



Green Finance Framework

Danske Bank Group

November 2022

REALKREDIT
Danmark

Danske **Bank**



Agenda

1 *Danske Bank Group Green Finance Framework*

2 *Sustainability at Danske Bank*

*Danske Bank Group
Green Finance Framework*

Danske Bank 2022 Green Finance Framework

Danske Bank Group's updated Green Finance Framework

- Expands to new Green Loan categories to reflect the current sustainability strategy of the bank
- Takes into account the EU Environmental Objectives¹⁾ and the Technical Screening Criteria of the EU Taxonomy Climate Delegated Act on Climate Change Mitigation²⁾ for the eligibility criteria
- Aligns with the ICMA Green Bond Principles June 2022³⁾ and the LMA Green Loan Principles 2021⁴⁾ and supports the UN SDG 2030 agenda
- Was assessed by Sustainalytics on alignment of the eligibility criteria with the Technical Screening Criteria (TSC) of the EU Taxonomy
- Has a high level of alignment with the EU Taxonomy TSC, as 90% of assets and 54 out of 58 assessed activities are aligned



Four Key Pillars

Use of Proceeds

Net Proceeds will be allocated to loans or investments originated through Danske bank's issuing entities, that promote the transition to low-carbon, climate resilient and sustainable economies

Green Loan Evaluation & Selection Process

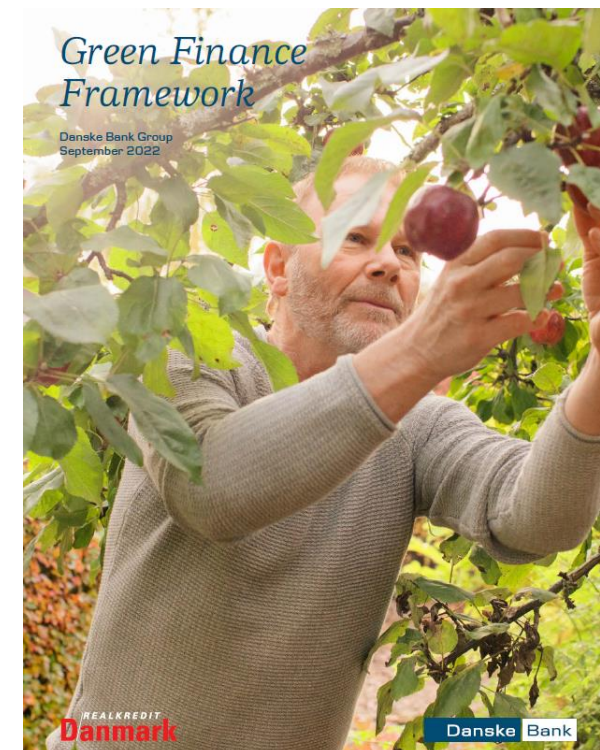
- Green Loans are nominated by lending units
- The Green Bond Committee (GBC) is responsible for approval of Green Loans and for the maintenance and update of the framework

Management of Proceeds

- Green Registries are used for the recording and tracking
- Portfolio approach to manage proceeds
- Unallocated proceeds temporarily be held or invested in the treasury liquidity portfolio subject to an exclusionary list

Reporting

- An annual allocation and impact report will be provided
- Positive second party opinion by Sustainalytics



Issuing entities

Danske Bank
Danske Bank A/S

Danske Bank
Danske Hypotek AB (publ)

Danske Bank
Danske Mortgage Bank Plc

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¹⁾ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852>

²⁾ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2139>

³⁾ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

⁴⁾ <https://www.lsta.org/content/green-loan-principles/>

Use of Proceeds

ICMA GBP Categories	Eligibility Criteria	Contribution to UN SDGs	ICMA GBP Categories	Eligibility Criteria	Contribution to UN SDGs
Clean Transportation¹ 	<ul style="list-style-type: none"> Passenger and freight low-carbon vehicles Inland passenger water transportation Infrastructure related to low-carbon transport Low-carbon vehicles manufacturing 		Environmentally Sustainable Management of Living Natural resources and Land Use 	<ul style="list-style-type: none"> Sustainable forestry including FSC/PEFC certification standards Organic farming, certified in compliance with the EU & national regulation Sustainable fishery certified by the MSC / ASC Alternative proteins 	 
Renewable Energy 	<ul style="list-style-type: none"> Onshore / offshore wind energy Solar and CSP energy Wave / tidal energy Nordic hydro power Bioenergy Geothermal energy Waste energy Electric heat pumps Green Hydrogen and Green hydrogen-based synthetic fuels Energy Transmission Infrastructure Energy Storage Renewable energy technologies 		Climate Change Adaptation 	<ul style="list-style-type: none"> Investments targeting the preservation or advancement of adaptive capacity and resilience 	
Energy and Emission Efficient Products, Solutions and Manufacturing 	<ul style="list-style-type: none"> Building energy efficiency equipment and solutions Data management and solutions Basic materials carbon neutral manufacturing 		Sustainable Water and Wastewater Management 	<ul style="list-style-type: none"> Sustainable water facilities and technologies designed to treat, distribute and conserve water 	
Green Buildings 	<ul style="list-style-type: none"> Certified commercial buildings Top 15 % most energy efficient buildings in the national stock EPC A energy efficient buildings Buildings with energy demand = -10% vs. NZEB regulation Refurbished buildings with ≥ 30% improvement in energy efficiency Individual installations related to green buildings, energy efficiency equipment, renewable energy and electric vehicles 		Pollution prevention and control 	<ul style="list-style-type: none"> Recycling facilities, collection/treatment of waste Sustainable waste to energy facilities Emissions management related to the transport and storage of carbon captured 	 

¹ Transport activities that are not dedicated for the transport of fossil fuels.

Selection and Management of Proceeds

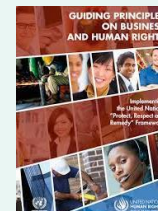
Evaluation and Selection

- Potential Green Loans in Danske Bank go through the standard credit process, which intends to ensure compliance with rules, regulations and internal policies
- ESG risks are assessed both at an individual level, as well as at portfolio level based on sector risk reviews and risk appetite
- Lending units present potential Green Loans to Danske Bank's Green Bond Committee (the 'GBC'), who approves and monitors the portfolio
- Green Loans and related environmental details, together with the GBC decision, will be recorded in a dedicated registry ['Green Registry']

Sustainability guidelines

Danske takes into account sustainability guidelines in the evaluation process, e.g.,

- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- ILO Declaration of Fundamental Principles of Rights at Work
- The EU Taxonomy's 'Do No Significant Harm' criterion is taken into account in the evaluation process as much as feasible



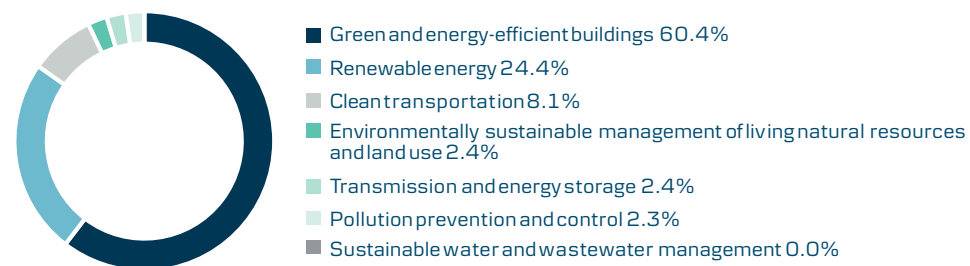
Management of Proceeds

- Danske Bank uses Green Registries to keep track of both the **Green Loans per issuing** entity as the **net proceeds from issuance** of Green Finance Instruments
- Danske Bank will strive to achieve a level of allocation that matches or exceeds the balance of net proceeds
- Unallocated net proceeds will temporarily be held or invested at Danske's discretion in its treasury liquidity portfolio

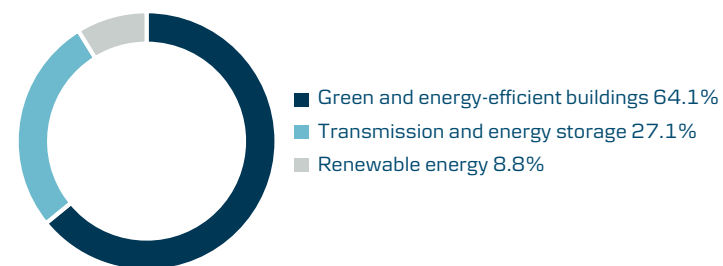
Green Loan Portfolio

The amount of green loans is fast growing and the Green Finance Framework plays a central role in facilitating finance to our clients. We continue to strive to increase the amount of lending to environmentally beneficial projects

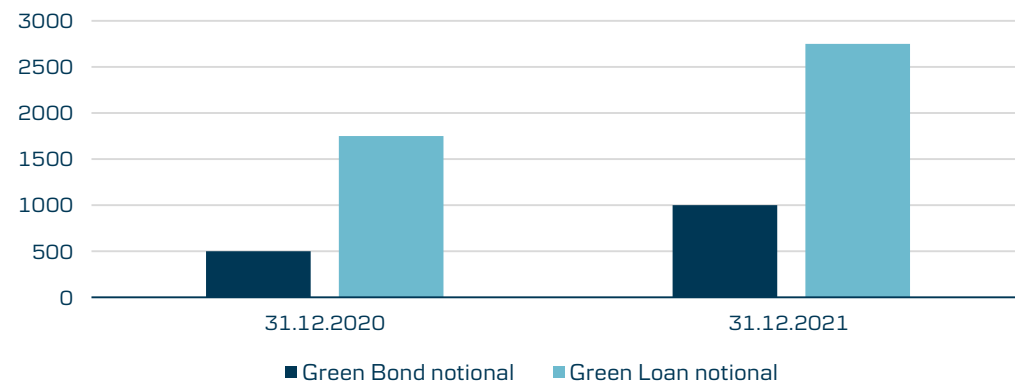
Danske Bank Green Loans by category
31 December 2021



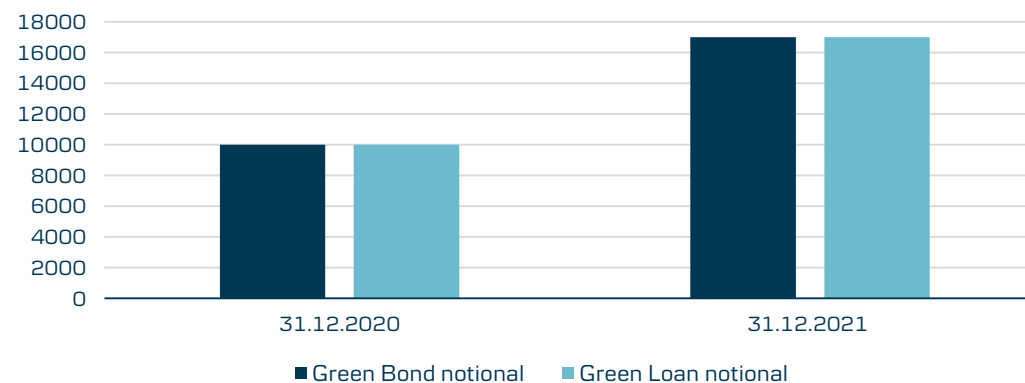
Realkredit Danmark Green Loans by category
31 December 2021



Danske Bank Green Loans and Bonds in EURm












Realkredit Danmark Green Loans and Bonds in DKKm



Impact Reporting¹

Danske Bank

Green Loan categories		Danske Bank								
	Use of proceeds in EUR millions	Annual renewable energy produced MWh	Annual energy use avoided MWh	Waste treated annually t	Energy storage capacity MW	Waste to energy MWh	Treated wastewater m3	Annual GHG emissions avoided tCO ₂ e	SDGs ¹⁰	
Clean transportation	225.2							4,850		
Renewable energy	673.5	2,433,652 ²						757,378 ³		
Green and energy-efficient buildings	1,670.5		12,335 ⁴					2,316 ⁵		
Pollution prevention and control	62.7			95,762 ⁶		28,547			 	
Environmentally sustainable management of living natural resources and land use	66.7							113,986	 	
Transmission and energy storage	65.4				438 ⁷					
Sustainable water and wastewater management	0.7						126,904 ⁸			
Total	2,764.7	2,433,652²	12,335⁴	95,762⁶	438⁷	28,547	126,904⁸	878,530⁹		
Impact, tonnes CO2e per EUR millions								317.8		

¹ Impact data is based on Danske Bank's most recent Green Bond Report, which is based on portfolio data of 31 December 2021

² Includes 392,189 MWh of future production (projects under construction)

³ Includes 118,957 tonnes of future savings (projects under construction)

⁴ Includes 5,340 MWh of future savings (projects under construction)

⁵ Includes 684 tonnes of future savings (projects under construction)

⁶ Includes 35,472 tonnes of future treatment capacity (projects under construction)

⁷ Future energy storage capacity (projects under construction)




⁸ Future treatment capacity (projects under construction)

⁹ Includes 119,641 tonnes of future savings (projects under construction)

¹⁰ For further information on Danske Bank's green loan categories and their contribution on the UN Sustainable Development Goals we refer to Danske Bank's Bond Framework

Impact Reporting¹

Realkredit Danmark

Green Loan categories		Realkredit Danmark				
	Use of proceeds in DKKm	Annual renewable energy produced MWh	Annual energy use avoided MWh	Electricity transmitted MWh	Annual GHG emissions avoided tCO ₂ e	SDG ¹⁰
Renewable energy	1,484.3	1,531,506.1			207,869.8	
Green and energy-efficient buildings	10,867.6		15,359.2		1,152.5	
Transmission and energy storage	4,596.2			3,744,846.9		
Total	16,948.0	1,531,506.1	15,359.2	3,744,846.9	209,022.3	
Impact, tonnes CO ₂ e per DKKm					12.3	

¹ Impact data is based on Danske Bank's most recent Green Bond Report, which is based on portfolio data of 31 December 2021

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Second Party Opinion

Danske Bank engaged Sustainalytics to review the Green Finance Framework



UoP contribute to UN SDGs



- ✓ Sustainalytics is of the opinion that the Danske Bank Group Green Finance Framework is credible and impactful and aligns with the relevant market standards (GBP and GLP)
- ✓ Eligible categories are expected to advance UN Sustainable Development Goals 6, 7, 9, 11, 12, 13, 14 and 15
- ✓ Sustainalytics is of the opinion that of the 58 assessed activities, 54 align with the applicable Technical Screening Criteria (“TSC”) in the EU Taxonomy
- ✓ Sustainalytics is of the opinion that the certification schemes selected for forestry are robust and credible and that this activity is aligned with market practice

EU Taxonomy Alignment

- **90% of Danske’s green eligible assets are aligned** with the TSC of the EU Taxonomy
- **54 out of the 58 assessed activities are aligned** with the TSC of the EU Taxonomy
- 3 activities were found to be partially aligned, while 1 activity, forest management, is not aligned
- Three categories were not assessed, some of the relevant activities currently have no defined TSC
- The framework was not assessed for **Do No Significant Harm** (DNSH) alignment. Given the majority of the portfolio will be located in Nordic countries Danske Bank expects to meet the respective DNSH based on EU laws
- Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy’s **Minimum Safeguards**



Danske Bank Green Eligible Assets – EU Taxonomy Alignment

Danske Bank Green Bonds Alignment¹ with EU Taxonomy Based on Assessment by  SUSTAINALYTICS

Danske Bank portfolio alignment	84% aligned (EUR 2.32bn / EUR 2.76bn total Green Eligible Assets) ²				
Realkredit Danmark portfolio alignment	96% aligned (DKK 16.3bn / DKK 16.9bn total Green Eligible Assets) ²				
Eligible Green Asset Category	Clean Transportation	Renewable Energy	Energy and emission efficient products, solutions and manufacturing	Green Buildings	Pollution Prevention and control
Geography	Nordics	Nordics, Bolivia	Nordics	Nordics	Nordics
Technical Screening Criteria	Aligned	Aligned	Aligned	Partially Aligned ³ • 79% built < 2021 • 21% built ≥ 2021 ⁴	Partially Aligned • 12%
Do No Significant Harm	Not assessed ¹				
Minimum Safeguards	Aligned				

Three green asset categories have not been assessed on alignment with the Technical Screening Criteria (TSC) of the EU Taxonomy:

- **Climate Change Adaptation:** Danske Bank has indicated that it will use the criteria for climate change adaptation in the EU Taxonomy Climate Delegated Act as a reference for eligibility under this category, however, the Bank has not yet identified eligible projects to include in its portfolio. Sustainalytics notes that large infrastructure projects such as flood risk prevention and storm-water management are not covered under the EU Taxonomy Climate Delegated Act. Therefore, Sustainalytics has not assessed this category against the EU Taxonomy Climate Delegated Act.
- **Environmentally Sustainable Management of Living Natural Resources and Land Use:** The Framework includes eligibility criteria for agriculture, fishery, aquaculture and alternative proteins. Sustainalytics notes that, as of October 2022, with the exception of forest management, there is no TSC for activities related to these activities and hence no assessment was provided. Forest management was found to be not aligned.
- **Sustainable water and wastewater management:** For the activities including water and wastewater infrastructure, Danske Bank has opted to not have these areas assessed at this time for alignment with the TSC of the EU Taxonomy Delegated Act for Climate Change Mitigation as these projects are rather aimed at having a positive environmental impact on sustainable water management.

¹The Framework activities were not assessed for their alignment with the DNSH of the EU Taxonomy. Nevertheless Danske Bank has confirmed to Sustainalytics that given the majority of the financed portfolio will be located in Nordic countries, Danske Bank expects to meet the respective DNSH where the criteria are based on EU laws and regulations. For DNSH criteria that do not reference EU laws and regulations there is currently insufficient information available on how assets meet respective criteria.

²The above matrix relates only to the Green Loans included in the Green Loan Portfolio as of FY21. For Sustainalytics' assessment on EU Taxonomy alignment for all Use of Proceeds categories contained within the Framework, see Sustainalytics' SPO [here](#).

³For buildings larger than 5000sqm which have received an eligible green building certification, Danske Bank currently lacks evidence to confirm compliance with the calculation of a "Global Warming Potential (GWP)" for each life cycle stage of the building (expressed as kgCO₂e/m²) and cannot guarantee that all projects meet existing regulation on air-tightness and thermal insulation.

⁴Given there is currently no equivalent standard available in the Norwegian and UK context for nearly zero-energy building (NZEB) requirements, buildings built ≥ 2021 are unable to comply with the EU Taxonomy.

Sustainability at Danske Bank

November 2022

As a large Nordic bank, we recognise our role and responsibility in providing financial infrastructure and services for a prosperous, stable and sustainable economy

Our customers



3.3 million personal & business customers



2,300+ corporate & institutional customers



Our offerings



Personal banking



Real estate finance



Pension



Investments



Business banking



Corporate finance & institutional services

Our employees & presence



+21,000

Our financial scale



Deposits >1,100 billion DKK

Loans >1,800 billion DKK

AuM >2,000 billion DKK

Our sustainability efforts are integral to our overall Purpose and our 2023 ambitions for becoming a Better Bank for customers, colleagues, society and investors

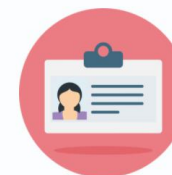
Our Purpose

Release the potential in people and businesses by using the power of finance to create sustainable progress today and for generations to come.

BETTER
↑ Bank 2023



Customers



Colleagues



Society



Investors

Our 2023 Sustainability Strategy defines the key dimensions for our efforts to create lasting value for our customers, employees, society and investors...



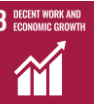
Sustainable Finance

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



Entrepreneurship

We support new business in creating sustainable growth



Financial Confidence

We help people become financially confident



Governance And Integrity

We operate in a responsible and transparent manner



Employee Well-being & Diversity

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










Environmental Footprint

We minimise our own environmental footprint



We have set quantified targets for all focus areas – With good results so far

	Sustainable finance		Sustainable operations			Impact initiatives	
							
	Responsible investing	Sustainable financing	Governance & integrity	Employee well-being & diversity	Environmental footprint	Entrepreneurship	Financial confidence
2023 Targets	DKK 150bn in funds that have sustainability objectives ¹ and DKK 50bn invested in the green transition by Danica Pension	DKK 300bn in sustainable financing – and setting Paris Agreement aligned climate targets for our lending portfolio	Over 95% of employees trained annually in risk and compliance	More than 35% women in senior leadership positions and an employee engagement score of 77	Reducing our CO ₂ emissions by 40% compared to 2019, towards 60% by 2030	10,000 start-ups & scale-ups supported with growth and impact tools, services and expertise (since 2016)	2m people supported with financial literacy tools and expertise (since 2018)
Latest status * Q3 update	DKK 53.5bn* in sust. funds (art. 9) DKK 37.0bn* by Danica Pension	DKK 264bn* + 2030 emission targets disclosed for shipping, utilities and oil & gas	96% trained	33% women 75 engagement score	– 69% for 2021²	7.059*	2.1 m*

¹ 2030 target to have at least DKK 150bn in investment funds that have sustainability objectives (article 9 funds).

² Over-performance in 2021 was related to COVID-19 and reductions in travel.

Danske Bank is firmly committed to addressing climate change and supporting our customers and society in the sustainable transition

Banking



- 2030 targets to reduce financed emissions for three key sectors by 20-50% against a 2020 baseline (shipping, energy utilities, oil & gas)

Asset management



- 2030 target to reduce the carbon intensity of our investment products by at least 50% against a 2020 baseline

Asset ownership (Danica Pension)



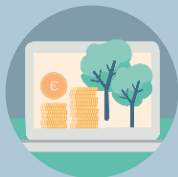
- 2025 target to reduce carbon emissions from Danica Pension's portfolio in five key sectors by 15-35% against a 2019 baseline

Our own emissions



Danske Bank has been compensating for the emissions from its own operations since 2009 and is focusing on continued reduction of absolute emissions, aiming for a 40% reduction by 2023 compared to 2019 - and a 60% reduction by 2030

Some recent highlights of our efforts – Just during Q3



New sustainable investment funds with diversification

- Five new Danske Invest funds for investors who want good diversification and a strong focus on sustainability
- Each fund has its own particular risk profile – but all must have at least 75% in sustainable investments



Successful campaign towards personal customers

- Increased focus on our favourable products for energy renovation through the targeted campaign 'Flot & Godt'
- Results have included increased level of customer meetings and increasing lending volumes



Increased focus on sustainability for investments

- In line with the MiFID II regulations, we now evaluate our customers' sustainability preferences when it comes to investments, making sure everyone takes a stand



#1 among Nordic Arrangers in Bloomberg's Global League table

- Danske Bank continues to rank number one among Nordic arrangers in the Bloomberg's Global League Table



Setting 2030 emissions reduction targets for three key sectors:

- Shipping: 20-30% relative to shipping volumes
- Utilities: 30% per kWh of power generation
- Oil and Gas – upstream: 50% in lending exposure



Financing for the world's biggest offshore wind farm

- Danske Bank provided project financing for the consortium behind the Hornsea 2 wind farm, which currently is the world's largest offshore wind farm comprising 165 turbines of 8MW each – able to provide power to more than 1.4 million homes

Our position statements are a key tool for communicating our approach to selected themes and sectors with elevated ESG risks – In alignment with societal goals

Thematic statements



Climate change

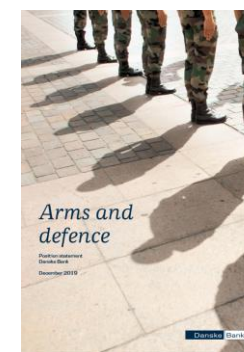


Human rights

Sector-specific statements



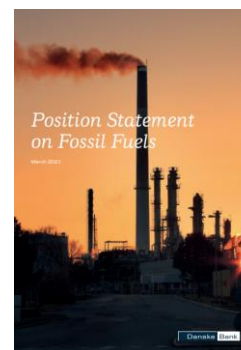
Agriculture



Arms & defence



Forestry



Fossil fuels



Mining & metals

Danske Bank supports a range of international agreements, goals, partnerships and standards relating to sustainability – Including these key examples



Principles for Responsible Banking

Provide the framework for a sustainable banking system. They embed sustainability at the strategic, portfolio and transactional levels, and across all business areas



Net-Zero Banking Alliance

A worldwide initiative for banks that are committed to aligning their lending and investment (treasury) portfolios with net-zero emissions by 2050 or sooner – and setting intermediate targets using science-based guidelines



Net-Zero Asset Managers Initiative

An international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius



Net-Zero Asset Owner Alliance

Danica Pension joined the global UN-convened investor alliance in 2020, thus committing to transitioning its investment portfolio to net-zero greenhouse gas emissions by 2050



Principles for Responsible Investment

An international investor network that supports the implementation of ESG factors into investment and ownership decisions



Task force on Climate-related Financial Disclosures

Has developed recommendations for more effective climate-related disclosures to promote more informed investment, credit, and insurance underwriting decisions



UN Global Compact

A multi-stakeholder initiative focusing on aligning business operations with ten principles in the areas of human rights, labor, environment and anti-corruption



Partnership for Carbon Accounting Financials

Provides carbon accounting instructions for financial institutions. Danske Bank joined in 2020 as the first major Nordic bank



UN Environment Programme - Finance Initiative

A partnership between UN and the global financial sector with the aim of understanding societal challenges, why they matter to finance, and how to address them

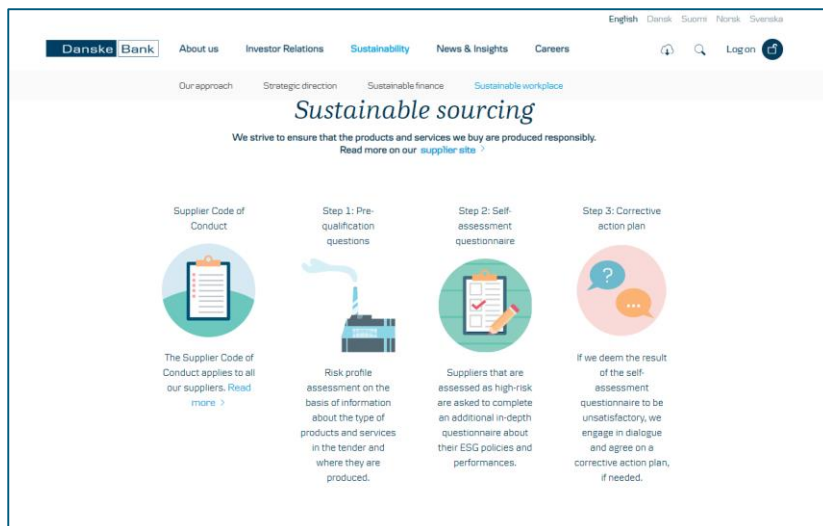


The Paris Pledge

A pledge to support and act accordingly in regards to the objectives of the Paris Agreement to limit global temperature rise to less than 2 degrees Celsius

To learn more about our sustainability approach and results, please check out our...

Website



Sustainability Report



Specialised reports



Disclaimer

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