Second-Party Opinion

Danske Bank Group Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the Danske Bank Group Green Bond Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2021. This assessment is based on the following:

USE OF PROCEEDS The eligible categories for the use of proceeds — Clean Transportation, Renewable Energy, Transmission and Energy Storage, Green and Energy Efficient Buildings, Sustainable Management of Living Natural Resources, Sustainable Water and Wastewater Management, Pollution Prevention and Control, Climate Change Adaptation — are aligned with those recognized by the Green Bond Principles 2021. Sustainalytics considers that the eligible categories are expected to reduce GHG emissions, limit pollution and enhance resilience to climate change while advancing the UN Sustainable Development Goals, specifically SDG 6, 7, 9, 11, 12, 13, 14, and 15.

PROJECT EVALUATION / SELECTION Danske Bank has established a Green Bond Committee (GBC) for the approval of Green Loans. The GBC is chaired by the Danske Bank Group Head of Treasury, and comprised of representatives from the bank's Sustainable Finance, Societal Impact and Sustainability and Risk Management functions and meets bi-monthly. Danske Bank has in place bank-level processes to ensure that environmental and social risks associated with the eligible projects are identified and mitigated. Sustainalytics considers the project selection process in line with market practice.

MANAGEMENT OF PROCEEDS Danske Bank maintains Green Registries, on a portfolio basis, to keep track of the Green Loans per issuing entity and net proceeds from Green Bond issuances. Danske Bank intends to reach full allocation within 36 months of issuance. Pending allocation, proceeds will be invested in Danske Bank's treasury liquidity portfolio in cash or other short-term and liquid instruments. Sustainalytics views this as in line with market practice.

REPORTING Danske Bank Group intends to report on allocation of proceeds as part of an aggregated annual Green Bond Report on its website until full allocation. In addition, Danske Bank Group is committed to reporting on relevant impact metrics. Sustainalytics views Danske Bank Group's allocation and impact reporting as aligned with market practice.

Evaluation Date	December 21, 2021
Issuer Location	Copenhagen, Denmark

Report Sections

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Introduction

Danske Bank Group ("Danske Bank", the "Bank", or the "Issuer") Danske Bank Group provides various banking services and products to SMEs and personal, corporate and institutional clients. Headquartered in Copenhagen, Denmark, the Bank operates 245 branches in Nordic countries, the UK and internationally.

Danske Bank has developed the Danske Bank Group Green Bond Framework (the "Framework") under which the Bank it and its subsidiaries, Danske Bank A/S, Realkredit Denmark, Danske Hypotek and Danske Mortgage Bank Plc intend to issue green bonds, and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that are expected to reduce GHG emissions, limit pollution and enhance resilience to climate change in Nordic countries The Framework defines eligibility criteria in eight green areas:

1. Clean Transportation
2. Renewable Energy
3. Transmission and Energy Storage
4. Green Building and Energy Efficient Buildings
5. Sustainable Management of Living Natural Resources
6. Sustainable Water and Wastewater Management
7. Pollution Prevention and Control
8. Climate Change Adaptation

Danske Bank engaged Sustainalytics to review the Danske Bank Group Green Bond Framework, dated June 2021, which is an update to its Green Bond Framework dated March 2019, and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).[1] This Framework has been published in a separate document.[2]

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent[3] opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Danske Bank's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Danske Bank representatives have confirmed (1) they understand it is the sole responsibility of Danske Bank to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Danske Bank.

[1] The Green Bond Principles are administered by the International Capital Market Association and are available at https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/
[2] The Danske Bank Group Green Bond Framework is available on Danske Bank Group's website at: https://danskebank.com/sustainability
[3] When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written for a period of twenty-four (24) months from the evaluation date stated herein.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Danske Bank has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Danske Bank Group Green Bond Framework

Sustainalytics is of the opinion that the Danske Bank Group Green Bond Framework is credible and impactful, and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of Danske Bank's Green Bond Framework:

- Use of Proceeds:
  - The eligible categories — Clean Transportation, Renewable Energy, Transmission and Energy Storage, Green and Energy Efficient Buildings, Sustainable Management of Living Natural Resources, Sustainable Water and Wastewater Management, Pollution Prevention and Control, Climate Change Adaptation — are aligned with those recognized by the GBP. Sustainalytics notes that all eligible projects and activities under the Framework will be located mainly in the Nordic region and the UK, but not exclusively.
  - Danske Bank intends to use part of the proceeds for project-based lending and part for general purpose loans for pure-play businesses that derive 90% of revenues from activities identified in the eligible categories. While Sustainalytics recognizes that the GBP prefer project-based lending and financing, and that there is, in general, less transparency with non-project-based lending, nevertheless, Sustainalytics recognizes that the financing of "pure-play" companies through green bonds is commonly accepted as an approach which can generate positive impacts.
  - Under the Clean Transportation category, Danske Bank may finance the production, establishment, acquisition, expansion, upgrade, maintenance and operation of electric and low carbon, plug-in hybrid electric, hydrogen and biogas-powered vehicles and related infrastructure for electric transport. Sustainalytics notes positively the Framework's inclusion of an emissions threshold of 50gCO_2/km for hybrid passenger vehicles.
  - Within the Renewable Energy category, Danske Bank may finance renewable energy generation projects from wind, solar, wave or tidal, hydropower, bioenergy, and geothermal sources. Sustainalytics notes the following:
    - Regarding hydropower projects, the refurbishment or refinancing of existing medium or large hydro power plants defined as those with a generation capacity of 10MW or more, are eligible. In this regard, Danske Bank's Framework excludes all projects that include an expansion of an impoundment facility, and it requires an emissions intensity 100 gCO_2e/kWh or less. Danske Bank also restricts all financing/refinancing of hydropower to assets in Nordic countries. Finally, Danske Bank will subject all financing of hydro power projects to an additional layer of internal due diligence in line with its internal credit policies with the aim of screening out financing for facilities that present local environmental and social risks.

    - For investments related to bioenergy, Sustainalytics notes that the Framework excludes biomass that is derived from sources of high biodiversity, which are in competition with food production or that deplete carbon pools are excluded. While these exclusionary criteria align with market practice, Sustainalytics notes that the Framework indicates a preference for loan recipients to demonstrate supply chain certifications, including Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), Sustainable Biomass Partnership (SBP), Roundtable on Sustainable Biomass (RSB). Moreover, Danske Bank has confirmed to Sustainalytics that bioenergy projects meet the emissions intensity threshold of <100gCO_2/kwh or lower.
    - Danske Bank has confirmed to Sustainalytics CHP plants which are powered by bioenergy adhere to life-cycle GHG emission intensity threshold of 100gCO_2e/kWh.
    - Geothermal facilities are limited to those with direct emissions less than 100g CO_2 per kWh.
    - Danske Bank has confirmed to Sustainalytics that for concentrated solar heat and power generation (CSP) and solar thermal plants, the majority of electricity generated (>85%) will be sourced from solar energy.
- As part of the Transmission and Energy Storage category, Danske Bank may finance the establishment, acquisition, expansion and upgrade of transmission lines and energy storage facilities or technologies and/or the associated infrastructure. Intended projects include, smart grids, storage facilities, metering systems and system grids for the transmission of electricity where, over a rolling five-year period, two thirds of new connected generation capacity in the system grid is below 100gCO_2e per kWh or the average system grid emissions factor is below 100gCO_2e per kWh. Sustainalytics views these expenditures as in line with market practice.
- Under the Green and Energy Efficient Buildings category, Danske Bank intends to invest in commercial and residential buildings that (i) have received or expected to receive recognized green building certifications (ii) receive Energy Performance Certificates (EPC) with energy class A or B, or (iii) place within the top 15% most energy efficient buildings in their respective region. As part of the same category, Danske Bank may invest in the renovation of buildings that result in at least 30% energy efficiency improvement over baseline and individual energy efficiency improvement measures that result in at least 20% energy efficiency improvement. Sustainalytics views the use of defined energy efficiency improvement thresholds as aligned with market practice for building refurbishments and energy efficiency improvements.
    - Eligible certifications are LEED (Gold or above), BREEAM (Very Good or above), DGNB (Gold or above), Miljöbyggnad (Silver or above), and the Nordic Swan Ecolabel. Sustainalytics views these certification schemes as credible and impactful. For Sustainalytics' assessment of these building certification schemes, please refer to Appendix 1. Sustainalytics notes that BREEAM Very Good is considered to be in line with market practice in some contexts, while in others BREEAM Excellent is preferred. In any case, Sustainalytics encourages the selection of BREEAM buildings that achieve a minimum score of 70% in the Energy category.
    - Danske Bank will select eligible buildings based on a determination of whether they are included in the top 15% energy efficient buildings in their respective regions. Selecting buildings with EPC labels A or B in Denmark, Finland, Norway, Sweden, and the UK (excluding Scotland) will fulfill this requirement for residential buildings. The Framework also allows Danske Bank the flexibility to incorporate new approaches to determining the top 15% energy efficient buildings. In April 2019 Danske Bank developed an approach for commercial buildings in Denmark that resulted in buildings with an EPC label of A becoming eligible. In March 2020, Danske Bank modified its approach such that buildings with an EPC label of B also became eligible, based on evidence that Danish commercial buildings with an EPC label A and B are within the top 16.4% most energy efficient commercial buildings with an EPC in Denmark. Sustainalytics notes that new buildings are overrepresented by EPCs when compared with older buildings in the stock and believes that Danske' Bank's approach of basing eligibility criteria on EPC levels A and B in Denmark is aligned with its criterion of the top 15% most energy efficient residential and commercial buildings. In November 2021, Danske Bank further modified its approach to include residential and commercial buildings with EPC labels A or B in England, Wales and Northern Ireland in the UK, based on its assessment that they are within the top 15% energy efficient criterion. Danske Bank has confirmed that it will exclude the financing of buildings in Scotland through this new approach. Sustainalytics highlights that, according to data from the UK government, buildings obtaining an EPC level of B or higher represent the top 11.3% of

domestic buildings and 10.8% of commercial buildings in the England and Wales as of the third quarter of 2021.[4] Sustainalytics also verified the Danske Bank's approach to assess EPC labels A and B to fall within the top 10.7% of residential buildings and 12.1% of commercial buildings in Northern Ireland and considers it to be credible. Sustainalytics therefore views this eligibility criterion as aligned with market practice.

- For the Sustainable Management of Living Natural Resources and Land Use category, Danske Bank relies on recognized third-party certification systems for forestry (FSC and PEFC) and fisheries (Marine Stewardship Council (MSC) or Aquaculture Stewardship Council (ASC), and limits financing to organic agriculture. Sustainalytics notes the following.
  - Sustainalytics views these certification schemes as robust and credible. For Sustainalytics' assessment of these forestry and fisheries certification schemes, please refer to Appendix 2 and 3.
  - Sustainalytics notes that the Framework allows for the financing of non-certified forestry activities. These activities apply to lands that meet the FSC's definition for Small and Low Intensity Managed Forests and are managed by individuals and small corporations. In this regard, Danske Bank has confirmed that financing and refinancing of these activities will take place primarily in Sweden, and loan recipients must be in compliance with national legislation, have an up-to-date forest management plan, a nature conservation action plan for at least 5% of the productive area managed and have a minimum target of 5% deciduous tree covered within the forest management plan. Danske Bank believes that together, these criteria can be considered equivalent to having achieved PEFC certification. Sustainalytics considers Danske Bank's criteria for uncertified forests to be sufficient to address relevant risk and generate positive impact.
- As part of the Sustainable Water and Wastewater Management category, Danske Bank may finance the development, acquisition, and upgrade of water facilities for the improvement of water quality or water efficiency through the distribution, conservation and treatment of water, rainwater and wastewater. Sustainalytics notes that Danske Bank has confirmed that treatment of wastewater from fossil fuel operations are excluded.
- Under the Pollution Prevention and Control category, Danske Bank intends to invest in the development, acquisition, and upgrade of waste management and waste-to-energy facilities and associated infrastructure. Sustainalytics recognizes that energy from waste could take out of circulation potentially recyclable materials and undermine the objectives of zero-waste circular economy. Sustainalytics positively highlights the Framework's explicit intent to ensure that recyclable are segregated from the waste stream prior to incineration, Sustainalytics encourages the Bank to monitor the thermal efficiency of the financed facilities.
- Within the Climate Change and Adaptation category, Danske Bank intends to finance projects aimed at the preservation and the advancement of adaptive capacity and resilience to the adverse impact of climate change. Sustainalytics recognizes the potential environmental and social benefits of expenditures under this category and encourages the Bank to commission adequate climate change vulnerability assessments and develop necessary adaption plans prior to implementing any project.
- Danske Bank's Framework defines New Green Loans and Existing Green Loans as eligible for refinancing. New Green Loans are categorized as eligible loans originated following the issuance of a green bond, or those loans originated 12-months prior to the issuance of a green bond. The bank does not specify a look-back period for Existing Green Loans, but the Framework highlights that the Bank will make efforts to prioritize New Green Loans. Where practical, Sustainalytics encourages the Bank to report on the proportion of net proceeds used to finance New versus Existing Green Loans.

- Project Evaluation and Selection:
  - Danske Bank's sustainability experts within lending units evaluate potential Green Loans, their compliance with the Green Loan categories and their environmental benefits. Consistent with market practice, the final decision on the selection of Green Loans is made by Danske Bank's Green Bond Committee (GBC), which approves Green Loans, excludes Green Loans already

[4] Ministry of Housing of the UK, Communities and Local Government, "Live tables on Energy Performance of Buildings Certificates", (2021), at: https://www.gov.uk/government/statistical-data-sets/live-tables-on-energy-performance-of-buildings-certificates#epcs-for-all-properties-non-domestic-and-domestic

funded with net proceeds from green bond issuances, monitors the allocation of green bond net proceeds and maintains and updates the Green Bond Framework. The GBC, chaired by the Danske Bank Group Head of Treasury, consists of representatives from the bank's Sustainable Finance, Societal Impact and Sustainability and Risk Management functions and meets on a bi-monthly basis. Furthermore, the GBC is governed by the bank's Asset Liability Committee. Sustainalytics considers representation on Danske Bank's GBC from key departments to be an advantage.
  - Danske Bank has in place bank-level processes to ensure that environmental and social risks associated with the eligible projects are identified and mitigated. Sustainalytics considers this to be adequate. For additional details, see Section 2.
  - Based on the establishment of a formal committee and risk management processes, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - Danske Bank uses dedicated Green Registries, on a portfolio basis, to keep track of the Green Loans per issuing entity and net proceeds from the respective entities' Green Bond issuance. The Group Treasuries will be responsible for overseeing this process. The use of proceeds from the Green Registries will only support the financing of Green Loans or to repay Green Bonds. Pending allocation, unallocated proceeds will be invested in Danske Bank's treasury liquidity portfolio in cash or other short-term and liquid instruments. Danske Bank intends to reach full allocation within 36 months of issuance.
  - Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - Danske Bank intends to report on the allocation of proceeds on its website on an annual basis until full allocation. The allocation reporting will include summary of general Green Bond developments, the outstanding amount of Green Bonds, total allocation of Green Bond net proceeds to each Green Loan category, and the balance of Green Loans in the Green Registries, including temporary investments.
  - In addition, Danske Bank is committed to reporting on relevant environmental impact metrics including the number of low carbon vehicles, GHG savings (tonnes per year), renewable energy generation (MWh per year), installed renewable energy capacity (MW), forest areas (hectares), and obtained certification schemes. For a complete list of impact indicators, please refer to Appendix 4 Green Bond/ Green Bond Programme External Review Form
  - Based on these commitments, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Danske Bank Group Green Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 4: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Danske Bank

Contribution of framework to Danske Bank Group's sustainability strategy

Danske Bank has developed a Group Sustainability Strategy that guides its approach to doing business in a sustainable manner, with the aim of fostering sustainable progress and positive impact in the markets where it operates.[5] The strategy identifies six focus areas including (i) Sustainable finance, (ii) Entrepreneurship, (iii), Financial confidence, (iv) Governance and integrity, (v) Employee well-being and diversity, and (vi) Environmental footprint.[6]

Accelerating sustainable finance has been identified by Danske Bank as a key factor in the implementation of its strategy.[7] In this regard, the bank integrates sustainability factors into its own investment and credit decision making processes as required by its Sustainable Investment Policy and Credit Policy. Furthermore, Danske Bank has clearly outlined its position on how to support sustainability on a range of thematic issues

[5] Danske Bank, "Our Approach", at: https://danskebank.com/societal-impact/our-approach
[6] Danske Bank, "Danske Bank Sustainability Report 2020", (2020), at: https://danskebank.com/-/media/danske-bank-com/file-cloud/2021/2/sustainability-report-2020.pdf?rev=9e97efda94d5437181f320ed84be1ffc&hash=78BA7E911FC96C8C8C4074980AEE0409
[7] Danske Bank, "Sustainable Finance" at: https://danskebank.com/sustainability/strategic-direction

including, but not limited to, agriculture, climate change and forestry.[8] Realizing the importance of Danske Bank as a financial institution in advancing the climate and sustainability agenda, as part of its 2023 targets, Danske Bank aims to increase the volume of sustainable finance including granted green loans and arranged bondsto well above DKK 300 billion (EUR 40 billion), and invest over DKK 30 billion (EUR 4 billion) in green transition by Danica Pension.[9] With regards to its own operational footprint, the bank reports on having achieved carbon neutrality in 2009 and reports a 2% decrease in emissions between 2018 and 2019.[10] Furthermore, in 2019, Danske Bank has committed to reducing CO_2 emissions in its operations by 75% by 2023 compared to 2010 levels, indicating a 10% reduction from 2019 levels.[11]

Given Danske Bank's approach to sustainability, Sustainalytics is of the view that Danske Bank's green bonds will support the bank's overall sustainability strategy.

Approach to managing environmental and social risks associated with the projects

While Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include workers' health and safety, biodiversity and the disruption of ecosystems, community relations and emissions of waste and pollutants to land, air and water.

Sustainalytics is of the opinion that Danske Bank is able to manage and/or mitigate potential risks through implementation of the following:

- Danske Bank states that its lending practices incorporate international principles to encourage environmental risk management, the safeguarding of human and labour rights and promote anti-corruption. The key principles in this regard are the 2030 Agenda and the UN Sustainable Development Goals, The UN Global Compact, The OECD Guidelines for Multinational Enterprises, The UN Guiding Principles on Business and Human Rights, The UN-supported Principles for Responsible Investments (UNPRI), UN Environmental Program Finance Initiative (UNEPFI), The Universal Declaration of Human Rights, The ILO Declaration of Fundamental Principles of Rights at Work.
- Danske Bank also assesses Environmental, Social and Governance (ESG) risks pertinent to its business customers, and in cases where the assessment shows non-compliance with corporate policies an engagement process is launched and is aimed at achieving compliance with group standards.[12] Should the recipient of a loan not remediate the deficiencies the bank reserves the right to terminate the credit agreement. The bank's position statements related to climate change, agriculture, forestry and human rights outline additional measures specific to each thematic issue. Additionally, these position statements outline key expectations of customers, including the expectation that clients conduct environmental impact assessments when securing financing for large-scale projects. Specifically relevant to uncertified forestry activities, Danske Bank's forestry statement includes the expectation that loan recipients and companies the bank invests in comply with a number of industry specific guidelines, including, but not limited to, the prevention of deforestation of high conservation value forests, prevention of damage to wetlands covered by the Ramsar Convention and respecting indigenous people's right to Free, Prior and Informed Consent with respect to customary lands.[13]
- Legislation in Nordic countries and the UK requires environmental impact assessments to be conducted when developing infrastructure and exploiting natural resources. These requirements reduce the associated environmental risks of the projects for Danske Bank, as its projects need to uphold national standards in these countries. In this regard, Denmark, Finland, Norway Sweden and the UK are classified "Designated Countries" by the Equator Principles, implying the presence of robust environment and social governance systems, legislation and institutional capacity for protecting the environment and communities.[14]

[8] Ibid.
[9] Ibid.
[10] Ibid.
[11] Danske Bank, "Danske Bank sets new target for contributing to the green transition" (2020) at: https://danskebank.com/news-and-insights/news-archive/press-releases/2020/pr05022020a
[12] Danske Bank, "Danske Bank Position Statement Climate Change", (2021), at: https://danskebank.com/-/media/danske-bank-com/file-cloud/2017/5/danske-bank-position-statement-climate-change.pdf
[13] Danske Bank, "Danske Bank Position Statement Forestry", (2019), at: https://danskebank.com/-/media/danske-bank-com/file-cloud/2017/5/danske-bank-position-statement-forestry.pdf
[14] The Equator Principles, "Designated and Non-Designated Countries", at: https://equator-principles.com/designated-countries/

- Danske Bank excludes proceeds from green bonds being used for financing in sectors considered to have a negative impact on the environment and society, such as fossil energy generation, nuclear energy generation, research and development within weapons and defence, environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

Sustainalytics recognizes that Danske Bank faced allegations that it violated anti-money laundering rules in its Estonian operations through the local unit's non-resident banking portfolio during the period 2007 to 2015. In this regard, Sustainalytics acknowledges that Danske Bank closed its Estonian non-resident portfolio, and has made significant investments in resources and governance structures to enhance its compliance mechanisms, a comprehensive overview of which is available on the bank's website.[15] Sustainalytics notes that risks related to money laundering activities are common for large diversified financial institutions such as the bank, and acknowledges the enhanced focus of the bank on compliance issues. Sustainalytics also notes that Danske Bank intends to use proceeds from green bonds to finance and refinance green loans originated primarily in Nordic countries and the UK, which have not been linked to the violations in Estonia.

Overall, Sustainalytics is of the opinion that Danske Bank is well positioned to mitigate the environmental and social risks associated with its use of proceeds categories.

Section 3: Impact of Use of Proceeds

All eight use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on four below where the impact is specifically relevant in the local context.

Contribution of Renewable Energy, Clean Transportation, Transmission and Energy Storage and Green Buildings to climate change mitigation Nordic states and the UK

Nordic countries have committed to becoming "fossil free" by 2050, through ambitious energy and climate policies and programmes.[16] While Sweden, Denmark and Norway are committed to 100% renewable use, Finland has a target of 80-95% against 1990 levels. Most "fossil free" policies rely on promoting renewable energy and energy efficient technologies.[17]

With regards to renewable energy, the importance of hydropower is significant in some countries, particularly Norway, where approximately 95% of power production is generated from hydro.[18] Furthermore, it is notable that the average Norwegian dam and associated hydropower infrastructure is over four decades old,[19] increasing the importance of financing for refurbishments that ensure the facilities can continue generating renewable energy. Danske Bank has confirmed to Sustainalytics that the typical hydroelectric facilities generating more than 20 MW in its portfolio of existing green loans were constructed over three decades ago. In this regard, Sustainalytics has reviewed the emissions intensity assessments of a selection of Norwegian hydropower plants, and notes CO_2e/kWh levels well below 100 CO_2e/kWh. In general, GHG emissions from boreal reservoirs are significantly lower than in tropical regions, with reservoirs older than 10 years demonstrating emissions profiles similar to those of natural lakes.[20] Given the above context, Sustainalytics considers Danske Bank's approach to the refurbishment or refinancing of existing medium or large hydro power plants, defined as those with a generation capacity of 10MW or more as credible and important to sustain high levels of renewable energy production in Nordic countries.

Building codes have also been progressively strengthened in Nordic states and the UK in order to boost energy efficiency and reduce emissions from the residential building sector.[21] Danske Bank relies on the use of EPC label A or B for residential properties, which corresponds with the top 15% most energy efficient residential

[15] Danske Bank, "The investigations relating to Danske Bank's Estonian branch", at: https://danskebank.com/about-us/corporate-governance/investigations-on-money-laundering
[16] European Comission, "Science for Environment Policy", (2017), at: http://ec.europa.eu/environment/integration/research/newsalert/pdf/nordic_countries_demonstrate_potential_of_low_carbon_energy_policies_494na4_en.pdf
[17] Ibid.
[18] International Hydropower Association, "2021 Hydropower Status Report", (2021), at: https://www.hydropower.org/country-profiles/norway
[19] Ibid.
[20] Tremblay A, et al., (2016), "The issue of greenhouse gases from hydroelectric reservoirs: from boreal to tropical regions", Environmental Protection, at: https://www.un.org/esa/sustdev/sdissues/energy/op/hydro_tremblaypaper.pdf
[21] Nordic Council of Ministers, "Nordic Action On Climate Change", (2017), at: https://norden.diva-portal.org/smash/get/diva2:1148260/FULLTEXT01.pdf

buildings in Finland,[22] residential buildings in Norway[23] and single, two family and multifamily dwellings in Sweden.[24] For Danish buildings, the Bank also uses EPC labels A and B which correspond with the top 15.6% most energy efficient residential buildings and the top 16.4% most energy efficiency commercial buildings in Denmark for which EPCs have been granted.[25] According to Statistics Denmark, buildings constructed before 1999 account for 87% of all buildings in Denmark, whereas 5% of buildings constructed before 1999 have an EPC label of A and B and 57.1% buildings constructed after 1999 have an EPC label of A or B.[26] Given this context, Sustainalytics recognizes that new buildings are overrepresented by EPCs when compared with older buildings in the stock and considers Danske' Bank's approach of basing eligibility criteria on EPC levels A and B in Denmark to be aligned with its criteria of the top 15% most energy efficient residential and commercial buildings. In 2020, the UK government approved the proposal of increasing the minimum energy efficiency standard to level B for all UK homes by 2030[27] as the building stock is responsible for a large proportion of the UK's carbon emissions. Sustainalytics notes that buildings with EPC levels A and B fall within the top 15% in England, Wales and Northern Ireland. Given this context, Sustainalytics considers Danske's Bank's targeting of such buildings in the UK to be impactful.

Currently, electrified railways represent a significant proportion of rail infrastructure Nordic countries (31% in Denmark, 53% in Finland, 61% in Norway and 67% in Sweden) rail networks.[28] However, transportation remains a large contributor to Nordic GHG emissions, accounting for 40% of the total, implying the need for ongoing financing to maintain the transition towards clean transportation.

Sustainalytics believes Danske Bank's financing of renewable energy, clean transportation, green buildings and transmission and energy storage will support Nordic countries to achieve their GHG emission reduction targets by improving energy efficiency and clean energy generation, and further the transition towards a sustainable economy.

The importance of sustainably managing living and natural resources in Northern Europe

In the EU, agriculture (land use, land use change and forestry) accounts for 10% of total GHG emissions, with agricultural land covering approximatively 45% of EU territory.[29] The UN Food and Agriculture Organization (FAO) acknowledges the positive environmental contribution of organic farming in relation to the carbon sequestration potential of soil, resulting in part from the replacement of synthetic fertilizers with biomass management techniques.[30] Furthermore, several climate mitigation policies for the agricultural sector devised by the 5th IPCC (Intergovernmental Panel on Climate Change) Report on climate are embedded in the EU legislation on organic farming.[31] As such, Sustainalytics views that Danske Bank's plans on financing organic farming following EU regulations will be impactful and will contribute towards lowering the sector's carbon dioxide emissions.

The contribution of sustainable forest management, restoration of forests, reducing forest degradation and mitigating GHG emissions from agriculture, forestry and other land use sectors are highlighted as an important strategy for mitigating climate change by the IPCC.[32] Promoting sustainable forest management is especially important for Nordic countries like Finland, Norway and Sweden, which are among the most important producers of forestry products globally, and Denmark, which is in the process of reforestation activities. In this regard, Danske Bank's focus on international sustainable forest management certifications (FSC and PEFC), which align with IPCC recommendations is considered impactful by Sustainalytics.

[22] Nordic Council of Ministers, "ÉPC in the Nordic Countries" (2015), at: http://norden.diva-portal.org/smash/get/diva2:900555/FULLTEXT02.pdf
[23] Ibid.
[24] Boverket, "Statistik om energideklaration", (2021), at: https://www.boverket.se/sv/energideklaration/energideklaration/bakgrund/statistik-om-energideklaration/
[25] Energistyrelsen, "Sparenergi", at: https://sparenergi.dk/forbruger/vaerktoejer/find-dit-energimaerke
[26] Ibid.
[27] Department for Business, Energy & Industrial Strategy, "Energy white paper: Powering our net zero future", (2020), at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945899/201216_BEIS_EWP_Command_Paper_Accessible.pdf
[28] Statista, "Percentage of the railway lines in Europe in 2018 which were electrified, by country", (2021), at: https://www.statista.com/statistics/451522/share-of-the-rail-network-which-is-electrified-in-europe/
[29] European Parliament Research Service, "EU Agricultural Policy and climate change", (2020), at: https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/651922/EPRS_BRI(2020)651922_EN.pdf
[30] FAO, "Organic Agriculture and Climate Change Mitigation - A Report of The Round Table on Organic Agriculture and Climate Change" (2011), at:
[31] Council of the EU, "EU Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91", (2007), at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32007R0834&from=EN;%20 ; ;:
[32] IPCC, "Climate Change and Land", (2019), at: https://www.ipcc.ch/site/assets/uploads/sites/4/2021/07/210714-IPCCJ7230-SRCCL-Complete-BOOK-HRES.pdf

Sustainalytics' also notes that Danske Bank has taken steps to ensure that financing for non-certified forestry activities are conducted in an impactful manner (please refer to section 1).

According to the European Environment Agency, the EU did not meet the key targets of its 2020 Biodiversity strategy.[33] While Sweden and Denmark performed better towards important biodiversity conservation and sustainable fisheries management targets than the EU average member state, it is acknowledged that there is still scope for significant improvements in the sustainable management of marine resources.[34] Furthermore, Norway, the world's largest producer of salmon,[35] is experiencing problems related to the negative environmental impacts of aquaculture on local biotopes, such as sea lice infections, interbreeding, and unintended release of chemicals.[36] Danske Bank's financing of certified sustainable seafood production, both wild caught and aquaculture, are therefore viewed as an important complements to national policies that can help advance more sustainable exploitation of marine biological resources.

Supporting water quality and management in Nordic countries

Urban areas from Nordic countries have invested, over the years, in decentralized water infrastructure systems and water treatment facilities,[37] and, as a result, Northern Europe expose to poor water quality is relatively limited. Sweden, as an example, is a country with high water quality, as reported in an OECD survey, which mainly sources its water from lakes and running water.[38] However, the Swedish government also works towards reducing acidification of lake water, while also reporting that all households in urban areas are connected to wastewater treatment plants and more than 95% of this sewage goes through biological and chemical wastewater treatment.[39] The other Nordic states are also heavily involved in treating water, as 95% of all wastewater is treated in Denmark[40] and only 2% of water remains untreated in Norway.[41]Taking into account the context, Sustainalytics views that Danske Bank's financing of wastewater facilities and technologies will help maintain high water quality in Nordic countries.

Building resilience to the physical impacts of climate change

Nordic countries' exposure to climate-related disasters is manifest in wildfires, for example, as temperatures throughout Northern Europe rise at double the speed of the global average. Furthermore, sea levels in the region are expected to rise by 0.2 meters due to the melting of Arctic ice, which would endanger communities living in coastal areas, which is where the largest Nordic cities are located. Despite these risks, Nordic countries have worked towards reducing vulnerability through strategies aimed at increasing resilience through relevant climate policy, investments in innovative technologies and regional cooperation between Nordic states.[42] In this regard, Nordic countries have embraced a dual approach focusing on both adaptation and mitigation.[43] Having said this, continuous investments are necessary to maintain the resilience of Nordic countries to the physical impacts of climate change. Sustainalytics views Danske Bank's intention to finance climate change adaptation projects in the region to be a positive outcome for combating the adverse effects of climate change in the Nordic countries. Particularly relevant is the Bank's requirement that all adaptation projects to be financed include a statement of purpose or intent so as to contextualize the investments with regards to whether they are addressing current or future risks and contextualizing the specific vulnerability that is being addressed. Sustainalytics believes that such a statement will help to ensure transparency with

[33] WWF, "Time is up: EU misses 2020 biodiversity targets by a long shot, EEA report shows", (2020), at: https://www.wwf.eu/what_we_do/biodiversity/?uNewsID=979916
[34] WWF, "Evaluating Europe's Course to Sustainable Fisheries By 2020", (2018), at: https://d2ouvy59p0dg6k.cloudfront.net/downloads/wwfepo_cfpscorecardreport_dec2018.pdf
[35] Food and Agriculture Organization of the United Nations, "Fishery and Aquaculture Country Profiles – The Kingdom of Norway", at: https://www.fao.org/fishery/facp/NOR/en
[36] Sandersen, H.T., Kvalvik, I., (2015), "Access to aquaculture sites: A wicked problem in Norwegian aquaculture development", Maritime Studies, at: https://link.springer.com/article/10.1186/s40152-015-0027-8
[37] Vanham, D. et al., (2017), "Food consumption and related water resources in Nordic cities", Ecological Indicators, at: https://www.sciencedirect.com/science/article/pii/S1470160X16306562
[38] OECD, "OECD Better Life Index - Sweden", at: https://www.oecdbetterlifeindex.org/countries/sweden/
[39] McConville, J.R. et al., (2017), "Is the Swedish wastewater sector ready for a transition to source separation?", Desalination and Water Treatment, at: https://www.deswater.com/in_press/open_access/20881_ftx.pdf
[40] Danish Water and Wastewater Association, "Water in Figures 2017", (2017), at: https://danishwatertechnology.com/wastewater/
[41] Statistisk Sentralbyrå, "Municipal wastewater 2017", (2018), at: https://www.ssb.no/en/natur-og-miljo/artikler-og-publikasjoner/municipal-wastewater-2017
[42] Ibid.
[43] Ibid.

regards to the projects being financed and their alignment with the Danske Bank Group Green Bond Framework.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the Danske Bank Group Green Bond Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Renewable Energy	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Transmission and Energy Storage	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Green Buildings	7. Affordable and clean energy 9. Industry Innovation and Infrastructure	7.3 By 2030, double the global rate of improvement in energy efficiency 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Sustainable Management of Living Natural Resources	14. Life Below Water 15. Life on Land	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution 15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Pollution Prevention and Control	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Climate Change Adaptation	13. Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

Conclusion

Danske Bank has developed the Danske Bank Group Green Bond Framework under which it may issue green bonds and the use of proceeds to finance and/or refinance eligible new and existing green loans for projects and activities related to clean transportation; renewable energy; transmission and energy storage; sustainable management of living and natural resources and land use; green and energy efficiency buildings; pollution prevention and control; sustainable water and wastewater management and climate change adaptation predominantly in Denmark, Finland, Norway and Sweden Sustainalytics considers that the projects funded by the green bond proceeds are are expected to reduce GHG emissions, limit pollution and enhance resilience to climate change.

The Danske Bank Group Green Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Danske Bank Group Green Bond Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 6, 7, 9, 11, 12, 13, 14, and 15. Additionally, Sustainalytics is of the opinion that Danske Bank has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Danske Bank Group is well-positioned to issue green bonds and that the Danske Bank Group Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021.

Appendices

Appendix 1: Overview and Assessment of Green Building Standards

	BREEAM	LEED	DGNB	Nordic Swan	Miljöbyggnad
Background	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC).	DGNB was developed in 2007 by the non-profit German Sustainable Building Council in partnership with the German Federal Ministry of Transport, Building, and Urban Affairs in order to actively encourage sustainable building.	Svanen is owned by "Ecolabelling Sweden", a Swedish state company responsible for both the Swan ecolabel and the EU Ecolabel. Svanen was first released in 1989 by the Nordic Council of Ministers.	Administered by the Swedish Green Building Council (SGBC), Miljöbyggnad certifies new and existing residential and commercial buildings. First implemented in 2010, Version 3 launched in 2018.
Certification levels	Pass Good Very Good Excellent • Outstanding	• Certified • Silver • Gold • Platinum	• Bronze • Silver • Gold • Platinum	• Certified	• Bronze • Silver • Gold
Areas of Assessment	• Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation	• Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority	• Environment • Economic • Sociocultural and functional aspects • Technology • Processes & Site	• General requirements • Resource efficiency • Indoor environment • Chemicals and materials • Construction Management • Regulatory requirements • Point-score requirements (including energy)	• Energy • Indoor Environment • Chemical Substances • Specific Environmental Demands
Requirements	Prerequisites depending on the levels of certification + Credits with associated points This number of points is then weighted by item [44] and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.	Prerequisites independent of level of certification, and credits with associated points. These points are then added together to obtain the LEED level of certification There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New	Percentage-based performance index. The total performance index (expressed as a percentage) is calculated by adding the six key areas of assessment. Depending on the total performance index, a DGNB award will be given to the project, starting from Silver. Bronze is awarded for existing buildings and is conferred as the lowest rank.	Points-based assessment. For apartment buildings at least 17 out of 44 possible points must be achieved. For small houses at least 16 out of 42 possible points must be achieved. For pre-school and school buildings at least 15 out of 39 possible points must be achieved.	Checklist of 15 indicators, all of which must be met in order to obtain certification. Level of certification is determined by the lowest-scoring indicator.

[44] BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

	BREAAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	Construction and Major Renovations, Existing Buildings: Operation and Maintenance).			
Performance display					
Qualitative Considerations	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.	Widely recognized internationally, and strong assurance of overall quality.	DGNB certification is based on current European Union standards.	Widely recognized within the region, strong assurance of quality.	Developed specifically for Sweden. High emphasis on indoor environments.

Appendix 2: Overview and Assessment of Fishery, Aquaculture, and Agriculture Certifications

	Marine Stewardship Council [45]	Aquaculture Stewardship Council [46]	EU Organic[47]
Background	Marine Stewardship Council (MSC) is a non-profit organization founded in 1996, that issues eco-label certifications for fisheries which are sustainable and well-managed.	The Aquaculture Stewardship Council (ASC) is an independent, international NGO that manages the ASC certification and labelling program for responsible aquaculture.	The EU Organic Farming is a European wide label organized under the European Commission's Council Regulation (EC) no 834/2007. The regulation covers the organic production and labelling of organic products including live or unprocessed agricultural projects, processed agricultural products for use of food, feed, and vegetative propagating material and seeds for cultivation.
Clear positive impact	Promoting sustainable fisheries practices.	Promoting sustainable aquaculture practices.	Promotion of a sustainable management system that respects nature's systems, contributes to biological diversity, uses energy responsibly, respects high animal welfare standards.
Minimum standards	A minimum score must be met across each of the performance indicators. As a condition to certification, low-scoring indicators must be accompanied by action plans for improvement.	Quantiative and qualitative thresholds which are designed to be measurable, metric- and performance-based. Certification may be granted with a "variance" to certain requirements of the standard. This variance is designed to allow the standard to adapt to local conditions, but has been criticized for weakening the standard and overriding the consultations involved in the standard-setting process.	The EU Organic Farming system prohibits the use of GMOs (minimum 95% GMO free), the use of ionizing radiation and sets core requirements for plant production, production rules for seaweed, livestock production rules, production rules for aquaculture animals.

[45] https://www.msc.org/standards-and-certification/fisheries-standard
[46] https://www.asc-aqua.org/what-we-do/our-standards/farm-standards/
[47] https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming

Scope of certification or programme	The MSC standard consists of a fisheries standard and a chain of custody standard. The Fishery Standard assesse three core principles: sustainable fish stocks, minimising environmental impact, and effective fisheries management; collectively these account for the major environmental and social impacts. The Chain of Custody standard addresses certified spirchsing, product identification, seperation, traceability and records, and good management.	ASC encompasses nine farm standards, covering 15 fish species as well as the harvest of seaweed. These farm standars lay out minimum requirements regarding both environmental and social performance. Additionally, a Chain of Custody Standard is mandatory for all supply chain actors in order to ensure traceablity.	The EU Organic Farming system addresses key risks such as substance use (e.g. pesticides, soluble fertilizers, soil conditioners or plant protection products), the maintenance and enhancement of soil life, natural soil fertility, soil stability and biodiversity, preventing and combating soil damage (compaction, erosion).
Verification of standards and risk mitigation	Third-party conformity assessment bodies (CABs), certified by Accreditation Service International (ASI) carry out assessments in line with the MSC standard and ISO 17065. Certification is valid for up to five years.	Third-party conformity assessment bodies (CABs), certified by Accreditation Service International (ASI) carry out assessments in line with the ASC standard and ISO 17065. Major non-compliances must be remedied within three months.	Certified entities undergo audits to ensure compliance with criteria and continuous improvement at least once a year, or more often based on a risk assessment.
Third party expertise and multi-stakeholder process	Aligned with the UN Code of Conduct for Reponsible Fishing, and further informed by the Global Sustainable Seafood Initiative (GSSI), World Trade Organization (WTO), and International Social and Environmental Accreditation and Labelling (ISEAL)	Developed in line with United Nation's Food and Agriculture Organization) UN FAO) and International Labour Organisation (ILO) principles. Managed in accordance with the International Social and Environmental Accreditation and Labelling (ISEAL) Codes of Good Practice.	The EU Organic Farming is a government-based standard resulting from public consultations and third-party deliberations in line with the European Commission's typical legislative approach.
Performance display			
Qualitative considerations	The MSC label is the most widely recognized sustainable fisheries label worldwide, and is generally accepted to have positive impacts on marine environments. Proponents of the label cite the transparent science-based process for approval and its successful engagement with industry groups. Criticism from various observers include lack of focus on preventing by-catch, protecting marine mammals and endangered species, follow-up on conditions, crew safety, and live tracking of supply chains.	Widely recognized, and modeled on the successful MSC certification. Some criticism has been focused on the ability to certify with a "variance", in which certain aspects of the standard can be interpreted or waived during the audit procedure. While a reputable certification overall, the standard does not fully mitigate all the risks associated with aquaculture.	Every Member State must designate one or more private and/or public control authorities in charge for the organic production and labelling of organic products in the EU Member States.

Appendix 3: Overview and Assessment of Forestry Certifications

	FSC[48]	PEFC[49]
Background	Founded in 1993 after the 1992 Earth Summit in Rio failed to produce any international agreements to fight against deforestation, FSC aims to promote sustainable forest management practice.	PEFC was founded in 1999 in response to the specific requirements of small and family forest owners as an international umbrella organisation providing independent assessment, endorsement and recognition of national forest certification systems.
Basic Principles	• Compliance with laws and FSC principles • Tenure and use rights and responsibilities • Indigenous peoples' rights • Community relations and workers' rights • Benefits from the forests • Environmental impact • Management plans • Monitoring and assessment • Special sites – high conservation value forests (HCVF) • Plantations	• Maintenance and appropriate enhancement of forest resources and their contribution to the global carbon cycle • Maintenance and enhancement of forest ecosystem health and vitality • Maintenance and encouragement of productive functions of forests (wood and non-wood) • Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems • Maintenance and appropriate enhancement of protective functions in forest management (notably soil and water) • Maintenance of socioeconomic functions and conditions • Compliance with legal requirements
Governance	The General Assembly, consisting of all FSC members, constitutes the highest decision-making body. At the General Assembly, motions are proposed by one member, seconded by two more and deliberated and voted on by all members. Members are entitled to vote to amend the bylaws, initiate new policies and clarify, amend or overturn a policy decision by the board. Members apply to join one of three chambers – environmental, social or economic – that are further divided into northern and southern sub-chambers. Each chamber holds 33.3% of the weight in votes and within each chamber the votes are weighted so that the North and South hold an equal portion of authority, to ensure influence is shared equitably between interest groups and countries with different levels of economic development. The votes of all individual members in each sub-chamber represent 10% of the total vote of the sub-chamber, while the votes of organizational members make up the other 90%. The members vote for the board of directors, which is accountable to the members. There is an international board elected by all members and a US board elected by the US-based members.	PEFC's governance structure is formed by the General Assembly (GA) which is the highest authority and decision-making body. It is made up of all PEFC members, including national and international stakeholders. Members vote on key decisions including endorsements, international standards, new members, statutes and budgets. All national members have between one and seven votes, depending on membership fees, while international stakeholder members have one vote each. The Board of Directors supports the work of the GA and together the GA and the Board make the formal approval of final draft standards. Standards are developed by working groups. In general, PEFC's governance structure is more representative of industry and government stakeholders than of social or environmental groups, which gives industry and governments more influence in the decision-making process. However, the organisation does include stakeholders from all sectors.
Scope	FSC is a global, multi-stakeholder owned system. All FSC standards and policies are set by a consultative process. There is an FSC Global standard and for certain countries FSC National standards. Economic, social and environmental interests have equal weight in the standard setting process. FSC follows the ISEAL Code of Good Practice for Setting Social and Environmental Standards.	Multi-stakeholder participation is required in the governance of national schemes as well as in the standard-setting process. Standards and normative documents are reviewed periodically at intervals that do not exceed five years. The PEFC Standard Setting standard is based on ISO/IEC Code for good practice for standardization (Guide 59)[50] and the ISEAL Code of Good Practice for Setting Social and Environmental Standards.
Chain-of-Custody	• The Chain-of-Custody (CoC) standard is evaluated by a third-party body that is accredited by FSC and compliant with international standards. • CoC standard includes procedures for tracking wood origin.	• Quality or environmental management systems (ISO 9001:2008 or ISO 14001:2004, respectively) may be used to implement the minimum requirements for chain-of-custody management systems required by PEFC. • Only accredited certification bodies can undertake certification.

[48] Forest Stewardship Council, at: https://www.fsc.org/en.
[49] Programme for the Endorsement of Forest Certification, at: https://www.pefc.org/.
[50] ISO, "ISO/IEC Guide 59:2019", (2019), at: https://www.iso.org/standard/23390.html.

	• CoC standard includes specifications for the physical separation of certified and non-certified wood, and for the percentage of mixed content (certified and non-certified) of products. • CoC certificates state the geographical location of the producer and the standards against which the process was evaluated. Certificates also state the starting and finishing point of the CoC.	• CoC requirements include specifications for physical separation of wood and percentage-based methods for products with mixed content. • The CoC standard includes specifications for tracking and collecting and maintaining documentation about the origin of the materials. • The CoC standard includes specifications for the physical separation of certified and non-certified wood. • The CoC standard includes specifications about procedures for dealing with complains related to participant's chain of custody.
Non-Certified Wood Sources	FSC's Controlled Wood Standard establishes requirements to participants to establish supply-chain control systems and documentation to avoid sourcing materials from controversial sources, including: a. Illegally harvested wood, including wood that is harvested without legal authorisation; from protected areas; without payment of appropriate taxes and fees; using fraudulent papers and mechanisms; in violation of CITES requirements; and others, b. wood harvested in violation of traditional and civil rights, c. wood harvested in forests where high conservation values are threatened by management activities, d. wood harvested in forests being converted from forests and other wooded ecosystems to plantations or non-forest uses, e. wood from management units in which genetically modified trees are planted.	The PEFC's Due Diligence System requires participants to establish systems to minimise the risk of sourcing raw materials from: a. forest management activities that do not comply with local, national or international laws related to workers' health and labor and indigenous peoples' property, tenure and use rights. b. operations and harvesting, including land use conversion, ○ management of areas with designated high environmental and cultural values, ○ protected and endangered species, including CITES species, ○ health and labour issues, ○ indigenous peoples' property, tenure and use rights, ○ payment of royalties and taxes. c. genetically modified organisms, d. forest conversion, including conversion of primary forests to forest plantations.
Accreditation/ Verification	FSC-accredited Certification Bodies (CB) conduct an initial assessment and upon successful completion companies are granted a 5-year certificate. Companies must undergo an annual audit and a reassessment audit every 5 years. Certification Bodies undergo annual audits from Accreditation Services International (ASI) to ensure conformance with ISO standard requirements.	Accreditation is carried out by an accreditation body (AB). A certification body checks that a company meets the PEFC standard, the accreditation body checks that a certification body meets specific PEFC and ISO requirements. Through the accreditation process, PEFC has assurance that certification bodies are independent and impartial and that they follow PEFC certification procedures. PEFC does not have their own accreditation body. Like with the majority of ISO based certifications, PEFC relies on national ABs under the umbrella of the International Accreditation Forum (IAF). National ABs need to be a member of the IAF, which means they must follow IAF's rules and regulations.
Conclusion	Sustainalytics views both FSC and PEFC as well as the PEFC-affiliated. Both schemes have received praise for their contribution to sustainable forest management practices[51] and both have also faced criticism from civil society actors.[52,53] In certain instances, these standards go above and beyond national regulation and are capable of providing a high level of assurance that sustainable forest management practices are in place. However, in other cases, the standards are equal or similar to national legislation and provide little additional assurance. Ultimately, the level of assurance that can be provided by either scheme is contingent upon several factors including the certification bodies conducting audits, national regulations and local context.	

[51] FESPA, "FSC, PEFC and ISO 38200" (2018), at: https://www.fespa.com/en/news-media/blog/fsc-pefc-and-iso-38200.
[52] Yale Environment 360, "Greenwashed Timber: How Sustainable Forest Certification Has Failed" (2018), at: https://e360.yale.edu/features/greenwashed-timber-how-sustainable-forest-certification-has-failed.
[53] EIA,"PEFC: A Fig Leaf for Stolen Timber" (2017), at: https://eia-global.org/blog-posts/PEFC-fig-leaf-for-stolen-timber.

Appendix 4: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Danske Bank Group
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Danske Bank Group Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	December 21, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

☒	Use of Proceeds	☒	Process for Project Evaluation and Selection
☒	Management of Proceeds	☒	Reporting

ROLE(S) OF REVIEW PROVIDER

☒	Consultancy (incl. 2nd opinion)	☐	Certification
☐	Verification	☐	Rating
☐	Other *(please specify)*:		

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds —Clean Transportation, Renewable Energy, Transmission and Energy Storage, Green and Energy Efficient Buildings, Sustainable Management of Living Natural Resources, Sustainable Water and Wastewater Management, Pollution Prevention and Control, Climate Change Adaptation — are aligned with those recognized by the Green Bond Principles 2021. Sustainalytics considers that the eligible categories are expected to reduce GHG emissions, limit pollution and enhance resilience to climate change while advancing the UN Sustainable Development Goals, specifically SDG 6, 7, 9, 11, 12, 13, 14, and 15.

Use of proceeds categories as per GBP:

☒	Renewable energy	☒	Energy efficiency
☒	Pollution prevention and control	☒	Environmentally sustainable management of living natural resources and land use
☐	Terrestrial and aquatic biodiversity conservation	☒	Clean transportation
☒	Sustainable water and wastewater management	☒	Climate change adaptation
☐	Eco-efficient and/or circular economy adapted products, production technologies and processes	☒	Green buildings
☐	Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	☐	Other *(please specify)*:

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Danske Bank has established a Green Bond Committee (GBC), for the approval of Green Loans. The GBC is chaired by the Danske Bank Group Head of Treasury, and comprised of representatives from the bank's Sustainable Finance, Societal Impact and Sustainability and Risk Management functions and meets bi-monthly. Danske Bank has in place bank-level processes to ensure that environmental and social risks associated with the eligible projects are identified and mitigated. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

☒	Credentials on the issuer's environmental sustainability objectives	☒	Documented process to determine that projects fit within defined categories
☒	Defined and transparent criteria for projects eligible for Green Bond proceeds	☐	Documented process to identify and manage potential ESG risks associated with the project
☒	Summary criteria for project evaluation and selection publicly available	☐	Other *(please specify):*

Information on Responsibilities and Accountability

☒ Evaluation / Selection criteria subject to external advice or verification

☐ In-house assessment

☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

Danske Bank maintains Green Registries, on a portfolio basis, to keep track of the Green Loans per issuing entity and net proceeds from Green Bond issuances. The use of proceeds from the Green Registries will only support the financing of Green Loans or to repay Green Bonds. Pending allocation, unallocated proceeds will be invested in Danske Bank's treasury liquidity portfolio in cash or other short-term and liquid instruments. Sustainalytics views this as in line with market practice.

Tracking of proceeds:

☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner

☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds

☐ Other *(please specify)*:

Additional disclosure:

☐ Allocations to future investments only

☒ Allocations to both existing and future investments

☐ Allocation to individual disbursements

☒ Allocation to a portfolio of disbursements

☒ Disclosure of portfolio balance of unallocated proceeds

☐ Other *(please specify)*:

4. REPORTING

Overall comment on section (if applicable):

Danske Bank Group intends to report on allocation of proceeds as part of an aggregated annual Green Bond Report on its website until full allocation. Allocation reporting will include a summary of general Green Bond developments, outstanding amount, total allocation of proceeds to eligible Green Loan category, balance of Green Loans in the Green Registries. In addition, Danske Bank Group is committed to reporting on relevant impact metrics. Sustainalytics views Danske Bank Group's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

☐ Project-by-project

☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other *(please specify):*

Information reported:

☒ Allocated amounts

☒ Green Bond financed share of total investment

☒ Other *(please specify): Outstanding amount of green bonds, and Balance of green loans in the green registries*

Frequency:

☒ Annual

☐ Semi-annual

☐ Other (please specify):

Impact reporting:

☐ Project-by-project

☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (please specify):

Information reported (expected or ex-post):

☒ GHG Emissions / Savings

☒ Energy Savings

☐ Decrease in water use

☒ Other ESG indicators (please specify):

Green Loan Category	Indicative Key Performance Indicators (KPI)
Clean transportation	Low carbon public transportation and vehicles • Number of vehicles • GHG savings (tonnes per year) Vehicle manufacturing • Number of vehicles (units per year) Low carbon transportation infrastructure • GHG savings (tonnes per year) due to the installed technology (direct), by transferring freight or passenger transport from road to e.g. railway (indirect) or both (as applicable) • Number of units installed (if applicable)
Renewable Energy	• Renewable energy generation (MWh per year) • Installed renewable energy capacity (MW) • GHG savings (tonnes per year) Renewable energy generation product manufacturing • Number of units produced
Transmission and energy storage	• Distance of transmission (Km) • Energy transmitted (MWh per year) • Energy savings (MWh per year) (if applicable) • GHG savings (tonnes per year)
Environmentally sustainable management of living natural resources and land use	Forests and forestry • Forest area (hectares) • Forestry certification scheme (if applicable) • Net carbon sequestration (tonnes per year) (if available) Agriculture

	• Agriculture land area (hectares) • Organic farming certification scheme • Type of crop and its proportion (if available) Fishery • Certification scheme • Type of fish (if available)
Green and energy efficient buildings	• Environmental certification or EPC (as applicable) • Reduction in energy use (MWh per year) • GHG savings (tonnes per year)
Pollution prevention and control	Waste management • Quantity of recycled material (tonnes per year) • GHG savings (tonnes per year) Waste and water to energy • Energy generation (MWh per year) • GHG savings (tonnes per year)
Sustainable water and wastewater management	• Quantity of treated wastewater and/or supplied freshwater (cubic meters per year) • Qualitative improvements in freshwater supply and/or wastewater treatment.
Climate change adaptation projects	• Type of investment and the purpose

Frequency

☒ Annual ☐ Semi-annual

☐ Other (please specify):

Means of Disclosure

☐ Information published in financial report ☐ Information published in sustainability report

☒ Information published in ad hoc documents ☐ Other (please specify):

☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

https://danskebank.com/sustainability

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

☐ Consultancy (incl. 2nd opinion) ☐ Certification

☐ Verification / Audit ☐ Rating

☐ Other *(please specify):*

Review provider(s): **Date of publication:**

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.

ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.

iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Disclaimer

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.

GlobalCapital
SRI Awards

Named
2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider

The Green Bond Principles