

UN   
environment  
programme

finance  
initiative

Principles for  
Responsible Banking

# Responsible Banking Progress Statement for PRB Signatories



# Summary template

## Danske Bank Group 2024

<b>Principle 1:</b> <b>Alignment</b>	<b>Principle 2:</b> <b>Impact &amp; Target Setting</b>	<b>Principle 3:</b> <b>Clients &amp; Customers</b>
<p><b>Content</b></p> <p>The Forward '28 commercial strategy of the Danske Bank Group ('The Group') defines four strategic priorities: Advisory, Digital, Sustainability, and Simple, Efficient &amp; Secure. It is our aspiration to be a leading Nordic financial institution in supporting individuals, businesses and Nordic societies in their transition towards a more sustainable future. This aspiration is anchored in the Group's strategic priorities for sustainability as the following:</p> <ul style="list-style-type: none"> <li>• Supporting customers in their transition</li> <li>• Ensuring a robust and resilient bank</li> <li>• Managing the Group's societal impact</li> </ul> <p>To facilitate this, the Group focuses on three interlinked sustainability topics – Climate change, Nature &amp; biodiversity, and Human rights &amp; social impact – and we have set sustainability targets that are key for the realisation of our strategic priorities.</p> <p>Among other initiatives, we support the UN Guiding Principles on Business on Human Rights and the UN Global Compact, and we have joined net-zero initiatives for banks, asset managers and asset owners to support the green transition in line with the Paris Agreement's target of limiting global warming to 1.5°C above pre-industrial levels.</p>	<p><b>Content</b></p> <p>In 2024, we conducted our first double materiality assessment aligned with the requirements in the European Sustainability Reporting Standards (ESRS). For the Group's downstream activities, the UNEP FI Portfolio Impact Analysis Tool was used to score the impact of the Group's lending and investment activities. The tool provided us with a framework to assess impacts within the Group's downstream value chain by mapping financial activities and sectors against their actual and potential positive and negative impacts. We made use of the impact tool's ESRS interoperability package to enhance ESRS compliance. An extended description of the methodology is provided in the supplement template below.</p> <p>Climate change and biodiversity continue to be two of the Group's most significant impact areas for investments and lending activities.</p> <p>All intermediate carbon emission reduction targets for high-emitting sectors are disclosed in our Climate Progress Report 2024, including actions taken and progress made.</p> <p>We have set biodiversity engagement targets for lending customers and investees in selected high-impact sectors and we and report on progress in the Sustainability Statement of the Annual Report 2024.</p>	<p><b>Content</b></p> <p>Our ability to achieve our Group climate targets is influenced by two main factors: changes in customers' emission profiles and changes in the Group's exposures. We therefore focus on supporting customers in transitioning towards a sustainable future and on portfolio management by allocating capital towards projects and companies that are financially viable and that create sustainable growth.</p> <p>Offering relevant products and services that support the customers' transition journeys is a key consideration for the Group. Business customers and large corporate customers are offered green loans in accordance with our green finance framework. Also, we support our large corporate customers with capital issuances through green bonds, social bonds, sustainability bonds and sustainability-linked bonds. Personal customers are offered energy-improvement loans, loans for electric cars and green home loans. Furthermore, we offer responsible investment solutions that have a specific sustainability focus.</p> <p>In our commitment to protect nature and biodiversity, we engage with our lending customers and investees in identified high-risk sectors.</p>

<p><b>Links &amp; references</b></p> <p><a href="#">Annual Report 2024</a>: Our Group Sustainability priorities are presented on p. 41. Selected voluntary commitments are presented on p. 41, p. 52. and p. 75.</p> <p><a href="#">Climate Progress Report 2024</a>: Our climate commitment is presented on p. 6.</p>	<p><b>Links &amp; references</b></p> <p><a href="#">Annual Report 2024</a>: Our impact materiality assessment process is presented on pp. 45-46. Climate targets and actions are presented on pp. 57-62. Biodiversity targets and actions are presented on p. 69.</p> <p><a href="#">Climate Progress Report 2024</a>: An overview of our climate targets and progress is presented on pp. 7-9 and actions for lending and investments on pp. 19, 21, 23, 25, 27, 28, 29, 31, 38 and 39.</p>	<p><b>Links &amp; references</b></p> <p><a href="#">Annual Report 2024</a>: Our key decarbonisation levers are described on p.60. Our customer and investee engagements on biodiversity are described on p. 69.</p> <p><a href="#">Climate Progress Report 2024</a>: Our engagements with customers in different sectors and investees are described throughout the report.</p>
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<p><b>Principle 4: Stakeholders</b></p>	<p><b>Principle 5: Governance &amp; Culture</b></p>	<p><b>Principle 6: Transparency &amp; Accountability</b></p>
<p><b>Content</b> We continually engage with a wide range of stakeholders across our operations. These engagements fulfil different purposes, including those of a commercial, informational and policy-related nature.</p> <p>Key findings on the views and interests of stakeholders are included in information provided to the Danske Bank Group’s Executive Leadership Team and Board of Directors. Such findings are included for consideration in the annual review of Danske Bank’s strategy, and they inform relevant Group policies, strategies and business activities.</p> <p>As part of our double materiality assessment, we consulted affected stakeholders or their representatives to understand how they may be affected by the Group’s business activities. Insights gained from the due diligence processes and double materiality assessment for 2024, ongoing engagement with stakeholders and further guidelines for financial institutions from regulators will all act as input for all future refining of the methodology, updating of the assessment and our future sustainability reporting, strategic planning and operational practices.</p>	<p><b>Content</b> The Danske Bank Group’s Board of Directors approves strategies and policies for sustainability and responsible investments. The Executive Leadership Team manages the Group in accordance with the Board’s mandates. Sustainability responsibilities are embedded in the management of all business units and support functions</p> <p>Sustainability-related KPIs, including climate-related KPIs, are integrated into our performance management framework to ensure that remuneration programmes reflect our sustainability ambitions. The KPIs for remuneration programmes are reviewed by the Board’s Remuneration Committee and approved by the Board of Directors.</p> <p>At Danske Bank, we need to possess the knowledge, training and awareness that will enable us to deliver on our sustainability ambitions and priorities. We address this through sustainability-related training efforts and also as part of our Strategic Workforce Planning (SWP), in which sustainability-related competencies are also included in our identification of potential skill gaps and in our competency strengthening efforts.</p>	<p><b>Content</b> The Danske Bank Group’s Annual Report 2024 includes the statutory Sustainability Statement, which provides information on the Group’s sustainability performance. The Sustainability Statement is assured by a third-party with limited assurance.</p> <p>In addition, detailed and segmented ESG data is presented in the Sustainability Fact Book 2024.</p> <p>We publish an annual Climate Progress Report, which is a standalone report and serves as an update to Danske Bank’s Climate Action Plan from 2023. We also report annually to CDP.</p> <p>Additionally, we report annually on our human right’s due diligence efforts in a standalone Human Rights Report.</p>
<p><b>Links &amp; references</b> <a href="#">Annual Report 2024</a>: Our stakeholder engagements are presented on pp. 41-42 and the materiality assessment process on p. 45.</p>	<p><b>Links &amp; references</b> <a href="#">Annual Report 2024</a>: Our sustainability governance, including sustainability incentive schemes and sustainability skills and expertise, is presented on pp. 43-44.</p>	<p><b>Links &amp; references</b> <a href="#">Annual Report 2024</a> pp. 39-97 <a href="#">Climate Progress Report 2024</a> <a href="#">Sustainability Fact Book 2024</a> <a href="#">Human Rights Report</a></p>

# Supplements template

## Principle 2: Impact & Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

### Impact Analysis

Show how your bank has identified, prioritized and measured the most significant impacts associated with its portfolio (both positive and negative). Determine the priority areas for target-setting. Include details regarding: Scope, Portfolio Composition, Context, and Performance Measurement.

The impact analysis should include assessment of the relevance of the four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector](#), as part of its initial or ongoing impact analysis.

### Links & references

[Annual Report 2024](#): Our impact materiality assessment is presented on pp. 45-46.

### Response

To assess impact in the Group's downstream value chain, we made use of UNEP FIs Portfolio Impact Analysis Tools for lending and investments and its ESRS interoperability package to ensure CSRD compliance.

The ESRS Conversion tool helped us translate output from the impact tools into ESRS sustainability topics and define materiality. The conversion tool translated the UNEP FI tool's results into material ESRS topics. This happened through a three-step process in which we used three different modules:

1. Context Module
2. Identification Modules
3. ESRS Conversion Module

1) The **Context Module** enabled us to understand the environmental, social and economic context of the countries and locations in which the Group operates. We performed a context and country needs assessment for the Group based on three types of input: statistics, policy documents and stakeholder engagement. In our downstream value chain impact analysis, we focused our context analysis on the Nordic countries of Denmark, Sweden, Norway and Finland as well as the UK. For each country, we reviewed the prefilled statistical evaluations and enhanced with additional information, where deemed necessary. Furthermore, we reviewed the results of the prefilled statistical scoring and provided country-specific policy evidence to support additional political focus areas in cases where the statistical data did not rightfully reflect the political status of the respective country. Finally, we included the results of our stakeholder engagements.

2) The **Identification Modules** enabled us to understand the environmental, social and economic impacts (positive and negative) associated with a given portfolio in order to identify the portfolio's most significant impact areas. The imported results of the Context Module acted as a foundation for the Identification Modules, which were available for consumer banking, institutional banking, and investment portfolios. The analyses were based on 2023 data.

#### Consumer Banking:

Balance sheet exposure towards personal customers including personal customers in Northern

Bank corresponding to ~45% of our total loan exposure.

This exposure is divided by country, with Denmark accounting for ~60%, Finland ~11%, Norway ~14%, Sweden ~12%, and the UK ~3%.

Institutional Banking – Large Corporates & Institutions (LC&I)

Balance sheets exposures towards LC&I customers, corresponding to ~17% of our total loan exposure.

This exposure is divided by country with Denmark accounting for ~30%, Finland ~11%, Norway ~15% and Sweden ~29%.

Institutional Banking – Business Customers

Balance sheets exposures towards business customers, corresponding to ~38% of our total loan exposure.

This exposure is divided by country with Denmark accounting for ~56%, Finland ~11%, Norway ~9%, Sweden ~19%, and the UK ~5%.

Investment Portfolio – Danica

Our analysis focus on listed equities, accounting for ~34% of total AuM.

Investment Portfolio – LC&I Asset Management

Analysis focus on listed equities, accounting for ~45% of total AuM

- 3) The **ESRS Conversion tool** helped us translate output from the impact tools into ESRS sustainability topics and to define materiality. The conversion tool translated the UNEP FI tool's results into material ESRS topics. The ESRS conversion tool for investments has not yet been fully developed by PRB. While waiting for the completion of the conversion tool, we manually replicated the materiality assessment criteria from the banking tools.

