual directors of the Board of Directors, e.g. independence, directorships and meeting attendance etc. is available in Annual Report 2022 and at www.danskebank.com.

Danske Bank's remuneration practice is described in the Remuneration Policy, which was last adopted by the Annual General Meeting in 2022 and is available at danskebank.com. Furthermore, an overview of Danske Bank's remuneration of the Board of Directors and the Executive Leadership Team is available in the Remuneration Report 2022 at danskebank.com.

The Board of Directors' responsibilities
The Board of Directors is responsible for the overall strategic management of Danske Bank, it decides upon all matters

which fall outside the day-to-day management and appoints the members of the Executive Leadership Team.

The Board of Directors decides upon the business model, the strategic targets, the organisational structure, the financial reporting, and it monitors the performance of Danske Bank throughout the year.

The Board of Directors assesses the risks associated with Danske Bank's operations and determines through policies the limits for risk taking at Danske Bank. The Board of Directors supervises the risk management, the risk governance and the control framework at Danske Bank. The Board of Directors monitors the compliance risk oversight and the risk and compliance culture. Furthermore, the Board of Directors oversees the investigation and remediation of material breaches of requirements related to regulatory and financial crime compliance.

On an ongoing basis, the Board of Directors considers Danske Bank's purpose, the cultural commitments and the conduct and diversity at Danske Bank in order to ensure the promotion of high ethical values and a sound business culture. The Board of Directors also sets the policy for – and monitors – talent management with a view to ensuring succession and the development of the next generation of leadership.

The core corporate governance-related policies established by the Board of Directors are available at danskebank.com.

The Rules of Procedure
By means of the Rules of Procedure, the Board of Directors has established the division of work and responsibilities between the Board of Directors and the Executive Leadership Team covering delegation of authority, duties and responsibilities, and reporting obligations.

The Rules of Procedure of the Board of Directors and of the Executive Leadership Team are available at danskebank.com.

The Board Committees
As a consequence of the specific requirements of Danske Bank's organisation and in accordance with regulatory requirements, the Board of Directors has established five permanent committees undertaking preparatory work each within their specific area, namely i) the Risk Committee, ii) the Audit Committee, iii) the Conduct & Compliance Committee, iv) the Remuneration Committee, and v) the Nomination Committee.

The Board of Directors has determined the specific tasks and responsibilities of each of the five Board Committees in individual charters, which are available at danskebank.com.

The Risk Committee operates as a preparatory committee for the Board of Directors with respect to Danske Bank's risk management and it advises the Board of Directors on Danske Bank's risk profile, risk culture, risk appetite, risk strategy and risk management framework. The Committee therefore reviews and submits recommendations to the Board of Directors regarding Danske Bank's risk appetite and policies, its capital, leverage, liquidity, solvency and recovery requirements, its operational resilience framework, its impairment levels, its products and services from a risk perspective and the credit quality of Danske Bank's loan portfolio. Furthermore, the Committee reviews the use of internal models, the adequacy and sufficiency of staff resources of the risk management control function and incentive programmes from a risk perspective.

The Audit Committee operates as a preparatory committee for the Board of Directors with respect to accounting and auditing matters, including risk matters relating thereto. The Committee reviews and submits recommendations to the Board of Directors regarding financial reports and assessment of the related risks, sustainability reporting, key accounting principles and procedures, internal controls, and reports from both internal and external auditors.

The Conduct & Compliance Committee operates as a preparatory committee for the Board of Directors with respect to conduct and reputational risk, compliance and financial crime and other matters which the Board of Directors may want to have examined by the Conduct & Compliance Committee. Furthermore, the Committee oversees investigations of significant instances of breach of requirements and/or obligations within the areas of compliance risk and it oversees communication with financial supervisory authorities and the whistleblowing scheme. The Committee monitors the adequacy of Group compliance resources, it oversees Danske Bank's conduct in relation to its corporate and societal obligations and it monitors Danske Bank's adherence to guidance, direction and policies for the Group's approach to customers and regulation.

The Remuneration Committee operates as a preparatory committee for the Board of Directors with respect to matters concerning remuneration with special focus on the remuneration of members of the Board of Directors, the Executive Leadership Team, material risk takers, key employees and executives in charge of control and internal audit functions, and on incentive programmes. The Committee reviews and submits recommendations to the Board of Directors regarding remuneration policies and practices, the remuneration report, developments in remuneration levels, including variable remuneration. Furthermore, the Committee monitors the incentive programmes to ensure that they promote ongoing, long-term shareholder value creation and comply with the Remuneration Policy.

The Nomination Committee operates as a preparatory committee for the Board of Directors with respect to the nomination and appointment of candidates to the Executive Leadership Team and the Board of Directors and the evaluation of the work and performance of the Executive Leadership Team, the Board of Directors and its individual members. The

Nomination Committee also submits proposals to the Board of Directors on policies for succession planning, diversity and inclusion.

The Board of Directors has not established other ad-hoc committees to undertake special assignments.

The Executive Leadership Team
The Board of Directors appoints the members of the Executive Leadership Team.

The Board of Directors made changes to the composition of the Executive Leadership Team during 2022. More information about the changes is available in the Annual Report 2022.

More information about the individual members of the Executive Leadership Team, their experience, directorships and other offices is available in the Annual Report 2022 and at danskebank.com.

The Executive Leadership Team's responsibilities
The Executive Leadership Team is responsible for the day-to-day management of Danske Bank and ensures that it is undertaken in accordance with the Rules of Procedure, applicable legislation, the policies and guidelines established and the decisions made by the Board of Directors.

The Executive Leadership Team also exercises its management and controls through the Executive Leadership Team Committees, established for the consideration of items relating to specific areas, namely i) the Group All Risk Committee, ii) the Impairment Committee, iii) the Group Credit Committee, and iv) the Business Integrity Committee.

At the beginning of 2021, the Commercial Leadership Team ("CLT") was established consisting of the Executive Leadership Team and senior leaders who undertake important commercial roles at Danske Bank. The CLT ensures strong cooperation across the organisation and focuses on execution of Danske Bank's commercial strategy.

Further to the collective responsibilities of the Executive Leadership Team, an individual responsibility is also incumbent on each member with regard to the area of responsibility assigned to him or her.

For the proper governance of any financial institution, the independent functioning of the risk and compliance functions is a prerequisite. At Danske Bank, this is secured through independent reporting lines, including access to report directly to the Board of Directors. Furthermore, the Executive Leadership Team collectively is obliged to ensure the independence and resources of the risk and compliance functions.

Main elements of Danske Bank's internal control and risk management systems used in the financial reporting process
The financial reporting process is based on well-defined authorisations, the segregation of duties, regular reporting and transparency regarding the Group's affairs. The common IT platform helps provide the documentation of accounting data across the Group and reduce financial reporting risks.

Danske Bank's finance function ("CFO Area") regularly assesses financial reporting risks which are part of financial control & strategic risk and of which the most significant risks are regulatory risk, reporting process risk and value measurement risk. Regulatory risk relates to the increasing number of regulatory frameworks and disclosure requirements imposed on Danske Bank by national as well as international bodies. Danske Bank must incorporate the required information in its financial reporting. Reporting process risk relates to the preparation of interim and annual reports and regulatory reporting. Because of the large data volumes and tight reporting deadlines, the financial reporting process depends on Danske Bank's IT systems. Value measurement risk relates to the financial items for which estimates and assumptions may significantly affect the valuation of assets and liabilities. These financial items are described in the Significant Accounting Estimates note to the consolidated financial statements.

The Executive Leadership Team has implemented controls to mitigate identified financial reporting risks and it regularly monitors changes in and compliance with relevant legislation and other financial reporting regulations.

The purpose of the controls is to prevent, detect and correct reporting errors and irregularities. Although controls reduce the risk, they provide no guarantee against reporting errors and irregularities.

The Group has a well-established procedure of regular reporting. Internal management reporting is based on the same principles as external reporting, and local and central units uses to a large extent the same data and reporting systems. The CFO Area reviews the reports and uses them to prepare the consolidated financial statements to be submitted to the Executive Leadership Team and the Board of Directors.

Danske Bank has, in accordance with section 17 of the Danish Executive Order on Auditing ("revisionsbekendtgørelsen"), established an internal audit department ("Group Internal Audit"), which is the third line of defence. It reports directly to the Audit Committee and the Board of Directors. Material and high-risk areas are within the scope of Group Internal Audit's yearly auditing, while other areas are audited at least every three years unless Group Internal Audit assesses that a longer rotation cycle is appropriate. The scope of audit includes key areas of the Group's risk management procedures, including risk reporting.

The Executive Leadership Team regularly reports to the Board of Directors and its committees on compliance with the risk framework defined by the Board of Directors and by statutory rules. The Board of Directors also receives accounting information on an ongoing basis. Group Compliance and Group Internal Audit submit reports to the Board of Directors on compliance with rules and regulations, including any violation(s) of internal business procedures and policies. Once a quarter, Group Internal Audit submits a report to the Audit Committee with information about the level of internal control across the Group.

Risk management and risk categories
The Enterprise Risk Management (ERM) framework defines how the Group manages risk and it specifies how risk management responsibilities are structured to ensure appropriate oversight and accountability. The ERM framework sets common standards for how the Group organises activities to identify and respond to risks and it helps the Group meet its objective to provide value to customers, employees, society, and investors.

The ERM framework is supported by policies approved by the Board of Directors.

The Group's risk management practices are organised in line with the principles of the three-lines-of-defence model. The three lines of defence segregate duties between risk ownership, risk oversight and independent risk assurance.

The first line of defence owns and manages the risks related to business activities. It consists of frontline and direct support functions and includes the business units Technology & Services, CFO Area and Group HR. These units are responsible for identifying and managing risks across national borders, including designing, implementing and operating effective controls.

The second line of defence provides the risk management framework, performs risk oversight and supports and challenges the first line of defence. It consists of Group Risk Management and Group Compliance. The second line of defence operates independently of the first line of defence.

The third line of defence evaluates and improves the effectiveness of risk management, controls, and governance processes in relation to the control environments of the first and second lines of defence. It is made up of Group Internal Audit (GIA) which is an independent and objective unit headed by the chief audit executive (CAE). GIA reports directly to the Board of Directors.

The risk taxonomy defines a common set of risk categories and definitions intended to ensure adequate risk identification and ownership across the Group. The risk categories cover both financial and non-financial risks.

Roles and responsibilities are defined for each identified risk category to ensure continuous monitoring and risk assessment. To ensure that risk categories reflect the Group's current main risks, the taxonomy is reviewed at least on an annual basis.

The annual Risk Management Report provides a detailed description of the risk categories identified in the risk taxonomy. The Sustainability Report further describes the risks relating to sustainability.

The reports are available at danskebank.com.

SECTION B:
Status on compliance with the Danish Recommendations for Corporate Governance

Below, Danske Bank reports on the status of its compliance with the recommendations issued by the Danish Committee on Corporate Governance in December 2020, which entered into force for the financial year 2021, using the standard reporting format provided by the Danish Committee on Corporate Governance.

Danske Bank complied with all the recommendations during 2022.

Recommendation 1. Interaction with the company's shareholders, investors and other stakeholders	The company complies	The company explains Why	 How
1.1. Communication with the company's shareholders, investors and other stakeholders			
1.1.1. The Committee recommends that the management through ongoing dialogue and interaction ensures that shareholders, investors and other stakeholders gain the relevant insight into the company's affairs, and that the board of directors obtains the possibility of hearing and including their views in its work.	•		
1.1.2. The Committee recommends that the company adopts policies on the company's relationships with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the company's considerations and that such policies are made available on the company's website.	•		
1.1.3. The Committee recommends that the company publishes quarterly reports.	•		
1.2. The general meeting			
1.2.1. The Committee recommends that the board of directors organises the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.	•		
1.2.2. The Committee recommends that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.	•		
1.3. Takeover bids			
1.3.1. The Committee recommends that the company has a procedure in place in the event of takeover bids, containing a "road map" covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.	•		

Recommendation	The company complies	The company explains	
		Why	How
1.4. Corporate Social Responsibility			
1.4.1. The Committee recommends that the board of directors adopts a policy for the company's corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company's website. The Committee recommends that the board of directors ensures compliance with the policy.	•		
1.4.2. The Committee recommends that the board of directors adopts a tax policy to be made available on the company's website.	•		
2. The duties and responsibilities of the board of directors			
2.1. Overall tasks and responsibilities			
2.1.1. The Committee recommends that the board of directors in support of the company's statutory objects according to its articles of association and the long-term value creation considers the company's purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company's website.	•		
2.1.2. The Committee recommends tthat the board of directors at least once a year discusses and on a regular basis follows up on the company's overall strategic targets in order to ensure the value creation in the company.	•		
2.1.3. The Committee recommends that the board of directors on a continuous basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the company as well as the shareholders. The Committee recommends that the company gives an account thereof in the management commentary.	•		
2.1.4. The Committee recommends that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the reporting to the board of directors.	•		
2.2 Members of the board of directors			
2.2.1. The Committee recommends that the board of directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson's close sparring partner.	•		
2.2.2. The Committee recommends that the chairperson in cooperation with the individual members of the board of directors ensures that the members update and supplement their knowledge of relevant matters, and that the members' special knowledge and qualifications are applied in the best possible manner.	•		
2.2.3. The Committee recommends that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for a short period to take part in the daily management of the company, the board of directors should approve this in order to ensure that the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board of directors to take part in the daily management, including the expected duration thereof.	•		

Recommendation 3. The composition, organisation and evaluation of the board of directors	The company complies	The company explains Why	How
3.1. Composition			
3.1.1. The Committee recommends that the board of directors on an annual basis reviews and in the management commentary and/or on the company's website states • which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and • the composition of and diversity on the board of directors.	•		
3.1.2. The Committee recommends that the board of directors on an annual basis discusses the company's activities in order to ensure relevant diversity at the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or available on the company's website.	•		
3.1.3. The committee recommends that candidates for the board of directors are recruited based on a thorough process approved by the board of directors. The Committee recommends that in assessing candidates for the board of directors – in addition to individual competencies and qualifications – the need for continuity, renewal and diversity is also considered.	•		
3.1.4. The Committee recommends that the notice convening general meetings, where election of members to the board of directors is on the agenda – in addition to the statutory items – also includes a description of the proposed candidates' • qualifications, • other managerial duties in commercial undertakings, including board committees, demanding organisational assignments and • independence.	•		
3.1.5. The Committee recommends that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually.	•		

Recommendation	The company complies	The company explains: Why	The company explains: How
3.2. The board of director's independence			
3.2.1. The Committee recommends that at least half of the members of the board of directors elected by the general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interests. In order to be independent, the member in question may not: • be or within the past five years have been a member of the executive management or an executive employee in the company, a subsidiary or a group company, • within the past five years have received large emoluments from the company/group, a subsidiary or a group company in another capacity than as member of the board of directors, • represent or be associated with a controlling shareholder, • within the past year have had a business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the company, a subsidiary or a group company, which is significant for the company and/or the business relationship, • be or within the past three years have been employed with or a partner in the same company as the company's auditor elected in general meeting, • be a CEO in a company with cross-memberships in the company's management, • have been a member of the board of directors for more than twelve years, or • be closely related to persons, who are not independent, cf. the above-stated criteria. Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.	•		
3.2.2. The Committee recommends that members of the executive management are not members of the board of directors and that members retiring from the executive management do not join the board of directors immediately thereafter.	•		
3.3. Members of the board of directors and the number of other managerial duties			
3.3.1. The Committee recommends that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.	•		

<table>
<tr><th rowspan="2">Recommendation</th><th rowspan="2">The company complies</th><th colspan="2">The company explains</th></tr>
<tr><th>Why</th><th>How</th></tr>
<tr><td>3.3.2. The Committee recommends that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors:

• position, age and gender,
• competencies and qualifications relevant to the company,
• independence,
• year of joining the board of directors,
• year of expiry of the current election period,
• participation in meetings of the board of directors and committee meetings,
• managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and
• the number of shares, options, warrants, etc. that the member holds in the company and its group companies and any changes in such holdings during the financial year.</td><td>•</td><td></td><td></td></tr>
<tr><td colspan="4">3.4. Board committees</td></tr>
<tr><td>3.4.1. The Committee recommends that the management describes in the management commentary:

• the board committees' most significant activities and number of meetings in the past year, and
• the members on the individual board committees, including the chairperson and the independence of the members of the committee in question.

In addition, it is recommended that the board committees' terms of reference are published on the company's website.</td><td>•</td><td></td><td></td></tr>
<tr><td>3.4.2. The Committee recommends that board committees solely consist of members of the board of directors and that the majority of the members of the board committees are independent.</td><td>•</td><td></td><td></td></tr>
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Recommendation	The company complies	The company explains	
		Why	How
3.4.3. The Committee recommends that the board of directors establishes an audit committee and appoints a chairperson of the audit committee, who is not the chairperson of the board of directors. The Committee recommends that the audit committee, in addition to its statutory duties, assists the board of directors in: • supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions, • reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook, • assessing the need for internal audit, • performing the evaluation of the auditor elected by the general meeting, • reviewing the auditor fee for the auditor elected by the general meeting, • supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and • ensuring regular interaction between the auditor elected by the general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present. If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must: • prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department, • ensure that the internal audit function has sufficient resources and competencies to perform its role, and • supervise the executive management's follow-up on the conclusions and recommendations of the internal audit function.	•		
3.4.4. The Committee recommends that the board of directors establishes a nomination committee to perform at least the following preparatory tasks: • describing the required qualifications for a given member of the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competencies, knowledge and experience that is or should be represented in the two management bodies, • on an annual basis evaluating the board of directors and the executive management's structure, size, composition and results and preparing recommendations for the board of directors for any changes, • in cooperation with the chairperson handling the annual evaluation of the board of directors and assessing the individual management members' competencies, knowledge, experience and succession as well as reporting on it to the board of directors, • handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors' approval, • ensuring that a succession plan for the executive management is in place, • supervising executive managements' policy for the engagement of executive employees, and • supervising the preparation of a diversity policy for the board of directors' approval.	•		

Recommendation	The company complies	The company explains: Why	The company explains: How
3.4.5. The Committee recommends that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks: • preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting, • providing a proposal to the board of directors on the remuneration of the members of the executive management, • providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting, • ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and • assisting in the preparation of the annual remuneration report for the board of directors' approval prior to the presentation for the general meeting's advisory vote.	•		
3.5. Evaluation of the board of directors and the executive management			
3.5.1. The Committee recommends that the board of directors once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation. The Committee recommends that the evaluation focuses on the recommendations on the board of directors' work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics: • the composition of the board of directors with focus on competencies and diversity • the board of directors and the individual member's contribution and results, • the cooperation on the board of directors and between the board of directors and the executive management, • the chairperson's leadership of the board of directors, • the committee structure and the work in the committees, • the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and • the board members' preparation for and active participation in the meetings of the board of directors.	•		
3.5.2. The Committee recommends that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the company's website and at the company's general meeting.	•		
3.5.3. The Committee recommends that the board of directors at least once a year evaluates the work and results of the executive management according to pre-established criteria, and that the chairperson reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company's strategy.	•		

Recommendation	The company complies	The company explains	
		Why	How
4. Remuneration of management			
4.1. Remuneration of the board of directors and the executive management			
4.1.1. The Committee recommends that the remuneration for the board of directors and the executive management and the other terms of employment/service is considered competitive and consistent with the company's long-term shareholder interests.	•		
4.1.2. The Committee recommends that share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.	•		
4.1.3. The Committee recommends that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.	•		
4.1.4. The Committee recommends that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management's departure, does not exceed two years' remuneration including all remuneration elements.	•		
4.1.5. The Committee recommends that members of the board of directors are not remunerated with share options and warrants.	•		
4.1.6. The Committee recommends that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.	•		
5. Risk management			
5.1. Identification of risks and openness in respect of additional information			
5.1.1. The Committee recommends that the board of directors based on the company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The company should in the management commentary give an account of these risks and the company's risk management.	•		
5.1.2. The Committee recommends that the board of directors establishes a whistleblower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.	•		

SECTION C:
Status on compliance with other codes observed by Danske Bank

The Danish Bankers Association, which is now part of Finance Denmark, has issued a Corporate Governance Code, which still applies to the institutions which were members of the Danish Bankers Association. The Corporate Governance Code is available at finansdanmark.dk.

Danske Bank complies with all the recommendations set out in the code.

Recommendation	The company complies	Comments
1. The Danish Bankers Association recommends that the members respond to all the recommendations of the Committee on Corporate Governance.	•	
2. The Danish Bankers Association recommends that the members prepare and publish a code of conduct describing the company's core values and the conduct desired in terms of the company's management and operations.	•	Danske Bank's Code of Conduct adheres to section 70a of the Danish Financial Business Act and the and the Danish Executive Order on Policy on Sound Business Culture in Financial Institutions and is available at danskebank.com.
3. The Danish Bankers Association recommends that the members use a well-described, structured process when recruiting candidates for the board of directors and possibly bring in external expertise.	•	
4. The Danish Bankers Association recommends that those members whose articles of association contain provisions determining that board members may only be elected from a limited group of individuals explain the background to these restrictions.	•	Danske Bank's Articles of Association contain no such limitations.
5. The Danish Bankers Association recommends that board members embark on a training programme in banking operations as soon as possible and at the latest six months after joining the board, unless the board member concerned already possesses up-to-date, special banking skills. The programme should reflect the company's size, business model and complexity.	•	Danske Bank performs an induction programme covering banking operations, and it holds individual follow-up meetings with key executives on selected topics of particular importance or interest to new Board members. Additionally, new Board members will have to complete a mandatory introduction course required by law unless the Danish FSA has provided dispensation.
6. The Danish Bankers Association recommends that the members of a board of directors continuously receive skills development opportunities as relevant for their board duties. The topics and scope should be adapted to the company's size, business model and complexity.	•	Board training is conducted regularly across key strategic issues as well as Committee-specific training and deep dives.
7. The Danish Bankers Association recommends that each individual board member undertakes an evaluation of his or her work for the board. As part of the evaluation, each board member must fill in an evaluation form referring to both management and technical banking matters.	•	

Recommendation	The company complies	Comments
8. The Danish Bankers Association recommends that relevant experts be involved in the cooperation with the board of directors, including participation in meetings of the board of directors when particularly complex issues are to be discussed.	•	
9. The Danish Bankers Association recommends that the cooperation between the executive board and the board of directors be discussed at least once a year, without the presence of the executive board.	•	
10. The Danish Bankers Association recommends that an overview of the participation of the members of the board of directors in board and committee meetings be published on the members' website or similar.	•	
11. The Danish Bankers Association recommends that the members consider and explain whether the rules set out in the Danish Financial Business Act (lov om finansiel virksomhed) regarding a cap on number of executive positions are relevant for the members.	•	Danske Bank is a Systemically Important Financial Institution ("SIFI") and thereby subject to the rules regarding limitations on the number of directorships.
12. The Danish Bankers Association recommends that the members focus on the role of the external auditor and the quality of its audit work. Among other things, members should set requirements for the composition of the teams used by external auditors to ensure that a team includes at least two experienced auditors with additional areas of expertise. To be considered an experienced auditor, an auditor must have completed supplementary training aimed at the banking sector and participated in the audit of a commercial bank, savings bank or cooperative bank for at least three years.	•	

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