

# *Sustainability Report 2022*



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## About this report

Our Sustainability Report 2022 covers the activities of the Danske Bank Group for the financial year 1 January 2022 to 31 December 2022. The report provides an overview of progress on 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 135a and b of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. 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.

The Sustainability Fact Book 2022 is a supplement to the Sustainability Report 2022 and provides additional non-assured ESG data and information, including a SASB Index and ESG ratings. In addition, we issue our Statement on Modern Slavery Act 2022, 2022 self-assessment for progress with the implementation of the Principles for Responsible Banking and Statement on Carbon Neutralisation 2022.

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Our reporting is available alongside our product- and sustainability-themed reports, including our Green Bond Impact Report and Active Ownership Report, at [danskebank.com/sustainability](https://danskebank.com/sustainability).

Furthermore, our annual reporting suite includes our Annual Report 2022, which includes high-level reporting on sustainability as part of the strategy and business unit sections and also includes a section relating to the Task Force on Climate-related Financial Disclosures (TCFD). Finally, our Risk Management 2022 report provides high-level reporting on sustainability risks and climate-related risks in our lending portfolio.

**Get in touch**

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

**Follow us**

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*At Danske Bank, we see the sustainability transition as the defining challenge and opportunity of the 21st century.*





**Dear reader,**

Promoting greater sustainability is a question of passing on a better world to future generations. It is also an urgent economic matter of safeguarding lives and livelihoods today.

Heatwaves, floods, droughts and wildfires around the world in recent years have spelled out the costs and consequences of a world that has already warmed to 1.1°C above pre-industrial levels. Failing to limit global warming to 2°C or below – as outlined in the Paris Agreement of 2015 – will have devastating human and economic consequences. At the same time, with more than half of global economic output today depending on nature in some form or other, the global overconsumption of natural resources and the rapid loss of biodiversity is another significant risk to the global economy and to our ability to hand over a long-term sustainable planet to future generations.

The transition needed to address the risks of climate change and biodiversity loss will require a profound transformation of the global economy, not least in terms of how we produce and consume energy. This will require investments on an unprecedented scale, and it will come with a cost. But the cost will be just a fraction of the cost of inaction.

Not only is the transition to a much more sustainable society sensible and the most prudent course of action to preserve a habitable planet, but it also presents a major opportunity to renew our economies and drive new innovations at scale.

At Danske Bank, we see the sustainability transition as the defining challenge and opportunity of the 21st century. As Denmark's largest bank and one of the largest financial institutions in the Nordic countries, we have both the responsibility and the financial ability to make a difference, not only for our

more than 3.3 million customers, but also for the societies we are a part of. We do this by advising, supporting and financing our customers' transition to a more sustainable future – and by actively supporting the green transition of the Nordic societies.

Over the past year, we have continued to make significant progress on our sustainability agenda.

To align our efforts and activities with the requirements of the Paris Agreement, we committed to the Science Based Targets initiative in January 2023, and we have submitted intermediate 2030 targets for validation covering our lending, investments and own operations. The targets form part of our new Group-wide climate action plan and path to reach net zero by 2050 or sooner.

In 2022, we selected biodiversity loss as our next area of focus on the basis of a comprehensive assessment of the positive and negative impacts associated with our lending portfolio. We have committed to measuring and setting biodiversity targets for our corporate lending and investments by 2025, and we have joined the Partnership for Biodiversity Accounting Financials and the Finance for Biodiversity Pledge, underlining our commitment to this important agenda.

In response to the soaring oil and gas prices that followed the Russian invasion of Ukraine, we offered advice and attractive financing opportunities to customers wanting to invest in energy savings and efficiency. And with a current total of DKK 273 billion, we are now close to fulfilling our commitment to provide DKK 300 billion in sustainable financing by the end of 2023.

We remain the leading Nordic arranger of green bonds, social bonds and

sustainable bonds in Bloomberg's League Tables, and the Bloomberg Intelligence Unit also ranked Danske Bank on top among 54 international banks for best performance on measuring the carbon emissions from our lending activities.

We continue our commitment to the UN Global Compact principles for responsible business conduct, which we have supported since 2007. In addition, we have since 2019 used the Principles for Responsible Banking as a framework for how to align our core business with societal goals, including alignment with the UN Sustainable Development Goals and the Paris Agreement.

Transitioning to more sustainable, resilient and socially inclusive economies will require commitment and sacrifice, and it will call for huge investments, innovations and a reinvention of how we live and do business.

But in many ways, this task is also a continuation of the role Danske Bank has played through previous transitions in society. For 150 years, we have helped our customers adapt to and benefit from new times and opportunities.

At Danske Bank, we unite around our purpose of releasing the potential in people and businesses by using the power of finance to create sustainable progress today and for generations to come. We want to play a leading role in the sustainability transformation – and we have a clear ambition to lead on sustainable finance in the Nordic countries and to be the leading bank for sustainable finance in Denmark.

**Carsten Egeriis**  
Chief Executive Officer  
Danske Bank



# Danske Bank in brief

Danske Bank’s purpose is to release the potential in people and businesses by using the power of finance to create sustainable progress today and for generations to come. As a Nordic bank with strong local roots and bridges to the rest of the world, we help our customers build a solid financial foundation by offering competent advisory services and financial products supported by some of the best digital solutions on the market.

For more than 150 years, Danske Bank has been a driver of growth and development in society, and today

Danske Bank is among the largest financial institutions in the Nordic countries. In addition to banking services, the Danske Bank Group provides life insurance and pension products, mortgage finance, asset management, real estate agency services and leasing.

Through our business model, position in the market and core business activities, we aim to facilitate sustainable development and deliver long-term value for our customers, employees, shareholders and the societies we are part of.

**Read more**

For more details about our business, markets and financial performance, please see our website and our Annual Report 2022.



**DKK 41.20 bn**  
Total income

**DKK -5.07 bn**  
Net profit


**DKK 2.78 bn**  
Tax

**DKK 1,170 bn**  
Deposits


**DKK 1,804 bn**  
Loans to customers

**DKK 667 bn**  
Assets under management


Danske Bank provides global support for personal, business and large corporate and institutional customers in the Nordic countries, and we also provide support and products for global customers who conduct business in these markets.




**Norway**  
Third-largest bank in Norway  
6% lending market share



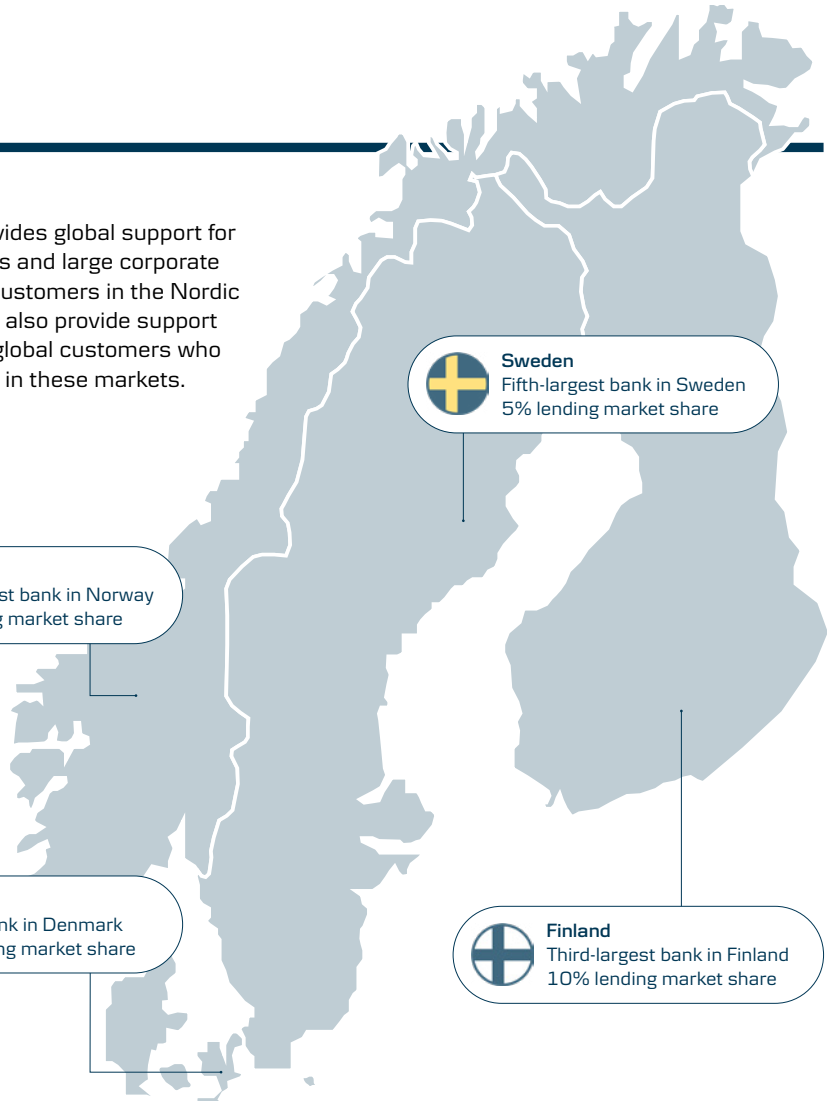
**Denmark**  
Largest bank in Denmark  
25% lending market share



**Sweden**  
Fifth-largest bank in Sweden  
5% lending market share



**Finland**  
Third-largest bank in Finland  
10% lending market share



## We make progress happen together

By making progress happen together with our customers, employees, investors and society, we support our strategic focus of becoming a better bank for all stakeholders, as set out in Danske Bank's 2023 transformation programme.

### Customers



We provide financial infrastructure and services to help realise customer ambitions and potential.

Serving customers through our three main business units - Personal Customers, Business Customers, and Large Corporates & Institutions - we focus on advisory excellence, digital convenience and making sustainable choices easier.

**2.8 million**  
personal customers

**449,000+**  
business customers

**2,000+**  
large corporate  
and institutional  
customers

### Employees



We focus on developing our employees to help them release their potential.

Creating a workplace with a diverse and inclusive culture that mirrors the societies we are part of and promoting equal opportunities for all is key for our employees to thrive and grow personally and professionally.

**21,000+**  
highly skilled  
employees across  
the Group

**34/66%**  
women/men gender  
balance in senior  
leadership

### Investors



We deliver value to our investors by increasing profitability in a sustainable way.

Headquartered in Copenhagen, Denmark, Danske Bank is listed on NASDAQ Copenhagen and is part of the OMX C25 index. Our ten largest shareholders collectively own approximately 40% of the share capital.

**101.7%**  
cost/income ratio

**281,000+**  
shareholders

**-3.1%**  
return on average  
shareholders' equity

### Society



We operate sustainably, ethically and transparently and make a positive impact on the societies we are part of.

The Nordic societies are our primary focus, but we also operate and serve the banking needs of customers in the UK, Ireland, Poland and the USA, and we have IT development centres in Lithuania and India.

**Nordic presence**  
Denmark, Finland,  
Norway, Sweden as  
core markets

**Global outreach**  
8 countries of  
operation



# A catalyst for change in society

By allocating capital to where and when it is most needed, banks not only help to promote economic growth, jobs and prosperity in society, they also act as catalysts for change. Banks have played a pivotal role in helping our societies transition from agrarian economies into industrial economies, and from industrial economies into modern service economies. And today, banks are acting as catalysts for the green transition by advising their customers on sustainability and by providing financing for projects that are socially, environmentally and commercially sustainable.

## Building and innovating the financial infrastructure

Banks also play a vital role in helping to build, innovate and maintain the financial infrastructure that underpins most payments and financial transactions in society, such as paying for your groceries with your credit card, transferring money through MobilePay, paying bills through online banking and receiving your salary electronically.

The smooth and seamless operation of our financial infrastructure is a core responsibility of banks, and this responsibility includes safeguarding the integrity of the financial infrastructure and protecting it against fraud and financial crime.

By developing new solutions for society's evolving need for swift and easy payments, banks help promote and advance digitalisation and the digital economy. And in doing so, banks increasingly enable their customers to make financial transactions and decisions wherever and whenever they want.

## A systemically important bank

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.

At Danske Bank, we recognise our role and responsibility in contributing to a prosperous, stable and sustainable economy – not least when society faces challenging situations such as the current macroeconomic uncertainty, the war in Ukraine and the ongoing COVID-19 situation.

After decades of increasing globalisation, stable supply chains and structurally declining interest rates, the global economy is now facing significant uncertainty. Large parts of the world have moved from historically low inflation to historically high inflation with steep price increases now posing new challenges for businesses and resulting in a cost-of-living crisis affecting many.

At Danske Bank, we aim to provide financial certainty and continuity for our customers and for the economies we are part of. In difficult and uncertain times, we continue to offer credit and loans to healthy and viable households and businesses that have become burdened by temporary financial constraints. We did this during the COVID-19 pandemic, and we are continuing to do so in the current challenging situation.

As uncertainty increases, so does the demand for our advisory services. By listening to our customers' concerns and asking the right questions, we can help to reduce the uncertainty customers may have with regard to their pensions, investments and day-to-day finances.





Furthermore, soaring energy prices have increased demand for investments in energy savings and efficiency. Through partnerships with energy consultants, we advise customers on the most attractive opportunities for energy savings, and we offer financial solutions on attractive terms to customers who want to invest in a more sustainable home or business.

### Contributing to a sustainable future

Unsustainable production and consumption and a depletion of natural resources is leading to a global climate and biodiversity crisis. Today, more than half the world's GDP, corresponding to USD 44 trillion of economic value generation, is moderately or highly dependent on nature, and the loss of biodiversity has been identified by the World Economic Forum's Global Risk Report as among the top five risks to the global economy.

Addressing these challenges will require a profound transformation of the societies we live in - not least in terms of how we produce and consume energy. The transformation we face will be viable only if we manage to make it fair and inclusive by sharing burdens as well as benefits so that it is a just transition that will work for everyone.

The International Energy Agency (IEA) has estimated that the world needs to invest between USD 4 and 5 trillion every year between now and 2050 to achieve a net-zero economy. This corresponds to more than USD 120 trillion over the coming decades.

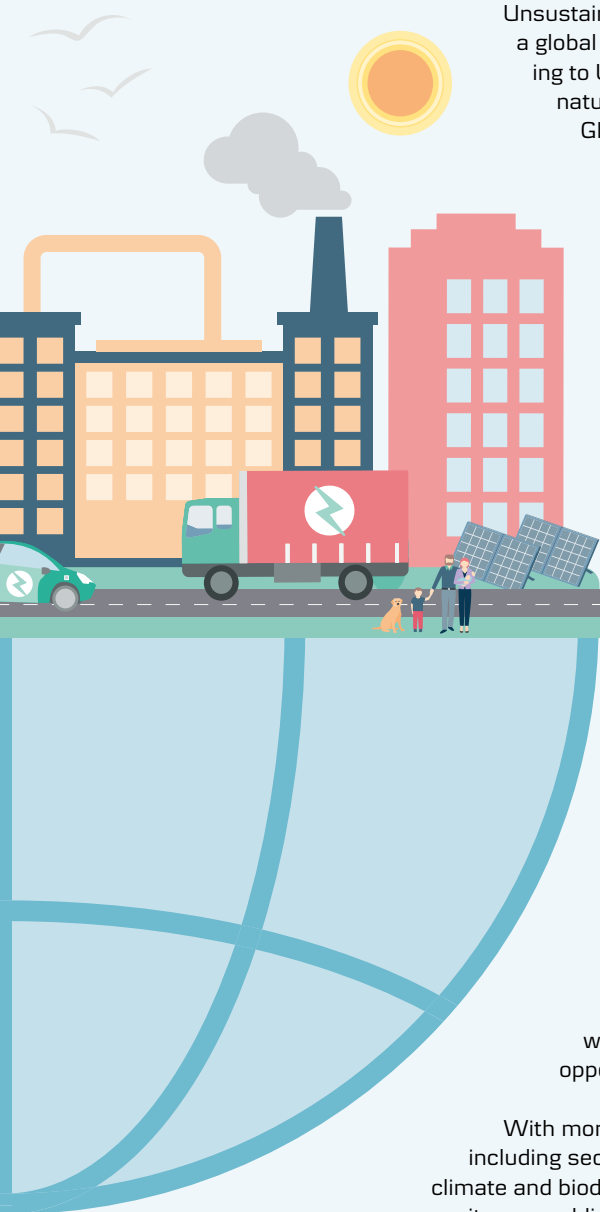
Investments and capital flows on this scale will offer historic opportunities for growth, innovation, job creation and commercial progress. But capital investment of this magnitude also brings significant risks of misallocation and wasted resources.

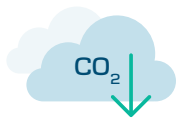
The task we face over the coming decades will be to raise sufficient amounts of capital. However, it will be of equal importance to ensure that this capital is used constructively and allocated towards projects and activities that are socially, environmentally and commercially sustainable.

Providing and allocating capital effectively by carefully assessing risks and opportunities is exactly what banks do, which is why the financial sector will play a crucial role as a catalyst for the green transition in the decades to come.

Danske Bank has more than 150 years' experience acting as a catalyst for change, and as Denmark's largest bank and a leading bank in the Nordic countries, we are in a unique position to help our customers adjust to and benefit from the new opportunities the green transition brings with it.

With more than 3.3 million customers and activities across almost all sectors, including sectors with a material carbon footprint, Danske Bank is part of the solution to the climate and biodiversity challenge. As a leading Nordic bank and with the resources available to us, we see it as our obligation to play a proactive role for our customers and society on the journey to net zero and to help protect biodiversity.





# Net-zero bank by 2050 – or sooner

Transforming the global economy to net zero will require a revolution on the scale of the industrial revolution and at the same pace as the digital revolution. Through Danske Bank’s memberships of net-zero financial sector alliances, we have committed to aligning the carbon emissions of our lending and investment portfolios with net-zero targets by 2050 or sooner. We have also committed to setting intermediate 2030 targets for all high-emitting sectors in which we

have significant financial exposures and to reporting annually on our progress. In February 2022, we disclosed our first set of intermediate 2030 reduction targets, and based on the tools and know-how we have accumulated over the past years, we have developed a comprehensive climate action plan.

This plan, announced in January 2023, outlines how we aim to attain net zero across the Group by 2050 through the

introduction of additional decarbonisation targets.

**Supporting our customers’ transition**  
 Danske Bank’s climate impact primarily stems from our core business activities of financing and investment. According to our current best estimates, which cover the main parts of our lending and investment portfolios, financed emissions account for more than 99.9% of Danske Bank’s carbon footprint.

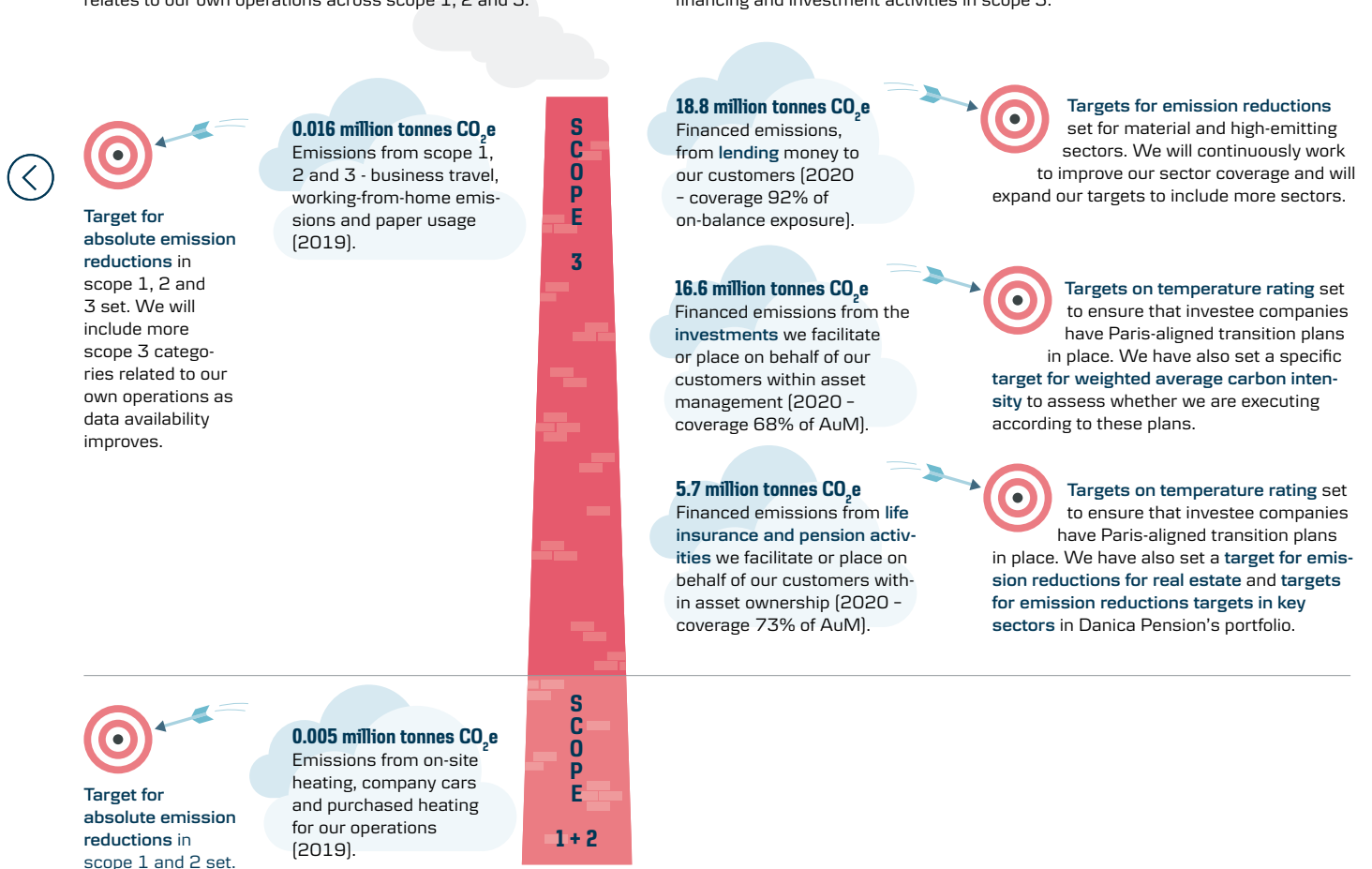
## Danske Bank’s climate impact and intermediate 2030 targets

### Own operations

- well below 0.1% of Danske Bank’s climate impact relates to our own operations across scope 1, 2 and 3.

### Core business

- more than 99.9% of Danske Bank’s climate impact relates to our financing and investment activities in scope 3.



We measure our climate impact across our value chain according to the scopes defined by the Greenhouse Gas Protocol. Essentially, scope 1 and 2 emissions are emissions owned or controlled by Danske Bank, whereas scope 3 emissions are a consequence of our activities but occur from sources not owned or controlled by the Group, such as our financed emissions. Our estimated impact builds on the following baselines: a 2019 baseline for our own operations and a 2020 baseline for our financed emissions in lending, asset management and asset ownership. Consequently, a direct accumulation and comparison of figures is not feasible.

Consequently, we can support the green transition and reduce carbon emissions most effectively by collaborating and engaging with our customers.

The methods we use to drive change differ. Within corporate lending, we typically have close long-term relationships and can drive change through these. Within investments, we use active ownership to drive change by securing solid returns for our pension and business customers through investments that take ESG factors into account and through financing of new green technologies and solutions. To facilitate climate action and ensure progress towards our commitments, we have set intermediate 2030 targets for our lending and investment portfolios and have also set intermediate targets for our own operations in line with the best available scientific research.

Although only accounting for a small proportion of our overall carbon footprint, the carbon emissions associated with our

own operations are and have for many years been subject to reduction targets and initiatives that continue to transform our operations to a low-carbon future.

#### Financed emissions guide our focus

Financed emissions are the indirect downstream carbon emissions generated as a result of Danske Bank's lending and investment activities. These emissions fall under scope 3 category 15 in the Greenhouse Gas Protocol. Our mapping of financed emissions has served as a helpful measure in gauging materiality and in guiding our focus to the high impact customer segments and sectors.

Most of our financed emissions within our lending portfolio relate to corporate customers in high-emitting sectors, such as the shipping sector, the oil and gas sector and the power generation sector. Materials, utilities, energy and industrials are the sectors that contribute most to the financed emissions of our

asset management activities and our life insurance and pension activities, accounting for 81% and 74% of financed emissions respectively.

Measurements of financed emissions should, however, be used with caution because assigned financed emissions can change for several reasons: for example at a customer level through changes in actual emissions, exposure, or in underlying data sources or estimation methodology. When following progress over time, we will strive to be as transparent as possible in reporting the areas where we see notable changes occurring.

#### Read more

For more details, please see [Danske Bank's Climate Action Plan](#). Please also see pp. 20-29 for details of our 2022 progress on sustainable finance and our net-zero path, and p. 43 for details of our own environmental footprint.

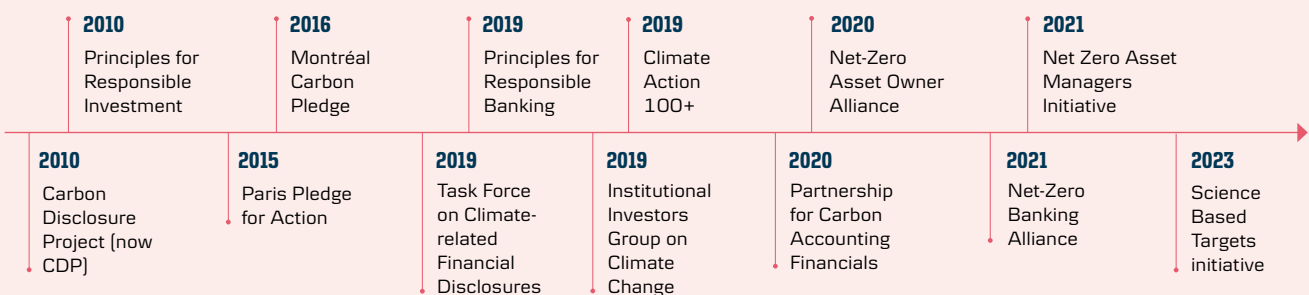


### Commitment to science-based targets

Science-based targets provide businesses with a clearly defined path to reduce emissions in line with the Paris Agreement targets of limiting global warming to well below 2°C above preindustrial levels and pursuing efforts to limit warming to 1.5°C. Targets are considered science based when they align with what the latest scientific research deems necessary for meeting the objectives of the Paris Agreement. In advance of Danske Bank's January 2023 committal to the Science Based Targets initiative (SBTi), we

developed our intermediate 2030 targets. These targets adhere to the SBTi's Net-Zero Standard, which builds upon global best practice. We expect the submitted targets to be validated by the SBTi during the first half of 2023, and we expect to report on these from 2023. We are committed to improving our reporting and alignment with net-zero pathways as methodologies continue to evolve and as industry standards align and data quality improves.

### Our commitments to fighting climate change







## Financial sector leadership in sustainability

The development of sustainable societies requires a massive step-up in capital investment across sectors and industries over the coming decades.

As a large financial institution, Danske Bank plays a pivotal role in enabling this transformation by bringing about a shift in how capital is deployed and by supporting customers in instigating sustainable change.

At Danske Bank, we want to play a leading role in the sustainability transformation – and we have a clear ambition to

lead on sustainable finance in the Nordic countries and to be the leading bank for sustainable finance in Denmark.

To enable us to achieve this and to create societal and business value, sustainable finance is placed at the core of Danske Bank's 2023 Group Sustainability Strategy. This strategy addresses five additional focus areas that cover themes of importance to our stakeholders and for our license to operate. We monitor our progress against set targets, and we have a strategic

focus on five of the 17 UN Sustainable Development Goals (SDGs). Through our sustainable finance offerings, we have a potential positive or negative impact on all 17 SDGs, determined by underlying activities. As we embark on the final year of our 2023 strategy and Better Bank transformation programme, we are developing a new overall Group strategy that further integrates our sustainability ambitions and climate plan, which includes science-based targets awaiting validation from the SBTi, see p. 11.

### Key sustainability commitments guide our policies and positions

- 2030 Agenda and the UN Sustainable Development Goals
- The Paris Pledge for Action
- The Science Based Targets initiative
- The Finance for Biodiversity Pledge
- 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

In addition to ensuring compliance with regulatory requirements for sustainability, Danske Bank has committed to a number of international and voluntary sustainability principles and guidelines that are reflected in our policies, see p. 30. We also support industry-specific sustainability initiatives, such as on net-zero carbon emissions and biodiversity, see p. 25, and we refer to additional issue-specific principles and conventions in our position statements that cover our lending, investment and procurement activities. These are available for download on our [website](#).

## 2023 Group Sustainability Strategy



### Sustainable finance

We help our customers achieve their sustainability ambitions through financing and investing.

#### 2023 targets - financing

DKK 300 billion in sustainable financing, including granted green loans and arranged sustainable bonds since 2019, see p. 20.

Paris-aligned carbon emission reduction targets set for our lending portfolio, see p. 24.

#### 2023 and 2030 targets - investment

DKK 150 billion invested in funds with sustainability objectives by 2030 since 2021, see p. 20.

DKK 50 billion invested in the green transition by Danica Pension by 2023 - and DKK 100 billion by 2030 since 2019, see p. 20.



### Entrepreneurship

We support new businesses in creating sustainable growth.

#### 2023 target

10,000 start-ups and scale-ups supported with growth and impact tools, services and expertise since 2016, see p. 44.



### Financial confidence

We help people become financially confident.

#### 2023 target

2 million people supported with financial literacy tools and expertise since 2018, see p. 45.



### Governance & integrity

We operate in a responsible and transparent manner.

#### 2023 target

Over 95% of our employees trained annually in risk and compliance, see p. 31.



### Employee well-being & diversity

We foster well-being, diversity and inclusion in our workplace.

#### 2023 target

Minimum of 35% women in senior leadership positions, see p. 38.  
Minimum score of 77 in employee engagement survey, see p. 40.



### Environmental footprint

We minimise our own environmental footprint.

#### 2023 and 2030 target

40% carbon emission reductions by 2023 - and 60% by 2030 in relation to 2019, see p. 43.



## Engaging stakeholders on material sustainability issues

Because financial institutions play a systemic role in society, our stakeholders have a fundamental expectation that these institutions support the sustainability transition. At Danske Bank, we engage with a wide range of stakeholders to understand what they expect from us and to learn what we should do better.

How we engage with our different stakeholders is guided by the principles outlined in Danske Bank's Stakeholder Policy. Principles that apply to all stakeholders include collaborating to reach shared goals for the benefit of our customers and society, always seeking to engage in an open and constructive dialogue, and making our knowledge and expertise available to our stakeholders.

The insights we gain from engaging with our stakeholders feed into an annual materiality assessment, which identifies the sustainability issues that represent risks or opportunities for society and for our business. The materiality assessment guides our strategic priorities and ensures that we respond to and report on material topics.

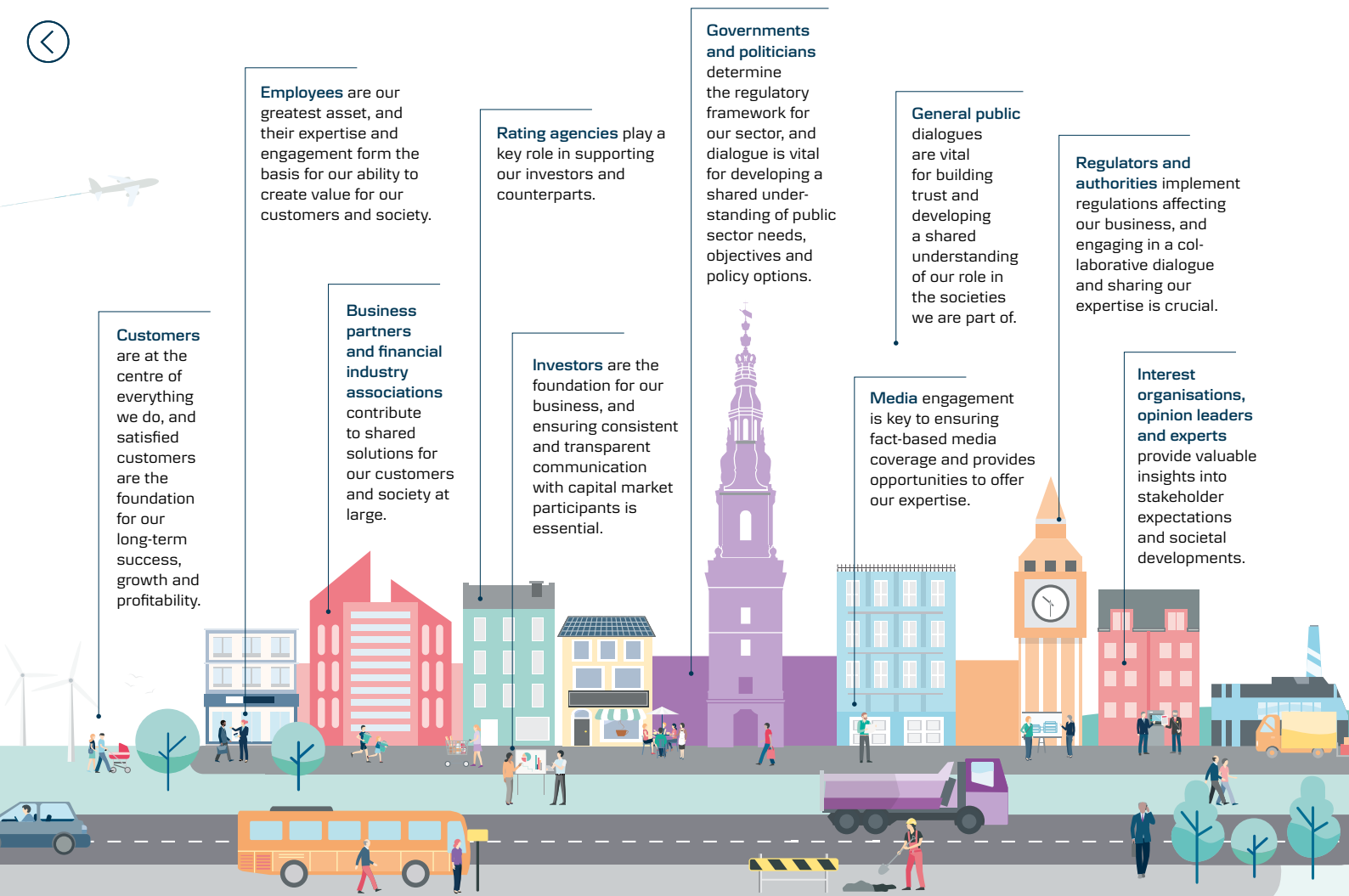
### Impact assessments

In 2022, we moderately updated the materiality assessment from 2021, and the process was informed by two large initiatives in particular. Firstly, we conducted a comprehensive assessment of the positive and negative impact associated with our lending portfolio as part of our commitment to the UNEP FI Principles for Responsible Banking (PRB).

Secondly, we continued our assessment of actual and potential adverse human rights impacts related to our activities, see pp. 16-17.

In 2023, we will conduct a comprehensive double materiality assessment, as required by the upcoming EU Corporate Sustainability Reporting Directive (CSRD). Double materiality assessment requires an assessment of financial effects on Danske Bank from sustainability-related risks and opportunities, i.e. financial materiality. It also requires an assessment of actual or potential positive or negative impacts caused or contributed to by Danske Bank's activities on people or the environment.

### Our stakeholders





## Materiality assessment

Input	Process	Output: Material issues
<p>Customer engagement and surveys</p> <p>Investor interactions and interviews</p> <p>Supplier ESG assessments</p> <p>Employee feedback and surveys</p> <p>Surveys from ESG rating agencies</p> <p>NGO meetings</p> <p>Regulatory developments</p> <p>Trends in society</p> <p>ESG reporting frameworks</p> <p>Peer review of reported material topics</p> <p>Human rights review</p> <p>PRB impact assessment</p> <p>Enterprise risk management</p>	<ol style="list-style-type: none"> <li>1. Establish gross list of identified issues based on the prior materiality assessment and new input gathering.</li> <li>2. Determine materiality of each issue based on criteria that represent actual and potential impact, risks or opportunities for society and for our business.</li> <li>3. Discuss the materiality assessment with our Business Integrity Committee.</li> <li>4. Finalise prioritised list of most material issues to inform our strategic priorities and reporting.</li> <li>5. Group material issues according to our six strategic focus areas. Human rights and labour rights are an integral part of several of these issues.</li> </ol>	<p><b>Sustainable finance</b></p> <p>Financial stability and growth</p> <p>Sustainable investment and financing offerings</p> <p>Sustainability in risk management</p> <p>Sustainability advisory services</p> <p>Climate change adaptation</p> <p>Sustainable use of natural resources and circular economy</p> <p>Biodiversity and natural habitats</p> <p>Social well-being</p> <hr/> <p><b>Governance &amp; integrity</b></p> <p>Anti-corruption</p> <p>Responsible taxation</p> <p>Fair advice</p> <p>Access to financial services</p> <p>Data protection and data ethics</p> <p>Responsible supply chain management</p> <p>IT security and stability</p> <p>Financial crime prevention</p> <p>ESG transparency</p> <hr/> <p><b>Employee well-being &amp; diversity</b></p> <p>Employee health and well-being</p> <p>Training and development of employees</p> <p>Community support</p> <p>Diversity and inclusion</p> <p>Executive remuneration</p> <hr/> <p><b>Environmental footprint</b></p> <p>CO<sub>2</sub> reduction from own operations</p> <p>Sustainable resource consumption</p> <p>Waste management</p> <hr/> <p><b>Entrepreneurship</b></p> <p>Support for start-ups and scale-ups</p> <p>Innovation and sustainable business models</p> <hr/> <p><b>Financial confidence</b></p> <p>Financial capability for customers</p> <p>Financial education for children and families</p>



## An in-depth examination of our societal impact

The Principles for Responsible Banking (PRB) serve as a framework for how banks should align their businesses with societal goals to contribute to a sustainable future, including alignment with the UN SDGs and the Paris Agreement.

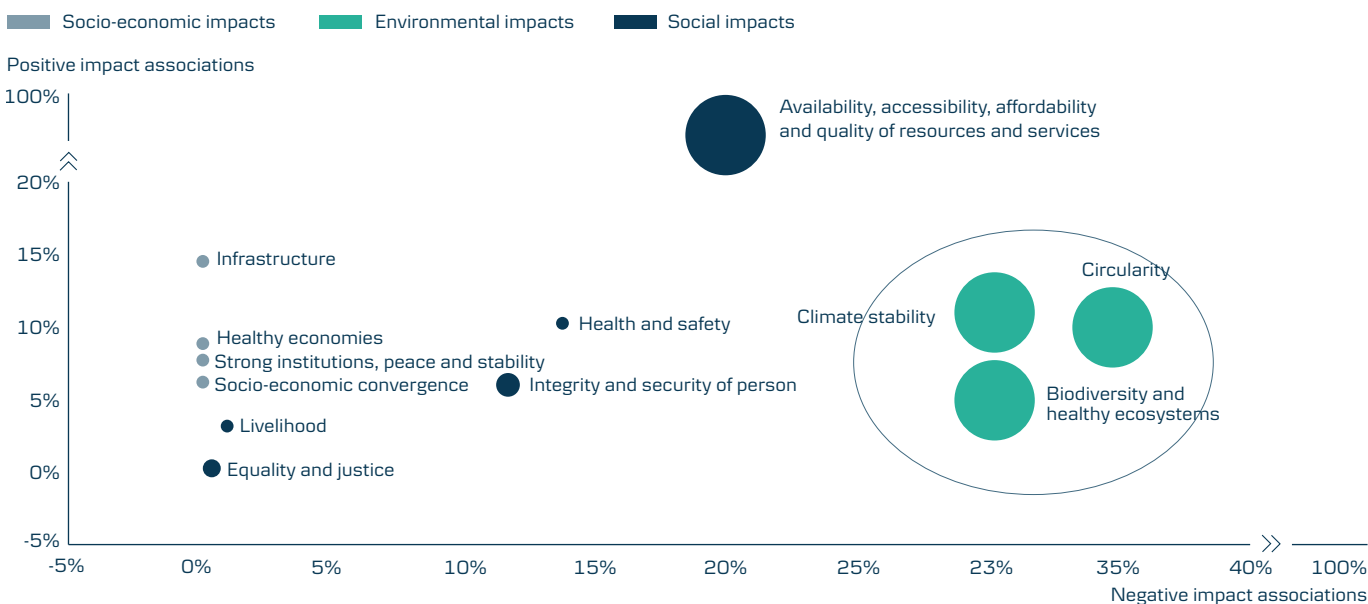
As a founding signatory, Danske Bank in 2019 committed to identifying the most significant positive and negative impacts

of our lending portfolio and to setting targets for two major impact areas. We selected climate as our first impact area, and over the past couple of years we have assessed our financed carbon emissions to provide us with a basis for setting targets.

In 2021, we co-founded the Banking for Impact coalition, which works to create

a common impact measurement and valuation approach. In 2022, we applied the new PRB impact assessment tool to explore key impact associations of our lending portfolio in relation to the UN SDGs and to assess the way our core business activities lead to impact.

### Key impact associations of our lending portfolio across the Nordic markets in relation to SDG topics



The PRB's impact assessment tool explores impact associations of lending exposures in relation to SDG-derived impact areas and impact topics, and it relates exposures to specific countries. The diagram illustrates the share of lending exposures with positive and negative associations to different impact areas and sustainability needs in the Nordic markets based on assessment of approximately 65% of Group income. Bubble size indicates the number of Nordic countries where the impact area is a national priority.

#### Biodiversity as a second impact area

The assessment shows that the largest potential positive social impact is related to Danske Bank creating access to finance for customers, which stimulates the real economy and increases people's welfare. At the same time, this access can potentially have negative effects due to the risk of over-indebtedness, for example.

Climate stability, biodiversity and circularity stand out as the most relevant

areas for Danske Bank to address given the potential negative environmental impacts of our lending exposures. These areas are also prioritised politically in all the Nordic countries. Biodiversity loss is a complex topic, with impacts arising from land- and sea-use change, climate change, pollution, invasive non-native species and other causes. Danske Bank's impacts on biodiversity stem from our financing of sectors that compound these pressures in sectors such as land-use, real estate and

construction, utilities and infrastructure. We have therefore decided to focus on biodiversity as our second major impact area and have committed to the Finance For Biodiversity Pledge and the Partnership for Biodiversity Accounting Financials. In 2022, we initiated actions to conduct a biodiversity impact assessment to enable us to manage impacts and set targets, see p. 25. We regard circularity as being a method of achieving sustainability and an integral part of our climate and biodiversity efforts.



## Salient human rights risks

At Danske Bank, 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 also promote a healthy and safe working environment free of discrimination and harassment, and we protect employee rights to freedom of association, collective bargaining and privacy.

In 2022, we conducted a high-level review to identify potential salient human rights risks within Danske Bank's business activities, including in our own operations, our financing activities and our supply chain. We also evaluated Danske Bank's existing capacity to conduct human rights due diligence through a governance review of existing policies, processes and tools to identify, manage, mitigate and remediate any actual or potential adverse impacts on human rights across our business activities.

The review is a step towards further alignment with human rights due diligence requirements following our support for the UN Guiding Principles on Business and Human Rights. The review also ensures our alignment with upcoming legislation such as the Norwegian Transparency Act, the minimum social safeguards of the EU Taxonomy, the Corporate Sustainability Due Diligence Directive and the Corporate Sustainability Reporting Directive.

Key measures to mitigate salient human rights risks are part of our existing ESG assessments across our business activities. As a follow-up to the review, we in 2022 strengthened the human rights focus of our ESG assessments in rela-

tion to our corporate lending activities, our investments and our supply chain.

In 2023, we will continue our efforts to establish a more robust human rights due diligence framework, and our Human Rights Position Statement will be updated to adequately reflect our ambition to ensure respect for human rights in relation to all our business

activities. Also, we will carry out impact assessments that primarily focus on our salient human rights risks, and based on the findings, we will identify key actions to mitigate potential adverse impacts and key indicators for assessing the effectiveness of our efforts. The adequacy of our existing grievance mechanisms will also be reviewed.



Salient human rights risks are the most severe risks to people and are therefore where we concentrate our focus. The identified risks confirm that our human rights efforts must be effective throughout all of our business activities and also confirm that the issues we focus on may vary across the different roles we take on as a bank.



# Sustainability governance and executive oversight

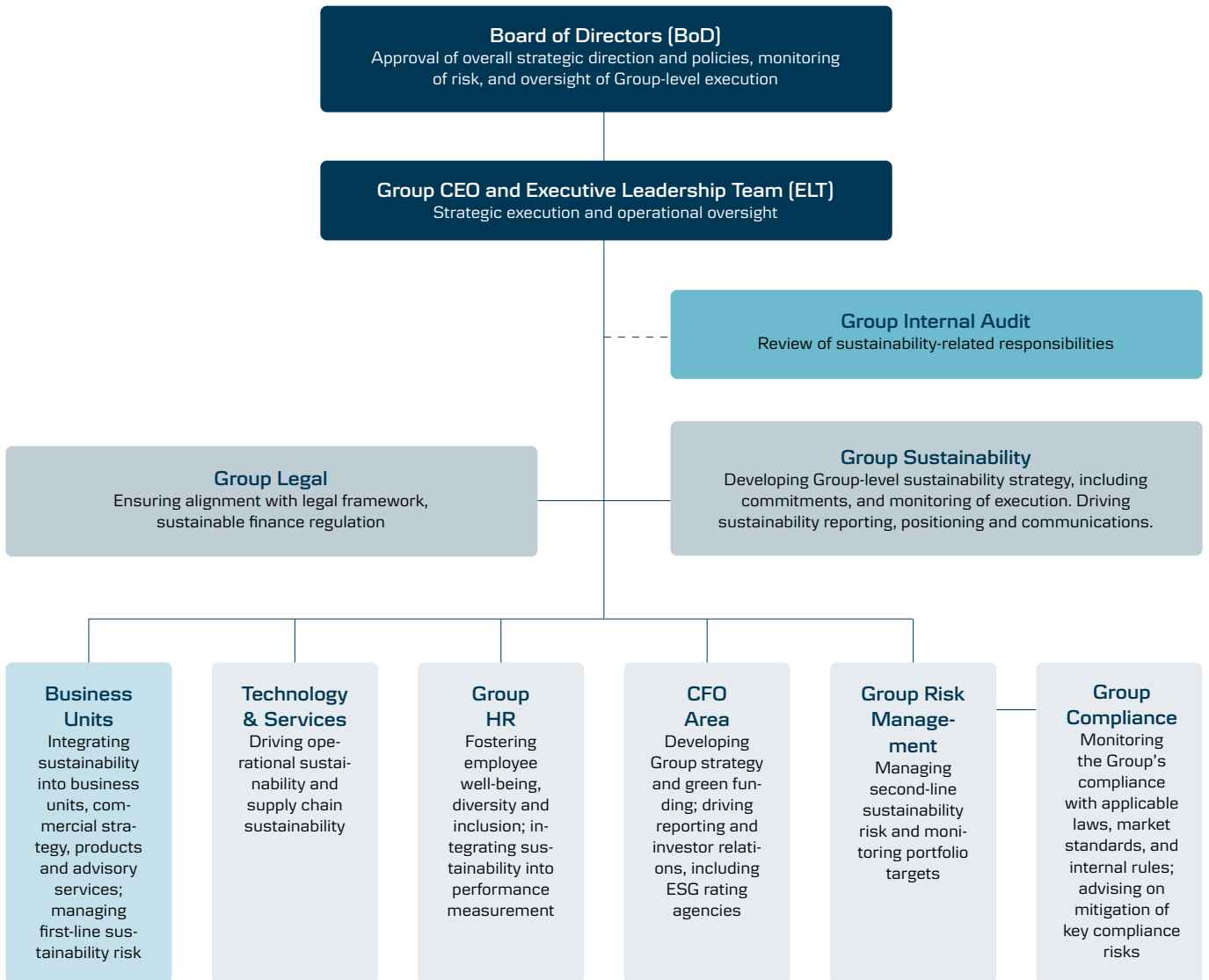
Rapidly developing regulatory requirements and voluntary commitments are driving the commercial importance of sustainability and fuelling the call for stringent governance as we continue to build our position and capabilities as a sustainability leader in financial services.

At Danske Bank, governance of sustainability, including climate-related issues, is anchored at the level of the Board of Directors (BoD) and the Executive Leadership Team (ELT). Additionally, we embed sustainability responsibilities and build out our competencies through-

out the organisation in order to further advance the integration of sustainability across our business.

### Business Integrity Committee

We also have committees and councils governing sustainability, where the ELT's



**Read more**

For more details about Danske Bank's climate and sustainability-related governance set-up, please see the TCFD section in the *Annual report*.



Business Integrity Committee (BIC) chaired by our CEO is the overall governing body. The BIC has a mandate to endorse Danske Bank's strategic direction, ambition level and related policies while also developing and overseeing the implementation of the Sustainability Strategy.

Two subcommittees refer to the BIC: one on responsible investment and one on sustainable finance-related regulation. We also have councils on sustainable finance and diversity and inclusion that advise the BIC on the overall strategic direction and review business unit roadmaps within these areas. In 2022, areas of key decision making related to our science-based targets commitment, a review of our sustainable finance governance and to defining leadership

within sustainable finance through development of KPIs.

In addition to the BIC, executive committees such as our Group Credit Committee and Group All Risk Committee increasingly address sustainability-related issues when they decide on credit cases and set the risk appetite. The work of the committees informs the ELT's sustainability discussions with the BoD. For example, in 2022 the BoD engaged in discussions about Danske Bank's climate plan, potential profit-and-loss implications and our leadership ambitions within sustainable finance as input for our future Group strategy in 2023.

#### **Regulatory implementation and transparency**

To ensure anchoring, ownership and

timely implementation of regulatory initiatives, we have an end-to-end regulatory model, the execution of which is anchored in the relevant parts of our organisation. For example, the EU Action Plan, which encompasses major sustainable finance requirements, is governed by the Sustainable Finance Theme Steering Committee, with escalation paths to the BIC.

As registrant to the online European Transparency Register, Danske Bank follows the register's code of conduct and provides information to the public about our fields of interest and key regulatory focus areas, our responses to public consultations and our membership of industry associations.



#### **Sustainability in risk management**

The principal risks already faced by the Group can potentially be intensified by a range of interlinked sustainability and climate-related risks, and such risks must therefore be managed. To do so, we identify, monitor and report on current and forward-looking sustainability risks that can be financially material to Danske Bank. In 2022, climate risk management remained a priority, particularly in respect of credit risk management. Also, given the ongoing implementation of sustainable finance regulation, risk areas in focus include practices for sustainable products and services and fair treatment of customers. In 2022, we reviewed our management of greenwashing risks.

For more details, please see p. 23 and 30 of this report, our [Risk Management 2022](#) report, and our [Annual Report 2022](#) for Task Force on Climate-related Financial Disclosures (TCFD).

#### **Executive remuneration linked to sustainability performance**

In 2022, we continued our efforts to integrate sustainability-related KPIs into our performance management framework. Members of the ELT and senior leaders all have a sustainability-related KPI in their short-term incentive programme with reference to our 2023 Group Sustainability Strategy targets. This includes our targets related to sustainable finance and climate change. The KPI is approved by the Board of Directors upon review by the Board of Directors' Remuneration Committee.

For more details, please see our [Remuneration Policy](#) and our [Remuneration Report 2022](#).

# The power of finance

Danske Bank is committed to using the power of finance to create sustainable progress, and managing the impact from our financing and investment activities is at the core of our sustainability efforts. Sustainable finance covers financial activities that support economic growth and simultaneously reduce negative impacts and increase positive impacts on environmental, social and governance (ESG) factors. Our sustainable finance efforts are reflected in the Bloomberg Intelligence's Carbon Score, in which Danske Bank is recognised as the lender with best performance on financed CO<sub>2</sub> emissions among global

banks. Also, by year-end 2022 we remained the leading Nordic arranger of green bonds, social bonds and sustainable bonds in Bloomberg's league tables, and we secured a 16th place in Bloomberg's global ranking for green bonds.

Despite the slowdown in the economy and turmoil in the financial markets in 2022, both of which affected our overall progress, we remain cautiously optimistic that we can achieve our sustainable finance volume targets.

**Sustainable finance framework**  
The execution of our sustainable finance

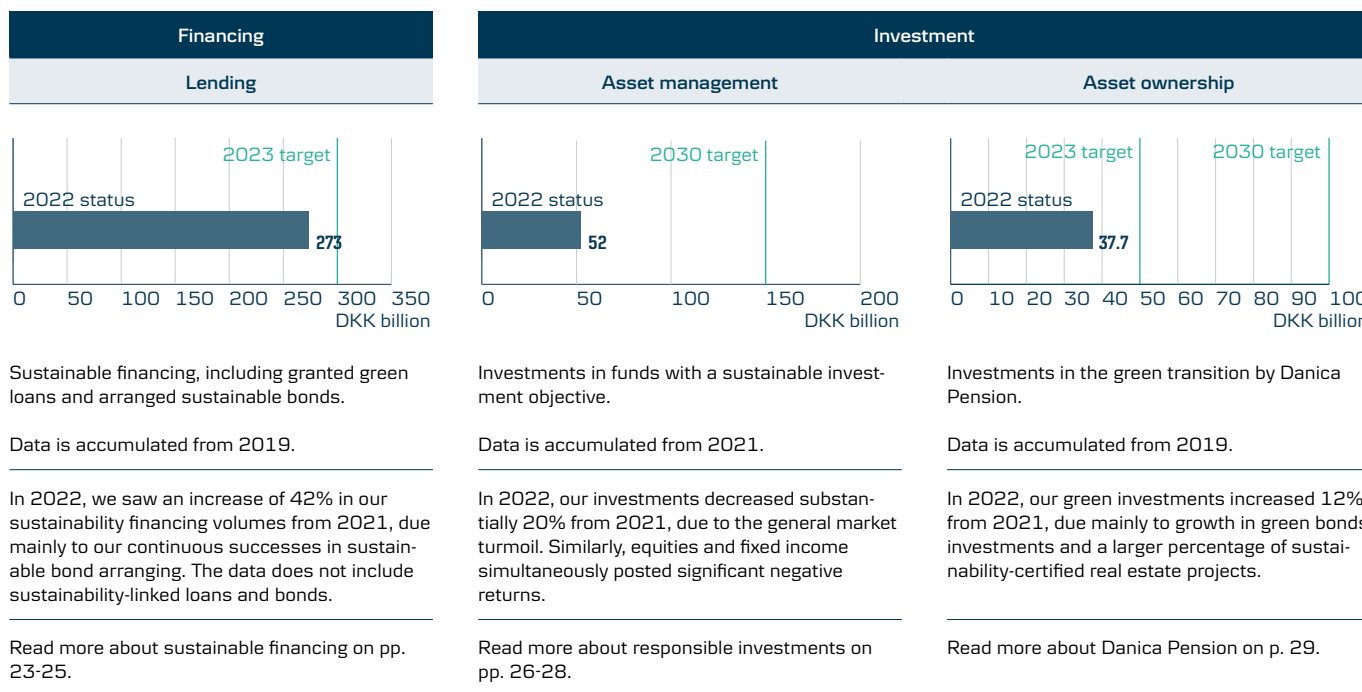
initiatives is primarily anchored in our business units and in Group Risk Management, and our Group-wide sustainable finance framework helps to ensure that we work in an effective and consistent manner as we develop our offerings and products. Both the framework and our Sustainable Finance Policy are inspired by the Principles for Responsible Banking and are subject to regular updates in line with the ongoing phase-in of sustainable finance regulation. In 2022, our policy was updated twice, and our sustainable finance governance was reviewed.

## Ambition

We will channel more capital towards sustainable activities and set sustainable finance volume targets across our financing and investing activities.



## 2022 performance



In 2022, we had DKK 15.8 billion of our treasury funds placed in green bonds against a target of DKK 10 billion. An overview of key sustainable finance figures is provided on p. 48.

## 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 sustainable finance activities.



We continue to follow how the ongoing implementation of the EU Taxonomy supports our offering of sustainable finance products. We have initiated the journey of integrating the EU Taxonomy Regulation, although guidance and enhancements to the EU Taxonomy Regulation are still being discussed in the EU and its advisory bodies.

#### Russia's invasion of Ukraine

Danske Bank complies with the sanctions imposed by the UN, the EU, the UK and the US regarding the Russian invasion of Ukraine. In February 2022, Danske Bank decided to exclude Russian government bonds and Russian state-owned enterprises from our

investment portfolios and products. We executed the implementation in a way and to an extent that is consistent with our fiduciary duty to act in the best interest of our customers.

#### Agriculture and forestry stance

Danske Bank's position statements detail our stance on material sustainability issues across sectors and themes, and they are subject to approval by our Business Integrity Committee.

In March 2022, we updated our stance on agriculture and forestry. Both sectors are central to the climate change and biodiversity loss crises and represent potential transition risks. We regularly

review our position statements, and in 2023 we plan to update our positions on fossil fuels, arms and defence, and human rights.

#### Protection of biodiversity

In 2022, the accelerating loss of biodiversity was selected as a new key impact area for Danske Bank to act on, and in June Danske Bank was the first Nordic bank to sign up to the Partnership for Biodiversity Accounting Financials (PBAF). Furthermore, in December 2022 we joined the Finance for Biodiversity Pledge. By doing so, we commit to measuring and setting biodiversity targets for our corporate lending and investments, see p. 25 and p. 29.

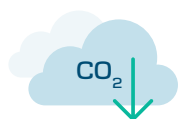


## How to lead on sustainable finance

To become a leading bank in the Nordic countries and the leading bank in Denmark, we address our leadership aspiration through four dimensions. In 2022, we have worked further to describe these and explore relevant indicators to measure progress. Selection of indicators and data monitoring is ongoing and feeds into the development of our new Group strategy.

Portfolio composition	ESG profile and risk of key financing and investment portfolios.
Market performance	Market share of sustainability products and performance across customer segments and markets.
Societal alignment	Alignment with key stakeholder expectations on sustainability.
Customer satisfaction	Satisfaction scores on sustainable commercial offerings.





## Net-zero path in finance

Over the past years, we have developed our net-zero path towards 2050 or sooner, as manifested in Danske Bank’s climate action plan. Leading up to Danske Bank’s commitment to the Science Based Targets initiative (SBTi) in January 2023, we in 2022 reviewed and updated our previously set intermediate targets for reducing financed carbon emissions across

our lending and investment portfolios, and we also reviewed and updated our carbon emission reduction targets for our own operations. We are awaiting the SBTi’s validation of the targets and expect to report on these in 2023. For 2022, we disclosed progress on our previous targets and on updated targets within lending following our extended mapping of financed emissions.

	Lending	Asset management	Asset ownership
<b>Net-zero commitments</b>	Net-Zero Banking Alliance (October 2021)	Net Zero Asset Managers Initiative (March 2021)	Net-Zero Asset Owner Alliance (June 2020)
<b>Carbon emission reduction targets</b>	Reduce carbon emissions in our corporate lending portfolio in key sectors by between 25-55% by 2030 against a 2020 baseline, see p. 24.	Reduce the carbon intensity of our investment products by at least 50% by 2030 against a 2020 baseline, see p. 28.	Reduce carbon emissions in Danica Pension’s portfolio in five key sectors by between 15-35% by 2025 against a 2019 baseline, see p. 29.

### Three ways to reduce our financed emissions

- 1 Engage with customers by providing advisory services and financing that enables decarbonisation in line with the Paris Agreement.**  
To make it easy for our customers to make sustainable choices, we provide personal and business customers with financing for innovative and low-carbon solutions in the form of loans, leasing solutions and bond issues that support clearly defined environmental or social objectives.
- 2 Engage with investee companies to guide and encourage decarbonisation of their business activities.**  
We engage directly with company management or boards to gain greater insight into the companies’ climate strategies and to discuss how they can replace fossil fuels with greener alternatives or reduce the climate impact of products. Through dialogue, we can help shape tomorrow’s companies and their contributions to global climate goals.
- 3 Restrict financial flows to carbon-intensive companies, for example by limiting credit-risk exposures and investments.**  
Companies in high-emitting sectors must present us with plans or show a dedicated intention to transition in alignment with the Paris Agreement. We expect companies to set climate targets and have specific action plans for significantly reducing their carbon emissions. If companies do not adapt quickly enough over time, we may choose to adjust our investments or limit our credit risk exposure.

### How to transition from fossil fuel to green energy

At Danske Bank, we believe that energy companies should follow the recommendations of the International Energy Agency (IEA) to reduce their use of fossil fuels and increase their use of renewable energy sources. As envisaged in the IEA’s Net Zero Emissions by 2050 Scenario, this represents a gradual phase-out of all non-abatable fossil fuel use. Although our investments in fossil fuels have been reduced by 37% since 2018, we do not consider a complete and immediate stop of financing of all types of fossil fuels to be the right short- or long-term solution.

Our societies still largely depend on fossil fuels and will continue to do so for some years because it takes time to scale up and rebuild energy systems to completely rely on renewable sources. An immediate phase-out of fossil fuels would have profound consequences for energy security and for the general welfare of the population. The resulting

impacts on energy supply and prices would affect societies’ ability to orchestrate an orderly transition. We see it as part of our role to act as a catalyst for the sector’s green transition through active ownership and engagement with our lending customers on requirements related to revenue exposures and transition plans. As set out in our position statement on fossil fuels, we do not provide financial services to or invest in companies above certain revenue exposure thresholds. For example, we do not finance or invest in companies that derive more than 5% of their income from coal-to-energy production unless the companies present a credible transition plan to move below the 5% limit. Furthermore, in line with the IEA’s assessment that no expansion of oil or gas supply is needed in the net-zero scenario in 2050, Danske Bank will not provide long-term financing or refinancing to expanding upstream oil and gas companies.

#### Read more

For more details about Dansk Bank’s climate action plan, please see pp. 10-11, and for a full overview of our climate targets, please see our report Danske Bank’s Climate Action Plan.

# Financing sustainable transitions

Danske Bank is committed to supporting the green transition by being a trusted lender and financial adviser to our customers and by offering attractive financial products that enable customers to reach their climate targets. Although financial markets were affected by inflation and geopolitical circumstances in 2022, interest in our sustainability offerings remained strong. By year-end 2022, we had arranged or granted DKK 273 billion in sustainable financing, including green loans and sustainable bonds, see p. 20. Of these arranged bonds, 84% were green bonds for customers, which represent a value of DKK 53 billion.

In 2022, we updated our Green Bond Framework and renamed it as the **Green Finance Framework**. Consequently, Dan-

ske Bank's eligibility criteria in the Green Finance Framework now broadly aligns with the Technical Screening Criteria of the EU Taxonomy, and the scope of activities to be financed by the issuance of green bonds has been extended.

## ESG due diligence

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 risk factors we have to consider to determine creditworthiness and to ensure that the loan is in line with the Group's position statements and policy requirements. At the individual customer level, we perform ESG risk assessment using our credit screening tool. This assessment allows us to identify and monitor high ESG risk cases as part of

the standard credit process. In 2022, we have assessed 71% of our business customers in scope for this assessment. In addition to this, we have developed an approach to assessing our customers' transition plans, see p. 24. Both of these due diligence processes will be further developed in line with regulatory requirements and to accommodate developments in the area of ESG, such as those related to human rights and biodiversity. At the portfolio level, risks are monitored and managed through sector risk reviews and through our risk appetite setup, which is also informed by the mapping of our financed emissions and climate scenario analysis. Sectors that have a high level of exposure to ESG risks are subject to additional oversight, as outlined in our policies.

## Examples of solutions provided to support sustainable progress



### Green loans and energy improvement loans

Danske Bank and Realkredit Danmark's green loans are aligned with our framework for green finance and are therefore earmarked for specific green projects. In 2022, Danske Bank introduced attractive energy improvement loans for homeowners in Denmark, for example to finance replacing of gas or oil heating.



### Green fleet

Through Asset Finance, we offer our GreenFleet70 concept, which helps businesses in Denmark and Sweden reduce their road transportation emissions. The concept includes an extensive selection of electric vehicle models and a number of tools. In 2022, we included a tool to report on the fleet's carbon emissions.



### Sustainability-linked loans

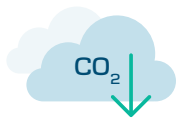
Danske Bank's sustainability-linked loans link the financing costs of the loan to the corporate customer's sustainability performance. For example, in 2022 we structured the sustainability link for a EUR 500 million credit facility between the global bioscience company Chr. Hansen and an international group of banks. Chr. Hansen's financing costs are now linked to the company's ability to reach its Paris-aligned climate targets, circular management of bio-waste and share of revenue contributing to three selected SDGs.



### Sustainable bonds arranged for customers

Sustainable bonds are green bonds, social bonds, sustainability bonds, and sustainability-linked bonds. Sustainability-linked bonds are used to finance the sustainability strategy of the issuer, and the other bond types are use-of-proceed bonds that exclusively finance projects that have a positive environmental and/or social impact. For example, Danske Bank in 2022 supported the EU in issuing a EUR 6 billion green bond for investments in a greener and more resilient Europe as part of the NextGenerationEU funding programme.





## Net-zero path in lending

To achieve a net-zero loan portfolio by 2050 or sooner, Danske Bank continues to set intermediate 2030 targets for carbon emission reductions from our loan portfolio in alignment with the Paris Agreement.

Our main approach is to work with our customers and support them in reducing carbon emissions as much as possible. To measure our progress and guide our actions, we have been mapping the emissions from our customers in accordance with the Partnership for Carbon Accounting Financials (PCAF)

standard and following guidance from Finance Denmark. In 2021, initial findings showed that the Group's financed emissions are highly concentrated in relatively few sectors and mostly among large customers. Adopting 2020 as a baseline, we used this insight to set intermediate 2030 targets for the three most material and high-emitting sectors: shipping, oil and gas, and power generation. In 2022, we further established the data foundation for 2020 and extended our mapping to include personal customers. Consequently, our carbon-mapped portfolio covered DKK 1,457 billion in

outstanding loans by year-end 2020, which represents 18.8 million tonnes of CO<sub>2</sub> equivalents (CO<sub>2</sub>e) per year.

On this basis, we updated our intermediate 2030 targets and set additional targets covering high-emitting sectors and product categories. In addition to target setting, we in 2022 used the insights to improve our risk management and deepen our engagement with high-emitting-sector customers regarding their individual transition plans.

Sector	Metric	2020 target baseline	2030 reduction target	Share of financed emissions	Share of loan portfolio
Shipping	Alignment delta as in Poseidon Principles	3.8%	0% (~50%)	35%	<1%
Oil and gas (upstream)	Financed emissions million tCO <sub>2</sub> e	3.3	1.6 (50%)		
Oil and gas (downstream refining)	Financed emissions thousand tCO <sub>2</sub> e	73.1	54.8 (25%)	13%	<1%
Oil and gas (downstream refining)	gCO <sub>2</sub> e/MJ	71	53.3 (25%)		
Power generation	kgCO <sub>2</sub> /MWh	72	36 (50%)	5%	1%
Steel	tCO <sub>2</sub> /t	1.17	0.82 (30%)	<1%	<1%
Cement	tCO <sub>2</sub> /t	0.64	0.48 (25%)	1%	<1%
Commercial real estate - Nordic portfolio	kgCO <sub>2</sub> /m <sup>2</sup>	13.5	6.0 (55%)	1%	18%
Personal mortgages - Nordic portfolio	kgCO <sub>2</sub> /m <sup>2</sup>	14.3	6.4 (55%)	5%	56%

The emission scopes included in our sectorial lending targets are as follows: Oil and gas - scope 1, 2 and 3; Shipping and Power generation - scope 1; Steel, Cement, Commercial real estate and Personal mortgages - scope 1 and 2. Regarding the financial scope, our lending targets consider on- and off-balance exposure. As methodologies mature and data quality improves, we may include scope 3 in the other categories. Agriculture is also a high-emitting sector, and once our data foundation is sufficiently robust, we aim to set targets for this sector also.

### Assessment of customers' transition plans

In 2022, we developed a new methodology to assess our corporate customers' transition plans.

The assessments cover the customers' current performance and their short-, medium- and long-term ambitions and plans to meet their decarbonisation strategies and targets. The assessments also evaluate the customers' risk of not being able to execute their strategies because of external factors affecting their ability to transition, i.e. technology and government support. The outcome includes a transition plan assessment score in one of four categories: transitioned, transitioning, start of transition, and lagging transition.

In 2022, our initial assessment of customers subject to high transition risk in the shipping, oil and gas, and utilities sectors showed that the exposure to the lagging transition category is limited. The Group will continue to assess customer progress and identify relevant mitigating actions, and we remain committed to providing finance to customers that are in the process of preparing for and undertaking the necessary transition.

From 2023, transition plan assessments will continue to be carried out for relevant corporate customers in high-risk portfolios as part of the normal credit application and renewal processes.

### Biodiversity loss hotspots

Climate change negatively impacts many of the world's species and ecosystems, driving biodiversity loss. At the same time, protecting and restoring biodiversity is crucial to addressing climate change. To support Danske Bank's ambition of contributing to biodiversity conservation and sustainable use of natural resources, the bank joined the Partnership for Biodiversity Accounting Financials (PBAF) in June 2022. The PBAF promotes the standardisation and transparency of efforts to measure and assess biodiversity-related financial risk. We aim to set biodiversity-related targets once we have an overview of our biodiversity impact from our corporate lending and from our investments. This approach is similar to when Danske Bank

joined the Partnership for Carbon Accounting Financials in 2020, which helped to kick off our efforts to measure our climate impact and set targets.

In 2022, we initiated high-level mapping of biodiversity loss hotspots in our corporate lending portfolio, the preliminary results of which showed that the agriculture, forestry, shipping and utilities sectors can be considered hotspots. In 2023, we will work further to understand the potential customer-related impact, and we will aim to disclose specific policy targets for sectors in which we have the most material impact on biodiversity through our lending portfolio.

### Decarbonising shipping

Shipping is a hard-to-abate sector representing about 3% of global greenhouse gas (GHG) emissions. The vast majority of these emissions originate from international shipping, which is not part of the Nationally Determined Contributions under the Paris Agreement. Instead, the International Maritime Organization (IMO) is responsible for overseeing the decarbonisation of the sector.

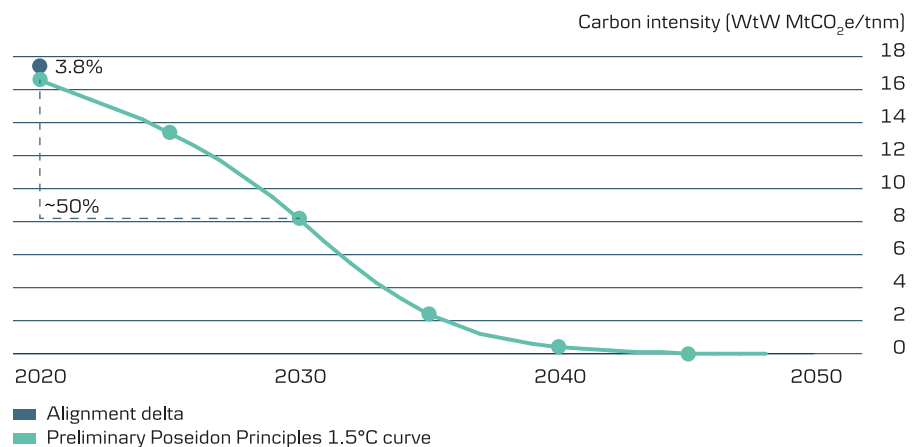
With 7.8 million tonnes of CO<sub>2</sub>e financed emissions and DKK 18.3 billion on balance exposure in 2020, shipping is the most material sector in Danske Bank's decarbonisation trajectory. For this reason, Danske Bank is a member of the global Getting to Zero Coalition and is one of the founding signatories of the Poseidon Principles (PP). We commit to being fully aligned with the PP's preliminary 1.5°C trajectory by 2030, which translates into an alignment delta of 0% or lower. Should the PP decide on another 1.5°C trajectory than the now indicated UMAS 1.5, Danske Bank would revise its target. The targeted Annual Efficiency Ratio (AER)<sup>1</sup> reduction equates to an estimated emission intensity reduction of around 50% by 2030 from a 2020 baseline year.

Danske Bank is also a member of the Norwegian Green Shipping Programme. Together with experienced industry participants, we helped develop new set of guidelines for transition-linked financing in shipping, which was launched in February 2022. Transition-linked finan-

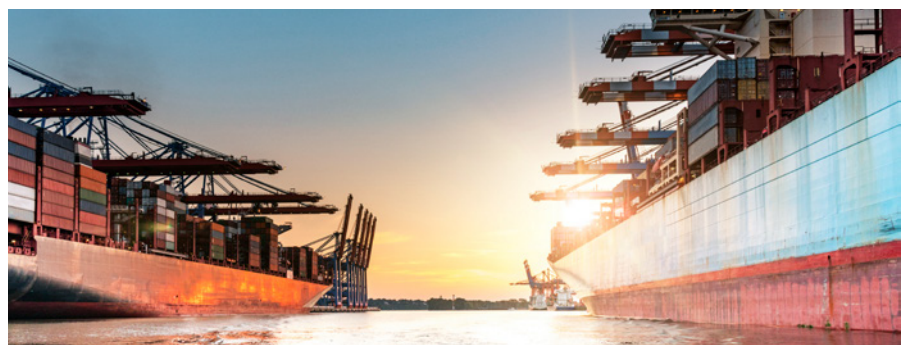
cing aims to improve the borrower's environmental profile through assessment of selected indicators on decarbonisation over the term of a loan or a bond.

Furthermore, Danske Bank supports the Responsible Ship Recycling Standards, and we insert responsible recycling clauses into all of our loan agreements.

### Decarbonisation pathway – shipping



We estimate that in 2020 our alignment delta for the whole shipping portfolio against a 1.5°C decarbonisation trajectory was 3.8%.



<sup>1</sup> The unit of measurement for emission intensity is called the Annual Efficiency Ratio (AER), a carbon intensity metric calculated as gCO<sub>2</sub>/dwt nm, gCO<sub>2</sub>/GT nm, gCO<sub>2</sub>/TEU nm or gCO<sub>2</sub>/cbm nm, depending on the ship type





# Investing in sustainable progress

Danske Bank’s asset management business has about DKK 670 billion in assets under management (AuM). Integrating sustainability into our investment business is a cornerstone of our fiduciary duty to create value for customers and support the transition to a more sustainable society.



The EU Action Plan on Sustainable Finance has been established to help steer the direction of capital towards sustainable activities, and following the amendments to the Markets in Financial Directive (MiFID II) and the Sustainable Finance Disclosure Regulation (SFDR), new requirements have come into place. As of August 2022, our advisers are required to obtain sustainability preferences from their customers as part of the suitability process when they provide financial advice, and the regulation has shaped the concept of impact materiality and definition of sustainable investments.

In view of the regulation, we in 2021 introduced a 2030 volume target for investments in funds with sustainable investment objectives (SFDR Article 9), which stands at DKK 52 billion following a drop in the market across all fund assets, see p. 20.

### Robust sustainability processes

To be able to offer a wide range of investment products disclosing in accordance with Article 8 and 9 of the SFDR, we are continuously building robust sustainability processes, expanding ESG data

and developing analytical tools. In 2022, we also reinforced our proprietary ESG analytical tool, mDASH®, so it supports product-specific sustainability characteristics. We also developed our SDG model, which includes our mSDG tool that enables us to assess a company’s material SDG contribution. Furthermore, we were the first asset manager to join ATP’s ESG data collection initiative, which we did in 2022. This initiative aims to provide better data and more knowledge about the work on ESG in unlisted companies, which is an area traditionally underdeveloped in the sector.

Since 2021, we have tied sustainability-related KPIs into our performance management framework for our investment teams. Furthermore, we continue to supplement the investment-risk challenger role with a sustainability-risk challenger role to mitigate sustainability underperformance and to review whether investment teams address relevant

sustainability aspects in their investment processes.

### Ownership in action

Active ownership through single engagement, collaborative engagement and voting at annual general meetings is an important part of our ability to create long-term value for the companies we invest in and for our investors. In a situation with a present sustainability issue, we generally believe that it is more beneficial to voice our opinion, vote on material issues and address challenging ESG topics through engagement rather than divest the company.

In recent years, we have increased our active ownership activities by establishing a dedicated department and have expanded our resources to exert more influence on investee companies to increase their sustainability efforts. Our bi-annual Active Ownership Report documents our engagement and voting activities.



### Engagement

- 804 companies
- 52 country domiciles
- 111 ESG engagement topics
- 2,270 interactions



### Voting

- 2,278 companies
- 73 country domiciles
- 3,545 meetings
- 41,745 proposals

## Impact on society

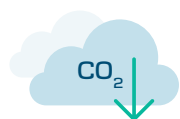
We are mindful of how investment performance is affected by sustainability factors, but we are also aware of the positive and negative impact on society that our investment decisions may cause. During 2022, the concept of double materiality was institutionalised within the asset management sector, and we have further formalised the concept across our investment products by pairing our traditional assessment of financial materiality with impact materiality. In 2022, we updated our Responsible Investment Policy to reflect both materiality perspectives.

## Three key approaches for assessing the impact of our investments on society

Principal Adverse Impacts (PAIs)	SDG model	The EU Taxonomy
<p>We use a wide range of tools, frameworks and data to analyse and identify PAIs on society that our investment decisions may have. Through our active ownership activities and investment restrictions, we address the negative sustainability impacts according to their materiality and type and according to the nature of our investment products and investment-related products.</p> <p>Through PAIs, we gain further insights on companies' carbon emissions; fossil fuel exposure; waste levels; gender diversity; due diligence; human rights; and efforts to avoid corruption, bribery and other practices harmful to society.</p>	<p>We apply the SFDR's definition of a sustainable investment by using a quantitative model, developed in 2022, when we assess our investments down to an individual company level. Our model encompasses sustainability frameworks, such as the EU Taxonomy and the SDGs, and assesses the individual company's material contribution to the SDGs.</p> <p>The model also has a qualitative overlay that allows for individual adjustments when, for example, data is unreliable or missing, or when we as an asset manager have in-depth knowledge about a specific investment that justifies a deviation from the quantitative assessment.</p>	<p>We report and disclose the alignment of our investments with the criteria of EU's green taxonomy. The green taxonomy is a classification system that defines whether the economic activity of a business can be deemed as environmentally sustainable, and it is centred around six environmental objectives: climate change mitigation, climate change adaptation, 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.</p> <p>The data situation related to the taxonomy is currently undergoing rapid changes; for example, large corporates will have to report alignment of their activities with the taxonomy from 2023.</p>
↓	↓	↓
Engagement leads to action	New investment solutions	Taxonomy-eligible activities
<p>For many years, Total, one of the world's largest oil companies, has been part of our investment portfolios. The military coup in 2021 in Myanmar meant that we engaged with the company to understand its operations in Myanmar and also to advocate for its withdrawal from the country.</p> <p>As a result of the repeated investor engagement with Total, as well as pressure from a broad stakeholder group, including NGOs, the company in early 2022 suspended its activities in Myanmar.</p>	<p>In September 2022, we launched five new balanced funds, Danske Invest Global Responsible Portfolio, in the Nordic market to offer our customers an investment solution that focuses on sustainability and good diversification across equities and bonds.</p> <p>Each fund has its own particular risk profile and is also subject to, for example, specific investment criteria for sustainable investments as defined by our SDG model. By year-end 2022, the five funds held DKK 71.2 million AuM.</p>	<p>The EU Taxonomy will most likely become increasingly material and consequently increasingly integrated into our investment processes and targets. In future, the technical screening criteria will develop further and the number of companies reporting in accordance with the taxonomy will increase, so we expect that our investments will report higher levels of taxonomy alignment.</p>

### Read more

For more details, please see Our Responsible Investment Journey Report 2022, our latest bi-annual Active Ownership Report, Principle Adverse Impact Statement, List of Excluded Investments and Exclusion Instruction.



## Net-zero path in asset management

Part of our commitment to the Net Zero Asset Managers Initiative is to enter into dialogue and engage with investee companies in a way that is supported by our voting policy and consistent with the scale of the ambitions that can help these companies achieve carbon

emission reductions. During 2022, we worked to finalise the details of our strategy and the path towards achieving our initial intermediate targets introduced in November 2021. We are initially focusing on our investment products – mutual funds, managed accounts and pooled

investment vehicles – with the aim of gradually increasing the proportion of assets under management until we reach 100%. This also requires working in partnership with asset owner customers to establish decarbonisation targets for their portfolios.

### Intermediate targets

**50% reduction** in the weighted average carbon intensity of our investment products by 2030 against a 2020 baseline.

Engagement with 100 largest emitters by 2025 to contribute to decarbonisation and absolute carbon emission reductions against a 2020 baseline.

### 2022 status

68.4 tCO<sub>2</sub>e/million USD revenue. This is a reduction of about 20% from our 2020 baseline of 85.4 tCO<sub>2</sub>e/million USD revenue.

Engaged with 20 of the 100 largest emitters across our investment products.

We have initially worked with carbon emission reductions in scopes 1 and 2; however, we have not yet seen reductions in our carbon intensity. This is in line with expectations for 2022 because the baseline used is end of 2020, at which time the world economy was in a low gear due to the COVID-19 pandemic.

To inform our active ownership activities, we have established an engagement roadmap that assesses companies' transition progress. For example, in 2022, we met with Ardagh – a global supplier of sustainable, infinitely recyclable, metal and glass packaging – to discuss their emission targets, circularity, and governance – including remuneration and disclosures. During 2022, Ardagh had its science-based emission targets approved, and we assess the company to be in the early stage of its transition and making genuine efforts to improve.

From 2023, we will work systematically with scope 3 emissions, which are already incorporated in our engagement target.



### What constitutes a credible transition path?

Climate change is a source of both value creation and destruction across industries, companies and investment portfolios. In addition to our responsibility to protect our investments from the risks associated with climate change, we also have an obligation to take every material opportunity to engage and help facilitate the transition.

For an investor, the easy way to decarbonisation and rapid attainment of net zero is through exclusions and divestment of high-emitting companies. However, such an approach would mean a fundamental violation of our fiduciary duty and an empty climate action because we would effectively lose our most important way of making a difference: namely to stay invested and foster change through active ownership. For this reason, we do not consider exclusion on its own as a credible or a sustainable path to achieving net zero.

During 2022, we introduced the option of providing finance to transition companies that are otherwise subject to investment restrictions. By using the Transition Pathway Initiative Management Quality framework, we may choose to exempt companies from restrictions if they credibly demonstrate their commitment to phasing out thermal coal, tar sands and peat activities in alignment with the Paris Agreement. Only companies that have climate transition strategies integrated into operational decision-making (level three out of four in the assessment) may be granted exemptions, and we regularly update and publish a list of these companies.

# Pensions and the green transition

Danica Pension has more than 750,000 pension customers in Denmark and DKK 404 billion pension assets under management (AuM). In 2022, we saw overall progress on investments in the green transition, covering green infrastructure, green bonds, certified sustainable properties, and equity and bond investments in the green transition, see p. 20.

## Enabling responsible choices

In 2022, Danica Pension enhanced its advisory services and customer engagement on sustainability. The aim is to enable new and existing customers to better match their sustainability ambitions with how their pension savings are invested.

In 2022, the investment solution Danica Balance Sustainable Choice was renamed Danica Balance Responsible Choice to avoid any risk of customers

expecting investments to fully comply with the SFDR's Article 9 product regulation due to the use of the term 'sustainable' in the product name. The investment solution consists of a minimum of 75% sustainable investments, and AuM increased by 23% from 2021 to DKK 3.3 billion in 2022. A number of our corporate customers have decided that new employees will automatically have a portion of their pension savings placed in this investment solution, so AuM are expected to further increase over the coming years.

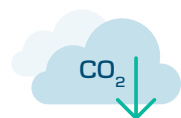
## Enhanced focus on biodiversity

As part of the Group's commitment to the Finance for Biodiversity Pledge, Danica Pension bolstered its strategic efforts to protect and restore biodiversity and manage investment risks. Our starting point is to engage with 30 portfolio companies with high impact

and dependency on oceans and forests by 2025. The long-term aim is to support and help companies in our portfolio to systematically address biodiversity aspects in their value chain management, set goals and improve disclosures on biodiversity. We will also develop biodiversity strategies for new real estate projects and create green spaces around our existing real estate portfolio.

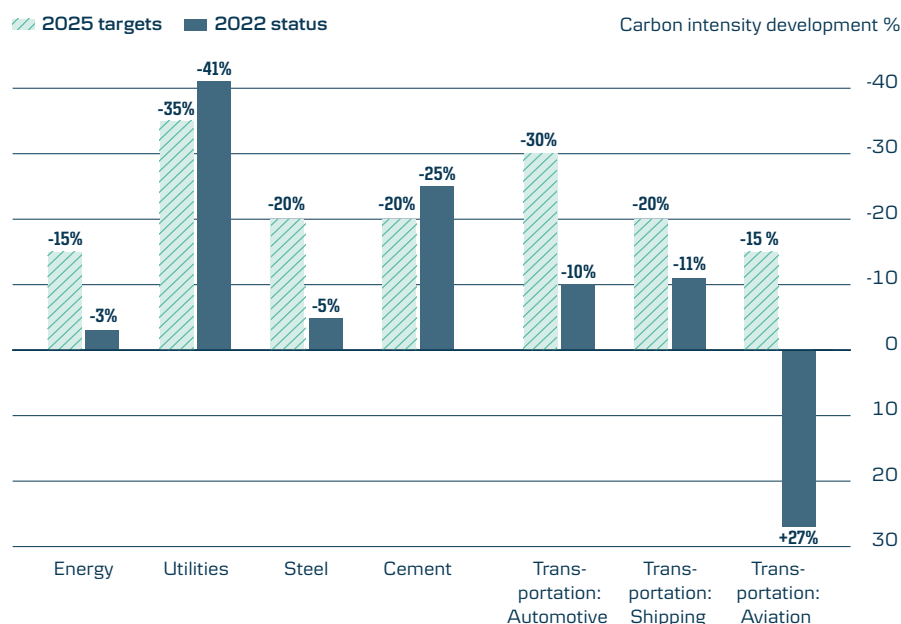
## Fewer real estate carbon emissions

Danica Pension reduced carbon emissions from the Danish real estate portfolio by 36% in 2022 relative to 2019. Our real estate portfolio is thereby ahead of its 2023 target and well on its way to achieving its 2030 reduction target of 69%. To make further progress, we will be improving energy-consumption monitoring and converting from natural gas to district heating where possible.



## Net-zero path in asset ownership

### Status on carbon emission reduction targets for the five sectors in Danica Pension



As part of our asset owner commitment to net zero, Danica Pension in 2021 set intermediate carbon intensity-based reduction targets of between 15-35% by 2025 against a 2019 baseline for investments in listed equity and corporate bonds in five high-emitting sectors. Reductions will be volatile over time, but our intensified active ownership activities combined with portfolio companies executing their own climate plans enabled us to achieve positive progress in 2022.

However, there is an acute need for the energy, steel and aviation sectors in particular to speed up transition plans, and we will focus on monitoring the progress in these sectors and continue our engagement to stimulate further action across all sectors.

As part of our Climate Action Plan, we have set temperature rating targets to ensure that investee companies have Paris-aligned transition plans in place. The temperature rating targets for 2030 will guide our transition from our baseline in 2020 to 1.5°C by 2040.

The carbon intensity of Danica Pension's investments has been calculated against a 2019 baseline. The sector targets cover approximately 35% of the total portfolio's CO<sub>2</sub> emissions.





# Embedding a strong compliance culture

Danske Bank operates in a highly regulated environment, so demonstrating that compliance is a core part of how we do business is critical to maintaining trust and protecting the interests of our stakeholders.

The strong compliance culture that we continue to embed throughout our organisation empowers all employees to understand and fulfill their roles and responsibilities to ensure Danske Bank adheres to applicable laws, rules and regulations. This is achieved by setting a clear tone from the top, by promoting individual accountability and risk-awareness through appropriate policies and training, and by supporting open communication through accessible tools, behavioural standards and reward structures. Furthermore, our Code of Conduct Policy outlines the principles that govern our behaviour and way of doing business at Danske Bank.

In 2022, we further enhanced our internal compliance processes, systems and controls, and we achieved solid progress with our major compliance risk remediation programmes. Our efforts included embedding effective conduct risk management and sound business culture principles into day-to-day business execution and implementing significantly improved controls to detect and prevent market abuse. The Group retains a high level of focus on enhancing controls to protect customer data.

## Ambition

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

## 2022 performance

97% of 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.

### 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 2022, we introduced a new mandatory conduct risk training course based on our Conduct Risk Policy, introduced in 2021. The training aims to strengthen employees' understanding of what conduct risk is, how it affects Danske Bank and our customers, and how we manage it.

A dedicated team has been established to enhance the strategic focus on sustainability compliance. To reflect the cross-cutting nature of sustainability, the new team ensures coordination across the various sustainability-related dimensions of the work that Group Compliance undertakes.

### Speak-up culture

Communicating openly and sharing concerns with colleagues, managers and/or HR is key to ensuring a sound business culture, and such behaviour is guided and promoted by our Code of Conduct and by our Culture Commitments, see p. 40. We encourage employees to speak up about suspected wrongdoing, and our escalation procedures and processes are designed to help employees recognise potentially significant issues and take immediate and appropriate action.

When regular channels of communication and escalation are unavailable, inappropriate or compromised, employees can submit their concerns anonymously without fear of retaliation through Danske Bank's [whistleblowing scheme](#). All

concerns are handled in complete confidence and are investigated appropriately by a dedicated team of whistleblowing specialists and investigators. External stakeholders can also voice their concerns via the whistleblowing scheme.

Since the establishment of our dedicated Whistleblowing Operations Unit in 2019 and the introduction of mandatory training in how to share concerns, we have seen a steady increase in the number of submitted reports. The number of reports submitted in 2022 was 52% higher than in 2021, indicating that the whistleblowing scheme is well established.

### Tax transparency

Danske Bank has 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 do not challenge the boundaries of the law.



### 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
- Financial Crime Policy
- Market Abuse Policy
- Remuneration Policy
- Security Policy
- Stakeholder Policy
- Supplier Code of Conduct
- Sustainable Finance Policy
- Responsible Investment Policy
- Tax Policy
- Treating Customers Fairly Policy
- Whistleblowing Policy

We are committed to disclosing our tax payments in accordance with national and international requirements and in line with good practice among our peers. 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, and we do not participate in any aggressive tax arrangements. Our mandatory training on financial crime prevention includes understanding tax affairs at customer level and detecting tax evasion.

### Zero tolerance on bribery and corruption

The management and mitigation of bribery and corruption risks is embedded in our compliance framework. The Group's Financial Crime Policy sets the principles for managing all financial crime risks, including bribery and corruption. The principles are elaborated upon in our Anti-bribery and Corruption Instruction, which provides employees with detailed guidance on identifying, preventing, managing, reporting, escalating, and/or disclosing detected or suspected attempts or incidents of bribery and corruption. This framework is further supported by our Conflicts of Interest Instruction and by our zero-tolerance stance on bribery and corruption, as expressed in our Code of Conduct.

The Group's Gifts and Hospitality Instruction sets strict standards for the ethical provision and acceptance of gifts, entertainment and any other benefits or items of value. Together, these policies and standards ensure that Danske Bank is compliant with all relevant bribery and corruption legislation in the regions we operate in, and they underpin five key principles: (i) not to accept or solicit bribes in any form; (ii) 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 2022, our mandatory bribery and corruption prevention training course was further enhanced, and we also expanded the number of anti-bribery and anti-corruption specialists across business and compliance functions.

## Group-wide mandatory risk and compliance training

Danske Bank's mandatory eLearning training provides essential knowledge to empower employees to do the right thing for customers, colleagues and society. All employees must complete annual 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. In 2022, 97% of employees completed and passed the training in line with our target.



### Code of conduct

What are the conduct policies and standards that all employees must live up to.



### Share your concerns

Why we embrace a speak-up culture, how we share our concerns and report wrongdoings, e.g. through the whistleblowing scheme.



### GDPR

How to protect personal data and comply with the EU General Data Protection Regulation (GDPR).



### Competition law

How the requirements affect our activities, including key risk areas.



### Everyone is a risk manager

What defines good risk behaviour, and how to create a sound risk culture.



### Conduct risk

How conduct risk fits into the way we manage risk and how to act when a conduct risk is identified.



### Fighting financial crime

How to prevent money laundering, the financing of terrorism, fraud, bribery and corruption, tax evasion, and the breaching of financial sanctions.



### Anti-bribery and corruption

How to identify and handle bribery and corruption risks, and what are the principles for giving and receiving gifts and hospitality.



### Conflict of interest and market abuse

How to understand what constitutes a conflict of interest and market abuse, and how to behave in such situations.



### Security and operational resilience

How to recognise threats to IT security and signs of fraud, and how to respond.

In addition to our risk and compliance training, we have an eLearning course on sustainability, see p. 41.

### Read more

For more details, please see our [Annual Report 2022](#) and our [Risk Management 2022](#) report.



# Financial crime prevention remains a top priority

Criminal misuse of the financial system facilitates some of the most serious crimes – from terrorism to human trafficking – and it has a detrimental impact on society. The threat landscape is constantly changing, which was demonstrated this year by the extensive sanctions imposed on Russia and Belarus and by the emerging fraud trends exploiting the increasing instability in our society. At Danske Bank, we are committed to fighting financial crime, and our work to stop the flow of money from unlawful activities is unrelenting.

## Progressing with our transformation

To prevent and detect financial crime, we are continuing to enhance Danske Bank's financial crime framework to ensure that we have the right people and controls in place. We are carrying out a comprehensive, multi-year transformation programme, our Financial Crime Plan, that covers all aspects of financial crime risk management such as policies and procedures, training of employees and introduction of advanced technologies. In 2022, substantial progress was made with this Group-wide plan, which we are looking to complete by the end of 2023. The plan initially covered

risks associated with money laundering, terrorist financing and sanctions, and it was expanded in 2021 to also cover fraud, tax evasion and facilitation of tax evasion, and bribery and corruption.

In support of this transformation, we have built a robust governance structure and have issued new and enhanced policies and underlying instructions. A key example is our overarching Financial Crime Policy, which sets out our principles and standards for the management of financial crime risk.

Throughout 2022, we continued to recruit new employees who possess expertise in the area of financial crime, and by the end of the year, 3,600 full-time members of staff were working on our financial crime prevention agenda across the Group.

Work with maintaining and strengthening the capabilities of our employees is ongoing, and in 2022 we analysed training needs to ensure that employees receive targeted training relevant to their specific roles. To supplement our annual Group-wide mandatory eLearning courses on financial crime, see p. 31, customer-facing units across the Nordic countries were offered cultural training to support their dialogue with our customers on the topic of financial crime. Furthermore, specialist training developed and delivered in 2021 was continued in 2022, and over 250 new employees completed the training.

Our introduction and utilisation of new and advanced technologies in 2022 led to significant improvements in our processes, systems and controls in a number of important areas. For example, in the area of transaction monitoring, we reached a notable milestone as all core scenarios, which have been specifically tailored to Danske Bank's risk appetite, were incorporated into our new and enhanced monitoring platform. We deployed the first version of our new supervised machine learning hibernation model, which enables us to

reduce the number of false positive hits. By doing so, we can scrutinise transactions for unusual or suspicious activity more effectively. We also developed and implemented improved data controls to support the ongoing monitoring of data quality and coverage of our transaction monitoring. We will thoroughly explore the next generation of transaction monitoring, and we will continue to look at how we can utilise technology to better combat financial crime.

We also took important steps to enhance our data capabilities to target financial crime risks in a more precise and sophisticated way. We integrated a dedicated data governance workstream into our Financial Crime Plan and centralised financial crime data and analytics teams to provide an enhanced and holistic view of what we know about our customers, their counterparties and the risk they pose to us.

## Advancing our efforts through partnerships

At Danske Bank, we firmly believe that a joint approach to fighting financial crime is essential to make the financial systems safe and resilient. Over the past years, we have joined forces with industry colleagues and public authorities, and we continue to engage actively in various initiatives and collaborations aimed at strengthening our collective defences.

Through our Nordic and European banking associations, we participate in the development of shared IT solutions and industry standards, and we support the development of enhanced legislative frameworks to fight financial crime. For example, we contribute our input and expertise to the European Union's Anti-Money Laundering and Counter-Terrorist Financing rules.

We also encourage and engage in public-private partnerships aimed at combatting financial crime more effectively. We do this by bringing together private actors and public authorities in



## Ambition

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

## 2022 performance

In 2022, we completed ongoing due diligence on 95% of our targeted customers.

## SDG contribution

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

### Sanctions against Russia and Belarus

On 24 February 2022, Russia launched a large-scale invasion of Ukraine, and sanctions authorities responded by imposing significant sanctions on Russia and Belarus. Danske Bank is following the situation in Ukraine closely and complies with the sanctions imposed by relevant sanctions authorities, including the UN, the EU, the UK and the US. Since 2019, we have been investing heavily in our Sanctions Compliance Programme, and this enables us to rely on our existing capabilities and framework to aid compliance with the newly imposed sanctions. Furthermore, we took a number of specific and extraordinary decisions and actions in 2022 to respond to the exceptional and rapidly evolving situation.

In addition to our usual monitoring of regulatory developments, we performed ongoing monitoring of regulatory updates specifically related to Russia's infringement of Ukrainian sovereignty. Within our existing governance framework, we held extraordinary meetings in relevant committees and forums to support a consistent risk appetite across Danske Bank related to Russia and affected customers, transactions and activities. We updated relevant governance

documents, including our Guidance on Russian Sanctions, to reflect the new restrictive measures imposed.

We also implemented a number of internal and external communications initiatives, such as websites dedicated to the developments, to raise awareness of the new restrictions.

Several of our existing controls and processes were developed and updated to enhance and expand our screening coverage of Russia-related transactions. We are also closely monitoring former and new patterns in customer and transactional behaviour, for instance to detect new sanctions evasion strategies.

We will continue to observe relevant sanctions regimes in all jurisdictions in which we operate and to which we are exposed. As such, we are closely monitoring our direct and indirect sanctions exposure and ensuring that all actions taken to comply with the frequently changing applicable sanctions regimes are carried out without undue delay.

confidential forums, creating a space where relevant strategic and operational information can be shared within the applicable legal frameworks.

In 2019, Finance Denmark's Anti-Money Laundering Task Force, of which Danske Bank was a member, proposed the establishment of an operational collaboration between private actors

and public authorities to exchange complementary sets of information about serious cases of money laundering or terrorist financing. In 2021, the Danish government put forward a proposal to establish such collaboration under the Special Crime Unit, and in 2022 we took part in the creation of this important partnership, which is expected to become operational in 2023.

Danske Bank is also an active member and contributor in similar public-private partnerships outside Denmark. These include the Swedish Anti-Money Laundering Intelligence Taskforce; the Finnish Anti-Money Laundering Intelligence Taskforce; and the Norwegian private and public sector collaboration to combat money laundering and financing of terrorism, OPS AT.



### Raising fraud awareness

The fraud landscape remained challenging during 2022 as fraudsters sought to exploit increasing societal instability and customer vulnerability to defraud individuals and businesses. The number of attacks on our customers increased by 28% in 2022 in relation to 2021.

Scams remained the preferred route of these criminal attacks, and the types of scams used by fraudsters evolved throughout the year. In addition to known types of scams such as investment scams, we also observed scams exploiting current trends such as energy price concerns, for instance by luring victims with bogus offers of discounted firewood.

In 2022, we focused on responding to emerging trends and on strengthening our fraud prevention capabilities. We also intensified our efforts to raise fraud awareness among our customers and the broader public, for example by providing customers who have experienced a fraud attempt with information on how to protect personal credentials and how to recognise fraud attempts.

Our work to take down fraudulent advertisements or websites that misuse Danske Bank's brand is ongoing, and we remain dedicated to reducing the volume of online scams that our customers are exposed to.



# Supporting customers in uncertain times

Rising prices, particularly for energy, and rising interest rates are affecting customers across our markets. At Danske Bank, our primary task is to advise and assist our customers, and our role as a bank is never more important than during times of uncertainty such as now.

In 2022, we intensified our advisory activities, and we were in even closer dialogue than usual with our customers to help them address current financial challenges and to reduce uncertainty. We continued to offer credit and loans to otherwise financially healthy households and viable businesses that are burdened by temporary financial constraints. At the same time, we acted as a catalyst for the green transition by advising customers and by allocating capital to projects that promote sustainability. This included advising on the most valuable and efficient energy savings in partnerships with energy consultants and offering attractive financial solutions to customers who want to invest in a more sustainable home or business.

We proceed with unabashed determination to become the preferred bank for our customers today and for generations to come. It has become clear that customer satisfaction trends considerably higher when a transaction or interaction with an adviser is involved, as opposed to satisfaction based on pure percep-

tion. To understand our customer satisfaction scores more accurately, we have adjusted our measurements to capture the concrete value delivered to our focus segments. Our former ambition of being in the top two across all segments has therefore been replaced by more specific and nuanced goals.

## Tailored and targeted assistance in 2022

### Personal customers

Many households have found ways to save money, for example by cutting back on holidays, turning down the heating or shopping for discounted goods. Nevertheless, we saw an increased need for reviews of personal customers' investment plans or pension plans.

As a supplement to the direct assistance provided by our advisers, we introduced on our Danish website a new section, 'Din økonomi i en usikker tid', which provides personal customers with perspectives and advice about household spending, investment and pension. Similarly, we created our online Money Worries Hub in Northern Ireland, which offers advice and assistance to those worried about the financial impacts of the increased cost of living.

We also conducted a campaign targeted at homeowners in Denmark with information about how to save money with energy improvements, our housing loan offerings and how to apply for energy subsidies.

### Business customers

We advised many of our small and medium-sized business customers, who have been hit hard by rising energy prices, about how to stay competitive despite rising costs, for example by securing a liquidity reserve or by rethinking their storage policy. Among our largest corporate customers, we saw an increased need for financial risk advisory services and support to help them navigate inflation, volatile debt markets, currency turbulence and supply chain challenges.

By offering webinars hosted by experts from Danske Bank, we were also able to provide frequent updates to our business customers on the prospects for the global economy, financial markets, sanctions and energy prices. Furthermore, we offered issuance of bank-financed loans and export-related insurance products.

Danica Pension offered business customers an aid package for employees affected by the war in Ukraine and provided an adapted version of its loss of earning capacity product, which has made it easier for businesses to help their affected employees.

### Read more

For more details about customer satisfaction and data ethics, please see our [Annual Report 2022](#).



## Ambition

To rank, on average, among the top two banks for customer satisfaction in everything we do by 2023.<sup>1</sup>

## 2022 performance

- Personal Customers: Below target
- Business Customers: On target
- Large Corporates & Institutions: Number 1 in Customer Satisfaction according to Prospera Grand Total Nordics (Nordic Prospera research by Kantar)
- Danica Pension: Number 2 in Aalund's business-to-business rating according to Aalund Research survey
- Northern Ireland: Number 1 in both Personal Banking and Corporates & Business Banking

## SDG contribution

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

<sup>1</sup> The group ambition is currently being revised.



*In 2022, we conducted multimedia campaigns in Finland and Sweden on the importance of knowing and taking control of one's own finances and on how personal educational and familial choices affect a women's personal finances throughout their lifetime.*

### Treating customers fairly

To ensure that customer advisers act in the customers' best interest, all advisers receive continual training in how to offer the most suitable products and advice. In 2022, we introduced our new Treating Customers Fairly Policy. This policy serves to ensure fair and compliant outcomes for our customers by outlining common principles and standards as established in applicable laws and regulations covering products and services provided by the Group.

### Comprehensive sustainability training

Supporting our customers in their green transitions also requires that our advisers are equipped with the specific skills in the areas of sustainability and sustainable finance that match their customer segments and types. During 2022, we continued to develop and roll out a comprehensive and targeted training programme for advisers across the Nordic countries and Northern Ireland to prepare advisers for customer dialogues on our various sustainable finance offerings and endeavours. We also provide annual sustainability training to all employees, see p. 41.

### Removing negative interest payment

In October 2022, Danske Bank removed negative interest rates for all customers and introduced positive interest rates for personal customers, subject to the size of the customer's savings. The changes ensure that the overall value proposition for our customers is strong

and competitive and that Danske Bank's core business remains robust.

### Closing legacy cases

The internal investigation into the non-resident portfolio at the now-closed Estonian branch launched in 2018 to examine alleged violation of the rules on prevention of money laundering was completed in 2020. In December 2022, Danske Bank reached coordinated resolutions with the US and Danish authorities regarding the Estonia matter. We fully accept the findings and apologise unreservedly for the unacceptable historical failings and misconduct, which have no place at Danske Bank today. Danske Bank has cooperated with all investigations, which have resulted in a total settlement of DKK 15.3 billion, and we have taken extensive remediation action to prevent any similar occurrences.

Since Danske Bank became aware of the systemic nature of the errors in the bank's debt collection systems in 2019, we have been working intensely to find a solution to the problems and to compensate affected customers for potential overcollection in relation to their debt collection debt. This work has taken place in dialogue with relevant authorities. However, as our remediation efforts have progressed, new issues have emerged. This has increased the scope and complexity of the challenges considerably, and the timeline for resolving the issues could now extend beyond 2024, which is unsatisfactory

for our customers and for Danske Bank. We therefore took the decision in 2022 to set the debt of approximately 90,000 debt collection customers to zero, which will provide clarity for the vast majority of our debt collection customers throughout 2023.

To provide full transparency, we provide descriptions of significant legacy case on our [website](#) together with details of our remediation efforts and statements of inspections from the Danish Financial Supervisory Authority (the Danish FSA).

### Advantageous loans for small businesses

When the coronavirus pandemic hit more than two years ago, Danske Bank quickly intervened to assist personal and business customers who found themselves in financial difficulties. By extending credit facilities and prolonging payment deadlines, we helped many of our customers find the necessary solutions in a difficult time. In 2022, we offered an advantageous loan type aimed at helping small business customers in Denmark to pay back their state-guaranteed COVID-19 relief loans. The Danske Bank loan has a favourable interest rate, no fees and has a term to maturity of four to five years, which gives customers a longer period of time to settle their debt than the two-year period offered by the Danish tax authorities. Furthermore, the loan is tax deductible.





**Increasing digital convenience**

At Danske Bank, increasing digital convenience for our customers is a top priority, and we continue to take advantage of digital innovations by expanding our digital products and online services. In 2022, we focused on improving our digital self-service solutions to further support our customers in their simple day-to-day banking needs. For example, we added a new feature in our mobile banking app that allows personal customers across the Nordic markets to easily and quickly create a new account directly via the app. Another example was the launch of our new self-service solution, Marketplace, on our digital platform for business customers in Sweden. In Marketplace, business customers can browse products and start the ordering process, which enables them to meet new business needs within a short time frame. In 2023, Marketplace will also be made available in Finland and Norway.

Being a Danske Bank customer should also be easy for people who are less

comfortable with digitalisation and for those with disabilities. In 2022, we undertook considerable work to ensure that all our digital solutions can be used by every customer.

**Data ethics and protection**

In 2021, Danske Bank introduced a set of ethical principles for how the increased amount of customer data available may be used to personalise our products - while continuing to protect the customers' interests. During 2022, we further integrated these principles into our governance framework, including instructions on personal data protection that govern how personal data is processed by the Group. This framework also guarantees that individuals can exercise their personal data rights in accordance with relevant data protection legislation such as the General Data Protection Regulation (GDPR) and national data protection legislation. In 2022, we also improved our mandatory eLearning training course on data protection and GDPR, see p. 31.

**Cybersecurity enhancements**

The increasing digitalisation of our society provides many new opportunities, but it also makes us more vulnerable to hackers and fraudsters who have malicious intent. At Danske Bank, we are continuously working to reduce the risk of cyberattacks by taking the necessary actions to ensure that our digital solutions are reliable and that customer's assets are safe and personal customer information remains confidential. In recent years, we have implemented large-scale cybersecurity enhancements, and we will continue to design new robust security capabilities and implement these into our digital solutions. To ensure that our employees and customers have the necessary skills to protect themselves against cyberattacks, we will also continue to provide training and raise awareness. Furthermore, we are collaborating with relevant national cybersecurity authorities across the Nordic countries and the United Kingdom, and we are working with universities and industry peers to share our knowledge and experience.



**Supporting the adoption of MitID in Denmark**

Developed by the Danish Authority for Digitisation and Finance Denmark, MitID is a fully digital ID that residents in Denmark can use for self-service access to public services and online banking. In 2022, Danske Bank supported the adoption of MitID across Denmark by migrating more than 1.1 million Denmark-based customers to the new MitID solution. We invested substantially in helping to ensure a smooth process for our customer to migrate to MitID. This included increasing staffing of support functions, developing a migration solution and providing guidelines to customers.

# Building a sustainable supply chain

Danske Bank has approximately 2,000 active suppliers and an annual procurement spend of around DKK 10 billion. This means that we can make a real difference by ensuring that the products and services we purchase are produced responsibly and support the transition towards a sustainable economy. In 2022, we finalised the implementation of our new improved supplier ESG assessment process, which is fundamental in helping us to build a resilient and sustainable supply chain. ESG assessment results are used in tender evaluations and in ongoing contract management and supplier dialogue.

The ESG assessment process is managed on the independent sustainability platform Integrity Next, which combines supplier assessments with real-time social media monitoring. Integrity Next enables us to strengthen sustainability risk mitigation and increase supply chain transparency, and approximately 40% of our total active suppliers were invited for ESG assessment via the platform in 2022. We prioritised high- and medium-risk suppliers, with risk based on sector/category and location.

## Ongoing dialogue

At Danske Bank, our approach is to help our suppliers improve their ESG performance, and if they do not comply with our requirements, we will enter into a constructive dialogue with them. A supplier that scores below expectations in the ESG assessment must enter into an agreement with Danske Bank about an improvement plan, and we may exercise the right to terminate the supplier contract if issues are not resolved as agreed.

## Independent audits

Each year, we conduct a handful of independent third-party supplier audits. Suppliers are selected on the basis of their ESG profile and their importance for our business. In 2022, we audited a Nordic media supplier, a Danish supplier of merchandise and two Lithuanian IT consultancy agencies. The audits revealed no serious cases of non-compliance. However, we see that the audited suppliers in general need to refresh their policies and internal processes by incorporating a sustainability focus, and we are in dialogue with them about how to proceed with this.



## Office furniture with ecolabels

In 2022, we invited tenders for the provision of new furniture for our new Linköping office in Sweden. Sustainability was assigned a weighting of 20% in the vendor scoring, and suppliers had to provide documentation of the percentage of furniture with official ecolabels or other recognised environmental certifications. The chosen vendor has ecolabels on 85% of its furniture and is also climate-compensating its transportation. Most of the existing furniture and office equipment from the old Linköping office was reused at the new office or at other Danske Bank premises, with the rest being sold, donated or sorted for recycling.

## Danske Bank's sustainable supply chain process is built on three pillars

### 1 Supplier Code of Conduct

All suppliers must agree to comply with Danske Bank's Supplier Code of Conduct or equivalent. 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.

### 2 ESG assessment

All suppliers are invited to assess their ESG performance on the sustainability platform Integrity Next and are asked to upload certificates. Danske Bank can customise the ESG assessments for different sourcing categories, and suppliers can update their ESG profile at any time. The dynamic update enables easy follow-up of suppliers' ESG performance.

### 3 Environmental requirements

Environmental requirements are set for selected sourcing categories such as office services and supplies, conference venues, furniture and textile, IT equipment and merchandise. Current requirements include ecolabels, and future updates will add circular economy-related aspects such as reusability, refurbishment and reparability.

## Ambition

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

## 2022 performance

Approximately 40% of our total active supplier base has been invited for ESG assessment; the suppliers invited represent high- and medium-risk sourcing categories.

## SDG contribution

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







In 2022, Danske Bank again sponsored Copenhagen Pride, held in August. Under our 'Free To Be Me' message, we hosted several events and webinars with external speakers to open the conversation about intersectionality, share our knowledge and how supporting minorities is part of everyone's work. We also mobilised around 120 colleagues through Danske Bank's Time2Give corporate volunteering programme, see p. 42 - the highest number of Danske Bank volunteers for Copenhagen Pride yet.

## ◀ Fostering an inclusive culture

For several years, Danske Bank has been working on creating a more diverse workforce and inclusive culture as one of the key drivers in building a better workplace. We believe that embracing

the diversity that employees bring to the workplace will help us to become a better bank for all our stakeholders, including our customers.

some of our most influential employee networks - which are growing across the organisation - are connected and heard when strategy and initiatives are discussed.

### 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% on the BoD (AGM-elected)

### 2022 performance

39% women in leadership  
34% women in senior leadership  
25% women in the ELT  
44% women on the BoD (AGM-elected)

### SDG contribution

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

Continuing to adjust and raise our level of consciousness is a pivotal focus. We all have biases that we are not always aware of, which is why it is important for leaders and employees to take ownership, challenge the status quo, and be open and curious to listen, learn and embrace new structures and different perceptions.

In 2022, 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, we updated our D&I Policy in anticipation of new legislation in Denmark, and we raised the profile of our D&I team to elevate and integrate our efforts more broadly and deeper across the organisation. To further increase relevance and impact, we updated the governance of the D&I Council to ensure that the voices of

### Increasing 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%.

The women/men gender balance among the nine members elected to our Board of Directors (BoD) at the Annual General Meeting (AGM) is 44%/56% and has improved with the addition of one man and one woman. When we include the four employee-elected members of the BoD, the gender balance of the BoD is 54%/46%, which equates to full gender equality.

In 2022, changes to the organisation and Executive Leadership Team (ELT) resulted in a gender balance of 25%/75% in the eight-member team. Among our senior leaders, the share of women

increased from 32% in 2021 to 34% in 2022. For leadership positions in general, the share increased from 38% in 2021 to 39% in 2022. However, we recognise that structural and cultural barriers prevent women from accessing all leadership levels, 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 a professional scanning tool for our Danish and English recruitment ads to ensure inclusive language, we have D&I Dashboards in place to create transparency, and the Bloomberg Financial Services Gender-Equality Index helps to guide our internal efforts and creates transparency externally.

#### Gender pay gap

The median gender pay gap is the difference between median hourly earnings of men and women across the Group, and it indicates whether the gender population is distributed fairly from lowest- to highest-earning positions.

In 2022, we saw an increase in the median gender pay gap from 19% in 2021 to 24%. This increase reflects how different types of work have traditionally been valued and remunerated, thereby leading to a disproportionate number of men in higher-paid positions – a situation that remains a reality in some of the low-cost countries in which Danske Bank is growing. This has a negative impact on our overall progress. However, we expect to see a steady improvement in the median gender pay gap 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 rewarded

Danske Bank is working continuously to improve LGBTQ+ rights and conditions. In 2020, we joined Stonewall's Global Diversity Champion Programme to further strengthen our work to become a more inclusive workplace for LGBTQ+ colleagues. In 2022, we reported on our work for the first time, which earned international acknowledgment: Danske Bank was ranked amongst the world's top 100 employers for our efforts to improve LGBTQ+ rights. Stonewall in particular recognises Danske Bank for having inclusive workplace policies in place, such as our D&I Policy and our Global Transgender Instruction.

Our employee networks also earned recognition. Our Danske Rainbow Network is both for LGBTQ+ colleagues and allies, and its primary focus is to ensure and secure an environment where all LGBTQ+ colleagues feel they belong. As well as being a safe space, the network exercises a strong voice across the Group to help improve processes and evolve our culture to be even more inclusive. During 2022, we saw a growth of existing and new internal employee-led rainbow networks, and we now have

such networks in Lithuania, Poland, Norway, Northern Ireland and Denmark. We were also recognised for our different ways of showing allyship to LGBTQ+ colleagues, for example by celebrating Copenhagen Pride and actively showing support by participating in different events – and also by showing support visually by employees using and wearing various rainbow merchandise.

#### Improving age diversity

Because every country has its own culture and differentiation, Danske Bank Lithuania in 2022 initiated a differentiated hiring campaign to attract mature talent and improve age diversity. Job ads were revised to make them attractive for all ages, and the campaign resulted in an increased share of hires across all ages above 29 from 34.8% in 2021 to 39.3% in 2022. The annual Zero Discrimination Day was also dedicated to age diversity.

#### Reflection spaces in the workplace

In 2022, we created a dedicated prayer and reflection space in our head office in Northern Ireland following feedback from our Origins racial equality network, launched in 2021. In the other countries where we operate, the need for reflection space is considered when offices are relocated.

#### Read more

For more gender diversity figures, please see p. 48 and our [Sustainability Fact Book 2022](#).

#### Tapping into the neurodivergent talent pool

At Danske Bank, we are looking into ways of broadening our diversity focus beyond gender. Including more neurodivergent people in the workforce is one way to highlight the fact that diversity goes beyond what we can see. Embracing our differences and creating ownership of an inclusive workplace enables us to release our full potential.

In 2022, our Technology & Services organisation initiated a successful partnership with Specialisterne, which is a Danish non-profit organisation that helps companies integrate into their workforce neurodivergent people who think and solve problems in uncommon ways. So far, we have taken on 11 consultants from Specialisterne, and more

will join soon. The collaboration is another expression of our ongoing efforts to create an inclusive workplace in which we embrace the strengths of our differences.

Similarly, Danske Bank Northern Ireland is working with a number of partners to provide work experience and employment opportunities to people with learning difficulties, autism and other disabilities. In June 2022, we shared our experiences at the Harkin International Disability Employment Summit 2022 held in Belfast. The summit gathered hundreds of delegates from around the world to discuss how organisations can approach, support, and enable persons with disabilities to achieve their career goals.



# Creating a better and more attractive workplace

At Danske Bank, we are working to become an even more an attractive and inclusive workplace where everybody feels that they belong and that offers employees flexibility in their work and support in their professional development. We believe that such a workplace serves to release the potential in people and encourages new ways of working.

To guide our ways of working and shape the culture across Danske Bank, we in 2021 introduced a new foundational framework, which sets out our Purpose and Culture Commitments. Throughout 2022, we endorsed these further through our internal communication channels by using case stories to demonstrate how our Purpose and Culture Commitments are playing out in real life. In September, we launched the Pondus Awards, which is an initiative that encourages employees to nominate colleagues and teams who they see as exemplifying our Purpose and Culture Commitments. Within three weeks of the launch of the Pondus Awards, more than 1,000 nominations had been submitted, and the initiative continues as a recurring activity held quarterly.

**High employee engagement score**  
Our Culture Commitments are further promoted through our extensive work

with our Culture and Engagement survey, which is carried out twice a year. The survey conducted in the latter half of 2022 saw a response rate of 92%, which strongly reflects the fact that employees are keen to share their views and are dedicated to taking part in further improving their workplace. At a Group level, the survey showed solid progress across almost all areas, and the employee engagement score of 76 was an increase from the 2021 score of 74 and remains on track for our 2023 target of 77. We also achieved progress within the area of diversity and inclusion but saw a need to increase our focus on fostering a flexible workplace and developing leadership at all levels of our organisation. In direct response, our HR organisation scaled up the support it provides to teams and leaders and introduced dialogue packages covering various topics that can be used by teams in training and as sparring for leaders.

**Purposeful leadership and development**  
The culture that is created and demonstrated by leaders across our organisation is a crucial element in ensuring that employees succeed in releasing their own potential. In 2022, we invested heavily in leadership development to ensure that all leaders are able to lead in line with our Purpose and our Culture Commitments. A third of all leaders participated in leadership development programmes focused on purposeful leadership, increasing self-awareness and awareness of context, choices and unconscious bias.

Our Grow@Danske dialogue tool supports frequent conversations between leaders and employees on the topics of performance, expectations and goals. With their focus on growth, feedback and a forward perspective, these conversations have a positive influence on the relationships between leaders and team members, thereby increasing engagement and performance across the organisation. We also work systematically with succession and talent management

to maintain and further develop a strong talent pipeline.

**More hybrid work and flexibility**  
Danske Bank's flexible working model has had a positive impact on employee engagement and well-being, and we continue to enable more hybrid and flexible settings by building upon the lessons we have learned from working at home and from the office.

Through our cross-functional Working@Danske programme, we are redesigning our workspaces and meeting places, introducing new digital tools, and



## Our Culture Commitments



### Team up

We create value for our customers by being one bank



### Be open

We seek potential and make transparency and inclusion a priority



### Own it

We aim high and take ownership for better results

### Ambition

To achieve an employee engagement score of 77 by 2023.

### 2022 performance

An employee engagement score of 76 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.

developing leader and employee capabilities. The split between working from the office and working from home is decided upon by employees and their local leaders and is tailored to accommodate the tasks and collaboration requirements of each individual team. Working from home must always be voluntary, and our Working Environment Committee regularly ensures that working from home safeguards the security and health of employees at all times.

As well as focusing on addressing major workplace 'timewasters', we throughout 2022 also focused on establishing focus zones in workspaces, adapting new capabilities and tools, and fostering working communities and employee well-being.

#### Support for mental health and well-being

A high-paced work environment may be a risk for the mental and physical health of employees. Our Mental Health & Well-being website offers a wide range of tools to help all those working at Danske Bank to thrive - both physically and mentally. These tools include inspiration on how to stay healthy and active during the day and how to prevent and cope with stress. In 2022, we also included tips for leaders on how to spot and work with employees showing symptoms of stress.

Following the positive feedback on our 2021 Mental Health Week, we chose to expand our Mental Health Week initiative in 2022. We held two weeks in January and February focused on work-life balance, and two weeks in September focused on social work relationships in a flexible work setting. A total of 25,000 employees signed up for the many different sessions on the importance of mental health and on ways to improve our own mental health and well-being.

#### Better Ways of Working

During 2022, we saw the effect of the changes brought about by our Better Ways of Working initiative. As part of Danske Bank's 2021 reorganisation, more than 4,000 employees were moved from specialist departments into 26 cross-functional teams working towards one common goal. The reorganisation accentuates a clear allocation of accountability, and the 26 cross-func-



#### Survey on discrimination and harassment

In spring 2022, we conducted an in-depth survey that focused specifically on discrimination and harassment. More than 13,000 staff members participated in the survey, of whom 3.4% stated that they had experienced harassment at some time during the previous 12 months. The survey also showed that women and different minority groups were more exposed to discrimination and harassment than others. Furthermore, the survey showed that we can make reporting tools more visible and increase openness and trust to have courageous dialogues when so-called micro aggressions occur. Only 30% of incidents were reported, which is of course a situation that we find unsatisfactory.

To reinforce this, we in 2022 reiterated the expectations we have of leaders when it comes to being aware of their own role, their biases and how to address microaggressions, discrimination and harassment. We developed a new team dialogue tool to support leaders in facilitating team sessions about these topics. Also, we included a module on anti-discrimination and harassment in our sustainability eLearning course and raised employee awareness about how they can report incidents in a safe and confidential manner, see p. 31.

tional teams operate with both a high degree of autonomy and strong alignment processes for cross collaboration. As well as empowering employees in their work, the reorganisation brings about greater efficiency across the Group and speeds up the digitalisation of customer journeys - and the 26 teams are able to deliver products and processes faster to customers and colleagues.

#### Sustainability training for all

At Danske Bank, sustainability expertise is anchored in several clusters across business units that are working to integrate sustainability into our processes and solutions. To ensure that all employees know how we are working with sustainability and how they can use this insight when they engage in discussions with colleagues, customers and partners, all employees must undergo an annual sustainability eLearning course. The eLearning course has a mandatory sustainable finance module, which is

designed to support our common understanding that we create the greatest societal impact as a bank through our core business activities. In addition, the eLearning includes a number of voluntary modules through which employees can learn about our efforts in our other strategic focus areas, and more than 6,000 employees voluntarily completed these optional modules in 2022. As a follow up to our sustainability impact assessments, see p. 16, we will in 2023 develop content and key messages on biodiversity and greenwashing for the mandatory module on sustainable finance, and we also plan to develop and launch a separate mandatory module on human rights to create awareness of how many aspects of our business this is relevant for.

#### Read more

For more employee figures, please see p. 48 and our Sustainability Fact Book 2022.







*Five Danske Bank employees spent one workday in May 2022 at a Danish Red Cross Crisis Warehouse packing toys and office supplies for Red Cross activities in Ukraine.*

## Volunteering for Ukraine



Danske Bank's corporate volunteering programme, Time2Give, gives employees the opportunity to spend one workday per year participating in voluntary work. However, as an immediate response to the war in Ukraine, the programme was extended to enable employees to spend two additional workdays in 2022 participating in voluntary work to support those affected by the war. A total of 691 employees across the Group donated 5,300 hours in support of this specific cause.

Employees in Lithuania and Poland were particularly active in taking immediate action and volunteering in the local areas in their own countries most affected by the war. The voluntary

work included providing transport and accommodation for refugees, packing aid packages for refugees, assisting with the registration of refugees at borders, and providing translation services for refugees. In Denmark, employees built a website for a local Ukrainian aid organisation and developed information material, and they also hosted welcome sessions to help refugees to settle in a new country.

Other examples of voluntary work carried out in 2022 included the World Cleanup Day event held in September. At this event, 306 employees from nine office locations across countries participated and collected more than 1,500 kg of litter and waste from areas

close to their local Danske Bank premises. Also, employees from Danske Bank collectively donated more than 7,000 hours for the execution of the 2022 Copenhagen Pride event, with almost a quarter of all volunteers in the event coming from Danske Bank.

Altogether, more than 3,346 employees across the Group donated 29,900 hours and competencies, representing a value of almost DKK 5.4 million in 2022.

It has been shown that our Time2Give initiative enhances employee engagement. In surveys conducted among 909 Danske Bank volunteers in 2022, 84% of the volunteers stated that they feel an increased sense of pride in working at Danske Bank and 84% stated that they feel an increased sense of team spirit between themselves and their colleagues. By helping to create a better working environment and by enhancing workplace satisfaction and job performance, our volunteering programme also contributes to attracting and retaining employees at a time when employees increasingly prefer to work at organisations that have a strong and clearly defined purpose.



In Danske Bank's Time2Give programme, employees can choose the cause they wish to support, or they can in some countries sign up for an event organised by Danske Bank together with a local organisation. In several countries, Danske Bank has established partnerships with local organisations to collaborate on the development of corporate volunteering.

# Reducing carbon emissions from our own operations

In order to take a lead on sustainable finance and inspire our customers in their transition journeys, we need to minimise the environmental footprint from our own operations. In 2022, we continued to increase the transparency of our scope 3 carbon emissions from our own operations. To reflect the redistribution of operational emissions from our office locations to employees' home locations resulting from flexible ways of working, we included emissions from employees working from home in our reported emissions. We plan to include emissions from employee commuting and from waste in our operations in the scope 3 emissions in 2023.

As part of our Group-wide climate action plan, we have also looked into our target-setting for our own operations in view of the best available scientific data, and from 2023 we will supplement our current 2030 target with a specific scope 1 and 2 target of 80% emission reduction. In 2022, we exceeded our 2023 target.

## Carbon neutrality

Since 2009, all reported carbon emissions from Danske Bank's 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. In 2022, the carbon

credits equated to 6,979 tonnes of CO<sub>2</sub>e emissions across scopes 1, 2 and 3. In line with guidance from the Science Based Targets initiative (SBTi) and industry best practice, 100% of carbon credits are sourced from verified carbon removal projects. Furthermore, 100% of our renewable electricity certificates are certified EKO+, and we are exploring long-term carbon-removal partnerships that can enable us to increase the impact of our carbon offsetting strategy.

## Energy-efficient buildings

We continued to increase the energy efficiency of our building portfolio throughout 2022 by installing LED sensor lighting systems at premises in Denmark, Finland, Norway and India. Other energy-efficiency initiatives included the installation of solar panels at our Swedish head office in Stockholm and the upgrading of cooling and ventilation systems at our Norwegian head office in Trondheim and at our premises in India. Combined, our efforts to reduce our consumption of electricity and heat in 2022 resulted in a 12% decrease from 2021 levels. This equates to a CO<sub>2</sub>e emission saving of more than 646 tonnes.

## Reducing air travel

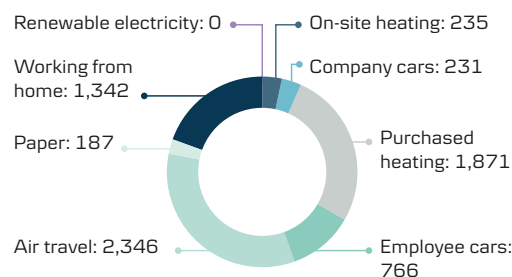
In 2022, business-related travel activities resumed at Danske Bank. However, we continue to maintain a significantly

lower level than pre-COVID-19. Our carbon emissions from business-related air travel in 2022 were 68% lower than in 2019, exceeding our 2022 carbon reduction target of 60%. In order to support reduced business-travel, we have limited the travel budget to 65% lower than 2019, and we continue to prioritise greener options in line with our Group-wide Travel & Expense Instruction, which includes specific guidelines on when employees should take the train instead of flying. We maintain our 2023 carbon emission target of a 55% reduction in air travel from 2019 levels.

## Minimising food waste

The Winnow food waste management system has been tested at our Finnish head office in Helsinki since 2020, and in 2022 we implemented this system at five additional sites in Denmark, Norway and Lithuania. In addition to helping us to identify why and where food waste is happening, this system also identifies how we can adjust menus, food purchasing and preparation in order to minimise food waste. In 2022, these six canteens reduced food waste by 9.3 tonnes, which equates to a CO<sub>2</sub>e emission saving of more than 40 tonnes.

## Carbon emissions from own operations in tonnes across scope 1, 2 and 3 in 2022



In line with SBTi reporting standards, all new emissions categories are backdated to the 2019 baseline year.

Facilitating flexible ways of working has enabled us to reduce office space in Copenhagen by over a quarter, resulting in significant CO<sub>2</sub>e emissions savings on heating.

## Read more

For more environmental figures, please see p. 48, our [Sustainability Fact Book 2022](#) and our [Statement on Carbon Neutralisation 2022](#). For our Group-wide climate action plan and scope 3 financed emissions, please see pp. 10-11. For a further definition of scopes, please see pp. 50-51.

## Ambition

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

## 2022 performance

55% carbon emissions reduction since 2019

468 tonnes CO<sub>2</sub>e scope 1  
1,871 tonnes CO<sub>2</sub>e scope 2 (marked-based)  
4,641 tonnes CO<sub>2</sub>e scope 3

Figures have been rounded. Total emissions are 6,979 tonnes.

## SDG contribution

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

# Supporting Nordic start-ups in scaling their businesses

Danske Bank Growth is a Danske Bank centre of excellence that specialises in helping growth companies across our business and market areas to develop into viable businesses and increase their positive societal impact. Since 2016, we have supported 7,231 start-ups and scale-ups with growth and impact tools, services and expertise. However, the ongoing COVID-19 pandemic and the current uncertain economic situation are affecting job growth among start-ups, and this affects our ability to reach our target of having supported 10,000 start-ups by 2023. Fortunately, we have previously seen that start-ups adapt quickly to changes in their environment and over time will bounce back.

## Diversity commitment

According to Danske Bank's Nordic Startup Jobs report from September 2022, there still is a huge gender founding gap. All-male teams are nine times more likely to be venture-capital backed than mixed teams - and ten times more likely to be venture-capital backed than all-female teams. At Danske Bank, we want to help create equal access to investments and opportunities for all founders as we believe this is crucial for releasing the full potential of new businesses and ensuring that talent,



innovation, job creation and economic growth are not lost. In 2021, we signed a diversity commitment charter initiated by Found Diverse, and we have set target for the representation of female-founded start-ups in our various initiatives and offers.

## Community platform

Danske Bank's free, digital community platform, The Hub, has since its launch in December 2015 helped start-ups recruit the talent they need to scale up and gain access to venture capital. The platform, which is operated by Rainmaking, had 10,000+ start-ups and 1,100+ investors listed by year-end 2022, and 2,300+ of the listed businesses are purpose-driven impact start-ups that are addressing one or more of the UN SDGs. Danske Bank has a 40% minimum target for the proportion of female applicants at The Hub, and female applicants accounted for 48% of all applicants for job vacancies in 2022.

## Accelerator programme

In the +impact accelerator programme, the best Nordic seed-stage start-ups work side by side with partners and get matched with cutting-edge research, global experts, investors and potential clients. The all-expenses-paid programme is co-designed by experts from WeWork Labs, RISE and Danske Bank to bridge the gap and enable Nordic ventures to become global companies that can help solve societal challenges. In 2022, two programmes were held in

Stockholm focusing on innovative solutions that support a circular economy within the fields of agri-food and smart cities respectively. In all, 28 start-ups participated in the programmes, and 39% of the start-ups had all-female founder teams or mixed teams. This is in line with our 40% target. Since the first programme was launched in 2018, 135 start-ups have graduated.

## Angel investor training

Danske Bank Private Banking offers customers intensive training in 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. In 2022, 68 customers participated in training programmes and at pitch events with start-ups in Sweden and Denmark. The share of all-female or mixed founder teams at the pitch events was 26% against a target of 35%. Since the first programme was launched in 2019, a total of 412 customers have participated.

## Read more

For more information, please see the report [Nordic Startup Jobs 2022](#). For a detailed analysis of the Nordic impact ecosystem, including the green growth segment, please see our report [State of Impact Startups 2022](#).



## Ambition

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

## 2022 performance

7,231 start-ups and scale-ups supported with growth and impact tools, services and expertise since December 2015, of which 902 start-ups received support in 2022.

## SDG contribution

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



# Good money habits start at home and at school

Throughout 2022, we witnessed a growing concern among our customers – not least among families – about personal finances, caused by the uncertainties facing the economy. But should parents talk to their children about money-related concerns? According to Danske Bank's September 2022 report on financial confidence

among teenagers, children who talk to their parents about money have better money habits than children who do not talk about money with their parents.

Conversations about money at home or at school can help children make sense of the current situation and put

their minds at ease when it comes to any money worries they may have. However, the Danske Bank report also reveals that almost a quarter of all parents in the Nordic countries do not feel that they know how to talk about money with their children. Supporting parents, caregivers and teachers in such conversations and enabling parents to positively influence the money habits that children develop as they grow up is therefore an essential part of Danske Bank's efforts to help people across our markets to achieve a greater level of financial confidence.

In 2022, we continued to develop our school programmes, and we also resumed our classroom guest lectures after a two-year hiatus caused by COVID-19. Since 2018, we have supported almost 2.1 million people with financial literacy tools and expertise, and we have thereby reached and exceeded our target of supporting 2 million one year ahead of time. In 2023, we will also focus on fostering good money habits in children through entrepreneurship.

## Main initiatives in 2022



### Moneyville – popular across all the Nordic countries

Since the August 2021 relaunch of Danske Bank's free digital learning tool, Moneyville, more than 600,000 children aged 5 to 9 across the Nordic region have played the Moneyville game and learned about how money is earned, how to prioritise spending, and the importance of saving.



### Danske Bank employees teach at schools during Money Week

As part of Money Week in March 2022, hosted by Finance Denmark in partnership with the Danish Association of Teachers of Mathematics, more than 230 Danske Bank employees visited 323 school classes across Denmark to teach students aged 14 to 16 about personal finances. The economic consequences of the COVID-19 pandemic and the war in Ukraine were high on the agenda.



### Peng'Pong continues at home

In 2022, the Peng'Pong learning material on the topic of good money habits was used in Danish schools by about 14,000 pupils aged 10 to 12. Peng'Pong is a partnership between Danske Bank and the Danish students' organisation, and in 2022 we trained an outbound team of volunteers from the Danish students' organisation to meet the high demand for guest lecturing.



### Online universe to support parents

Our online universe, called PengeSkyen in Denmark and Pengevaner in Norway, was visited by approximately 6,500 parents in 2022. Parents can find tips, entertainment and advice from experts on how to foster good money habits in children. Aimed at children aged 5 to 12, the PengeSkyen podcast series includes fun facts and great stories about money, and since its launch in 2021 it has been downloaded about 41,000 times.



### Relaunch of improved Money Smart

In 2022, our Money Smart financial confidence programme in Northern Ireland was delivered 'face to face' by Danske Bank employees, reaching 6,600+ primary and post-primary school pupils. The learning material for the 12+ age group was relaunched with new modules on topics such as fraud awareness and gambling.

## Ambition

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

## 2022 performance

2,079,479 people supported with financial literacy tools and expertise since 2018, of which 481,757 people got support in 2022.

## SDG contribution

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

### Read more

For more information, please see the report [Danske teenagere og økonomisk ansvarlighed](#) (in Danish).



# 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. Four additional environmental objectives are expected to be adopted in 2023.

The Danske Bank Group has initiated the integration of the EU Taxonomy Regulation in relation to the Group's sustainable financial product and investment offerings. With the latest update of our Green Finance Framework, we are

expanding green lending to new sectors and we are taking the EU's criteria for sustainable economic activities into account. The green loan categories in the framework have been broadly aligned with the technical screening criteria defined in the EU Taxonomy Regulation. However, the updated framework also includes green loan categories that are either not yet covered by or diverge from the EU Taxonomy.

Danske Bank has established a number of projects to integrate ESG data into the bank's systems and solutions. This supports our focus on ensuring that Danske Bank continues to comply with sustainable finance statutory reporting

obligations and also supports the integration of ESG data into business-related processes throughout the bank.

The adoption of Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS), which will replace the Non-Financial Reporting Directive (NFRD), will support the further implementation of the EU Taxonomy Regulation in our business strategy, IT systems and investment and lending processes.

## Taxonomy Regulation – Mandatory reporting

At 31 December	2022	2021	Content of Regulatory Metric
1. Taxonomy-eligible activities as a proportion of total covered assets	33%	25%	Activities with Financial and Non-financial undertakings 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	22%	28%	Activities with Financial and Non-financial undertakings 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	13%	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%	0%	Derivatives in the non-trading portfolio divided by total covered assets.
5. Exposures to undertakings not subject to NFRD as a proportion of total covered assets	37%	28%	Exposures to counterparties not obliged to report under the NFRD divided by total covered assets.
6. Trading book as a proportion of total covered assets	28%	19%	Exposures in the trading book divided by total covered assets.
7. On-demand interbank exposures as a proportion of total covered assets	0%	0%	Exposures in the on-demand interbank market divided by total covered assets.
8. Total covered assets	DKK 2,345 bn	DKK 2,696 bn	Total assets excluding exposures to sovereigns and trading book. Total assets are defined according to the prudential consolidation of the Danske Bank Group.

The Danske Bank Group's taxonomy-eligible activities amounted to 33% of total covered assets at year-end 2022, against 25% at year-end 2021. The increase is primarily due to inclusion of Norwegian exposures to households. Taxonomy-eligible activities relate to lending to households collateralised by

residential property, lending to undertakings subject to the NFRD and the issuance of environmentally sustainable bonds (green bonds) by corporates and financial institutions. Total covered assets amounted to DKK 2,345 billion, excluding exposures to sovereigns and trading book.

Taxonomy non-eligible activities amounted to 22% of the total covered assets, against 28% in 2021. This ratio does not include exposures to corporates that are not subject to the NFRD.

In July 2022, a Complimentary Climate Delegated Act including specific

nuclear and gas energy activities was published. Until 31 December 2023, the Danske Bank Group is required to assess and disclose taxonomy-eligibility and non-eligibility of nuclear- and fossil gas-related activities. The Danske Bank Group has exposures to customers in the Nordic region that have economic activities related to the production of

electricity or heating using nuclear installations or using fossil gaseous fuels in combined heat/cool and power generation facilities. The exposures are included in total covered assets. However, because published taxonomy KPI information from our counterparties related to these specific economic activities is not currently available, amounts

and proportions of taxonomy eligibility and non-eligibility cannot be assessed and disclosed reliably.

The above metrics are unaudited and have been prepared to the best of our ability; please refer to p. 53 to find full details of reporting principles and limitations in data.

## Voluntary disclosure

The objective of voluntary disclosure is to increase transparency and provide a better understanding of the mandatory metrics for taxonomy.

A breakdown of the Group's taxonomy-eligible activities shows that 32% stem from lending with collateral in residential properties in the Nordic region. Lending to undertakings subject to the Non-financial Reporting Directive (NFRD)

represents 1%, based on published disclosures from year-end 2021. In the taxonomy statement, the inclusion of green loans is limited because the majority of counterparties are not currently subject to the NFRD.

Green bonds issued by financial and non-financial undertakings are included as taxonomy-eligible, whereas green bonds issued by sovereigns and supra-

national issuers, which amount to DKK 8 billion, are not included in the taxonomy-eligible activities.

The mandatory metrics on p. 46 are based on the denominator total covered assets. Total covered assets and taxonomy-eligible activities constitute 71% and 24% respectively of the total assets.

### Taxonomy Regulation – Voluntary reporting

At 31 December	2022			2021		
	DKK billion	% of total covered assets	% of total assets	DKK billion	% of total covered assets	% of total assets
Taxonomy-eligible activities	783	33	24	687	25	21
- Of which lending with collateral in residential properties	768	32	23	687	25	21
- Of which lending to undertakings under the NFRD	10	1	1	0	0	0
- Of which green bond issued by SMEs and large undertakings	5	0	0	0	0	0
Taxonomy non-eligible activities	519	22	16	753	28	22
- Of which lending with households	15	1	1	170	6	5
- Of which lending to undertakings under the NFRD	504	21	15	583	22	17
Exposures to undertakings not subject to NFRD	870	37	26	750	28	22
Derivatives for hedging in banking book	4	0	0	8	0	0
On-demand interbank exposures	4	0	0	6	0	0
Other assets	165	8	5	492	19	15
Total covered assets	2,345	100	71	2,696	100	80
Exposures to central governments, central banks and supranational organisations	311		9	138		4
Trading book	647		20	525		16
Total assets	3,303		100	3,359		100



# 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. 50-52. Complementary data and information is included in our [Sustainability Fact Book 2022](#).

	2022	2021	2020	2019	Targets (timeframe)
<b>Sustainable finance</b>					
Green bonds issued by Danske Bank (DB) [DKK billion]	13.0	7.4	3.7	3.7	
Green bonds issued by Realkredit Danmark (RD) [DKK billion]	21.5	17.0	9.8	0.8	
Share of green bonds issued (DB+RD) in relation to total bonds issued [%]	3.1	2.1	1.2	0.4	
Share of green bonds in relation to total bonds issued by DB [%]	4.1	2.2	1.1	1.1	
Share of green bonds in relation to total bonds issued by RD [%]	2.7	2.0	1.2	0.1	
Bloomberg League Table share of arranged sustainable bonds [DKK billion]	62.5	74.8	40.8	39.1	
Green loans granted to customers in DB [DKK billion] <sup>1</sup>	34.8	20.6	12.5	6.2	DKK 300 billion in sustainable financing [2023] <sup>2</sup>
Green loans granted to customers in RD [DKK billion] <sup>1</sup>	21.5	16.9	9.8	0.8	
Share of total green loans (DB+RD) in relation to total loans [%] <sup>1</sup>	6.0	4.3	2.6	0.8	
Volume of treasury funds placed in green bonds [DKK billion]	15.8	12.4	9.4	7.1	DKK 10 billion in allocation [2022]
Ranking among Nordic banks in the Bloomberg Global Green Bonds - Corporate & Government League Table	1	1	1	2	Top 3 in the Nordic countries
Investments in the green transition by Danica Pension [DKK billion]	37.7	33.5	27.2	-	DKK 50 billion [2023]
AuM in ESG funds - Article 8 [DKK billion]	465	566	-	-	
AuM in funds with a sustainable objective - Article 9 [DKK billion]	52	65	-	-	DKK 150 billion [2030]
<b>Environment</b>					
CO <sub>2</sub> e emissions scope 1 (tonnes)	468	787	810	790	40% CO <sub>2</sub> e reduction by 2023 and 60% by 2030 in relation to 2019 <sup>3</sup>
CO <sub>2</sub> e emissions scope 2 marked-based (tonnes)	1,871	2,786	3,119	4,480	
CO <sub>2</sub> e emissions scope 2 location-based (tonnes)	7,711	8,037	15,084	25,417	
CO <sub>2</sub> e emissions scope 3 (tonnes) <sup>4</sup>	4,641	1,161	3,942	9,960	
CO <sub>2</sub> e emissions per FTE (tonnes/FTE)	0.33	0.21	0.35	0.72	
Energy consumption (electricity and heat) [MWh]	82,457	93,895	99,570	107,615	
Energy consumption per FTE [MWh/FTE]	3.85	4.30	4.53	5.18	
Renewable energy share scope 1 and 2 [%]	51	46	53	52	
<b>Social</b>					
Number of full-time employees (FTE), end of year <sup>5</sup>	21,022	21,754	22,376	22,006	
Gender diversity in the Executive Leadership Team (w/m%)	25/75	13/87	13/87	11/89	25/75% [2023]
Gender diversity in senior leadership positions (w/m%)	34/66	32/68	28/72	27/73	35/65% [2023]
Gender diversity in leadership position (w/m%)	39/61	38/62	37/63	37/63	40/60% [2023]
Gender diversity in the workforce (w/m%)	50/50	50/50	49/51	50/50	
Employee gender pay ratio [%]	76	81	80		
Employee turnover [%]	15	15	13	13	
Employee engagement [%] <sup>6</sup>	76	74	84	86	> 77% [2023]
Number of start-ups and scale-ups supported with growth and impact tools, services and expertise	7,231	6,329	5,065	3,851	10,000 [2023]
Number of people supported with financial literacy tools and expertise	2,079,479	1,579,472	1,154,913	719,763	2 million [2023]
Number of participants in employee volunteering programmes	3,346	1,464	1,080	2,034	
<b>Governance</b>					
Gender diversity on the Board of Directors elected at the Annual General Meeting (w/m%)	44/56	43/57	33/67	25/75	38/62% [2023]
Employees trained in risk and compliance [%]	97	96	95	96	> 95% [2023]

<sup>1</sup> Green loans granted by the Group includes green loans issued to business and corporate customers in the Business Customers and Large Corporates & Institutions (LC&I) segments.

<sup>2</sup> 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 [2019-2021]. Total accumulated sustainable financing in 2022 was DKK 273.5 billion.

<sup>3</sup> Baseline is 15,611 tonnes of CO<sub>2</sub>e emissions in 2019. A 40% emissions reduction equates to 9,366 tonnes of CO<sub>2</sub>e in 2023 and a 60% emissions reduction equates to 6,244 tonnes of CO<sub>2</sub>e in 2030. Our total CO<sub>2</sub>e emissions from our own operations in 2022 amounted to 6,979 tonnes (scope 1, 2 marked-based and 3). Our total CO<sub>2</sub>e emissions according to the GHG location-based methodology was 12,820 tonnes. Danica Pension Norway was sold 1. July 2022 and energy consumption and CO<sub>2</sub>e emissions are therefore not included for 2022. Our scope 3 financed emissions are not included in these figures, but our current best estimates are included on p. 10.

<sup>4</sup> In 2022, we added working from home (WFH) emissions to scope 3. WFH emissions have been added to the 2019 baseline.

<sup>5</sup> The number of FTEs is from Annual Report 2022 and Fact Book Q4 2022.

<sup>6</sup> 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 Management and broader stakeholders of Danske Bank A/S

Danske Bank A/S engaged us to provide limited assurance on the ESG performance data for the year ended 31 December 2022, presented on page 48 in the Sustainability Report 2022 ("the Report") of Danske Bank A/S. Furthermore, we have been engaged to provide limited assurance on the statement that Danske Bank A/S has offset its consolidated CO<sub>2</sub> emissions for 2022, presented on page 43 in the Report.

## Management's responsibility

Management of Danske Bank A/S is responsible for designing, implementing, and maintaining internal controls over information relevant to the preparation of the ESG performance data and information in the Report, ensuring they are free from material misstatement, whether due to fraud or error. Furthermore, Management is responsible for establishing objective accounting policies ("Reporting principles") for the preparation of ESG performance data, for the overall content of the Report, and for measuring and reporting ESG performance data in accordance with the Reporting principles stated on pages 50-52 of the Report.

## Auditor's responsibility

Our responsibility is to express a limited assurance conclusion based on our engagement with Management and in accordance with the agreed scope of work. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and ISAE 3410 Assurance Engagements on Greenhouse Gas Statements, and additional requirements under Danish audit regulation, to obtain limited assurance about our conclusion. Greenhouse Gas emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gasses.

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the ESG performance data and statement on offset of consolidated CO<sub>2</sub> emissions are free from material misstatement, whether due to fraud or error, and prepared, in all material respects, in accordance with the Reporting principles;
- forming an independent conclusion, based on the procedures we performed and the evidence we obtained; and
- reporting our conclusion to the Management and broader stakeholders of Danske Bank A/S.

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.

## Work performed

We are required to plan and perform our work in order to consider the risk of material misstatement in the ESG performance data and statement on offset of consolidated CO<sub>2</sub> emissions. To do so, we have:

- conducted interviews with data owners and internal stakeholders to understand the key processes and control activities for measuring, recording and reporting the ESG performance data;
- performed limited substantive testing on a selective basis to check that data has been appropriately measured, recorded, collated and reported;
- performed analysis of data, selected based on risk and materiality;
- made inquiries regarding significant developments in the reported data;
- considered the presentation and disclosure of the ESG performance data;
- assessed that the process for reporting greenhouse gas emissions data follows the principles of relevance, completeness, consistency, transparency and accuracy outlined in The Greenhouse Gas Protocol Corporate Standard Revised edition (2015);
- performed limited substantive testing on the provided documentation for the offset of consolidated CO<sub>2</sub> emissions for 2022; and
- evaluated the evidence obtained

## Our conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us not to believe that the ESG performance data on page 48 in the Sustainability Report 2022 for the year ended 31 December 2022, has been prepared, in all material respects, in accordance with the Reporting principles. Furthermore, nothing has come to our attention that causes us not to believe that Danske Bank A/S has offset its consolidated CO<sub>2</sub> emissions for 2022, as stated on page 43 in the Report.

Copenhagen, 2 February 2023

## Deloitte

Statsautoriseret Revisionspartnerselskab  
Business Registration No. 33 96 35 56

Kasper Bruhn Udam  
State Authorised Public Accountant  
MNE no 29421

Marie Voldby  
Lead Reviewer





# Reporting principles

Sustainability Report 2022 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 2022](#). 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 Finance 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 Finance Framework. The green loan ratio is calculated by applying green loans granted to business and corporate customers in the Business Customers and Large Corporates & Institutions (LC&I) segments over total loans, excluding reverse transactions, in the Business Customers; and LC&I. Loans granted by Realkredit Danmark are included in the ratio at nominal value.

### Volume of treasury funds placed in green bonds

Total accumulated volume (DKK) of Group treasury funds placed in green or social bonds (and similar).

### 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 year-end 2022.

### 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 2021 to Q3 2022.

### AuM in ESG funds and funds with a 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 coverst the actual consumption fromthe 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 2022 runs from Q4 2021 to Q3 2022. Data is retrieved from the Credit360 reporting system. We report our CO<sub>2</sub>e emissions based on the Greenhouse Gas (GHG) Protocol.

### CO<sub>2</sub>e emissions scope 1

Scope 1 comprises CO<sub>2</sub>e 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 either specific emission factors from energy companies or average emission factors for heating for the country from



International Energy Agency (IEA) and the Department of Environment, Food and Rural Affairs (DEFRA). In accordance with the Greenhouse Gas Protocol Guidance, the emissions from gas consumption in Denmark were omitted owing to the purchase of biogas certificates of origin. For transport by company cars, the emissions are calculated on the basis of the mileage and emission factors from DEFRA.

### CO<sub>2</sub>e emissions scope 2

Scope 2 comprises CO<sub>2</sub>e 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 and DEFRA. 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 omitted owing to the purchase of renewable electricity certified by Guarantees by Origin and International Renewable Energy Certificates.

### CO<sub>2</sub>e emissions scope 3

Scope 3 comprises CO<sub>2</sub>e emissions from paper usage, business travel by employee cars and flights and emissions from employees working from home (WFH). 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. Emissions from WFH are calculated using EcoAct

methodology and emissions factors used are the same as for scope 1 and 2 energy calculations.

WFH emissions are calculated using methodology specified in Ecoact Home-working Emissions Whitepaper. FTEs homeworking per quarter is established using VPN data per country. This is multiplied by average consumption data for a homeworking setup per country as specified in the Ecoact methodology. For the Nordics and Lithuania, only electricity consumption for a standard desk set up is incorporated. For India, electricity consumption for an average ceiling fan is included for the summer months. For Ireland and Northern Ireland, gas central heating consumption as specified in the Ecoact methodology is included for the winter months. Emissions factors for heat and electricity are the same used for all scope 1 and 2 (location based) emissions calculations.

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

For operations that do not have any measured consumption, we estimate CO<sub>2</sub>e emissions on the basis of the average number of full-time employees as provided by Group Finance from Q4 2021 to Q3 2022 and the average emissions per employee in the Group. These estimates represent 1% of total CO<sub>2</sub>e emissions in 2022 and are distributed across the three scopes based on the share of the individual scope

#### CO<sub>2</sub>e emissions per FTE

CO<sub>2</sub>e emissions per employee (tonnes/FTE) are calculated on the basis of the total amount of CO<sub>2</sub>e emissions (tonnes) and the number of full-time employees provided by Group Finance from Q4 2021 to Q3 2022.

#### 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 labelling 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 full time 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 2021 to Q3 2022.

#### 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 2022.

### 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 2022.

### Gender diversity in the workforce

Gender diversity in the workforce is based on information registered in the HR platform at the end of Q4 2022.

### 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 leavers (retired and resigned employees - head count) over a 12-month period divided by the average number of employees (headcount) at the end of each month over a 12-month period, which gives the turnover rate. All permanent employees across the Group are included, and all temporary and external employees are excluded. The employee turnover calculation is based on information registered in central HCM systems from Q1 to Q4 2022.

### 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 backend 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 the number of listeners of 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 (AGM).

### 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 2022.



## Taxonomy Regulation – reporting principles

The preparation of mandatory reporting of 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 and EEA counterparties only. This includes information about exposures to financial and non-financial undertakings subject to the Non-Financial Reporting Directive (NFRD), households (residential real estate, house renovation loans and motor vehicle loans only) and local governments. Environmentally sustainable bonds

(green bonds) issued by financial and non-financial undertakings are included as taxonomy-eligible activities when information on the purpose of financing specific identified activities is available. Environmentally sustainable bonds issued by sovereigns and supranational organisations are not included.

### Limitations in data

When assessing taxonomy-eligible activities for financial and non-financial undertakings, actual published information provided by the counterparties is required. Entities subject to NFRD should publish their taxonomy-eligible activities according to the Taxonomy Regulation from 2022; however, a complete data collection has been a constraint when reporting taxonomy-eligible activities.

The definition of an NFRD entity is based on the general EU definition covering large companies of public interest with more than 500 employees. Published financial information sourced into Danske Bank's systems is used to

determine which of the counterparties are subject to the NFRD.

The taxonomy-eligible activities for financial undertakings are therefore based on their published taxonomy-eligible ratio and for non-financial undertakings their reported taxonomy KPI "turnover". The additional taxonomy KPI's CAPEX and OPEX have not been used for assessing taxonomy-eligible activities.

Furthermore, information needed to determine taxonomy eligibility for house renovation loans is limited, so this activity has been excluded in the presentation of taxonomy-eligible activities. For motor vehicle loans, only exposures generated after 1 January 2022 are included.

The lack of robust 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

<b>Taxonomy-eligible activities as a proportion of total covered assets</b>	=	Activities with financial undertakings and non-financial undertakings subject to NFRD, households and local governments covered by the EU Taxonomy Climate Delegated Act divided by total covered assets.
<b>Taxonomy non-eligible activities as a proportion of total covered assets</b>	=	Activities with financial undertakings and non-financial undertakings subject to NFRD, households and local governments not covered by the EU Taxonomy Climate Delegated Act divided by total covered assets.
<b>Exposures to sovereigns as a proportion of total covered assets</b>	=	Exposures to central governments, central banks and supranational issuers divided by total covered assets. These exposures are not included in total covered assets.
<b>Derivatives as a proportion of total covered assets</b>	=	Derivatives in the non-trading portfolio (for hedge accounting purposes) divided by total covered assets.
<b>Exposures to undertakings not subject to NFRD as a proportion of total covered assets</b>	=	Exposures to entities not subject to NFRD divided by total covered assets.
<b>Trading book as a proportion of total covered assets</b>	=	Exposures in the trading portfolio divided by total covered assets. The trading book is not included in total covered assets.
<b>On-demand interbank exposures as a proportion of total covered assets</b>	=	Exposures in the on-demand interbank market (credit institutions) divided by total covered assets.
<b>Total covered assets</b>	=	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.





