Corporate Responsibility 2013
Danske Bank Group
Danske Bank Group is one of the leading financial enterprises in northern Europe. We are headquartered in Copenhagen and operate in 15 countries, offering a full range of banking services in the international financial markets. Danske Bank has three banking units – Personal Banking, Business Banking and Corporates & Institutions – that cover all of our geographical markets. Besides the banking activities, which all operate under the Danske Bank brand name, we offer services in the fields of life insurance and pensions (Danica Pension), mortgage finance (Realkredit Danmark), asset management (Danske Capital), brokerage (Danske Markets), real estate (home), and leasing (Nordania). The Group employs 19,122 people and has more than 3.8 million customers and a significant share of business and institutional customers. We have 303,000 shareholders, and 48% of the shares are owned by foreign investors.

Our vision is to become the most trusted financial partner, and it is our ambition to strengthen our market position by setting new standards in advisory services, easy banking, transparency and openness. We want to offer both personal and business customers the easiest, fastest and most convenient solutions. To accomplish this, we focus on giving customers our full attention, becoming more efficient, simplifying our operations and increasing transparency.

You can read our Responsibility Policy and find more information about our corporate responsibility work at www.danskebank.com/responsibility.
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A sustainable business starts with satisfied customers

In September 2013, Thomas F. Borgen took over as Danske Bank’s CEO. With more than 25 years of banking experience – 16 of them at Danske Bank – Thomas F. Borgen keeps an unwavering focus on customer experience as the main factor in reaching Danske Bank’s business goals. Here he explains where Danske Bank is heading and what role a bank must play in society.

In your opinion, what is Danske Bank’s main responsibility?

I think that the global financial crisis demonstrated quite unmistakably the importance of a healthy financial sector for the functioning of society. As a financial institution, we have an important obligation to our main stakeholders and society to ensure financial stability and support economic growth. We can do this only by operating a strong, profitable business. We believe that the best way to reach sustainable profitability is by focusing on customer satisfaction and integrating corporate responsibility in our core business.

Banking, more than any other industry, is about trust. You cannot run a profitable bank if you do not behave in a responsible manner that inspires confidence among your stakeholders. It is therefore necessary for us to conduct our business with integrity and assume responsibility for our actions and their effects on customers, employees, shareholders and society. We have worked systematically on social and environmental responsibility initiatives since 2006, and we continue to improve our performance.

We are signatories to several international initiatives on corporate responsibility, including the UN Global Compact. The principles articulated in these initiatives provide a framework for our responsibility work. We strive continually to integrate environmental, social and ethical principles more fully in our investments, credit practices and supply chain. These measures will ensure that we do business with companies only when we feel confident that they comply with internationally recognised standards for human and labour rights, the environment and anti-corruption.

As CEO, you are responsible for setting Danske Bank’s course after the financial crisis. Where is the Group heading from here?

We are committed to fulfilling our vision of becoming the most trusted financial partner. While we continue to operate in a challenging environment that is recovering slowly after the financial crisis, we see signs of progress for Danske Bank. We are already stronger and better capitalised than we were before the crisis, and in December 2013, Moody’s upgraded its outlook for Danske Bank from “stable” to “positive”. Our task in the long run is to strengthen our market position by setting new standards in advisory services, easy banking and transparency. We need to give constant attention to our customers, to simplify our operations, and to become much more efficient. We have come a step closer by cutting external expenses, but unfortunately we also had to say goodbye to a number of good colleagues in 2013. This is not a pleasant part of the job, but if we were not prudent on costs, we would be neglecting our responsibility to ensure sustainable profitability for Danske Bank.
We are on a journey to make our organisation leaner so that customers get faster and improved services and thus a better experience. This means relieving customer-facing employees of unnecessary processes and administrative tasks and also empowering them to make decisions that matter to customers.

How will you achieve that?

Customer satisfaction is a prerequisite for Danske Bank’s success, and we are driven by an ambition to create value for customers and help them reach their financial goals. Whether it is a company that wants to expand, a family who wants to buy a new house, or a corporate client with complex financial needs, we will give our customers the best possible assistance by providing professional advice and market-leading products. We are responsible for ensuring that customers have a good experience with us regardless of what is happening in the market. That is why we have looked at all our touch-points, initiated a 360-degree review of accessibility for customers, and reviewed service levels at all business units to see where we can improve. In recent years, we have accelerated the transition to digital banking by developing strong mobile and tablet solutions and also by converting teller branches into advisory centres. We recognise that for some customers, using self-service solutions can be a hurdle. That is why we are slowing down the branch mergers, and we have expanded our business hours to better meet customers’ needs. We have also continued our efforts to help senior citizens in the transition to a digital society by hosting instructional meetings and most recently by developing a simplified version of our eBanking.

Altogether I am confident that our strong product range, our initiatives to enhance customer experience and our deeply rooted standards for conducting business in a responsible manner will take us another step closer to realising Danske Bank’s full potential.

Thomas F. Borgen
CEO, Danske Bank Group

“As a financial institution, we have an important obligation to our customers and society to ensure financial stability and support economic growth. We can do this only by operating a strong, profitable business.”
Thomas F. Borgen, CEO of Danske Bank Group
## Key corporate responsibility figures

### Society

<table>
<thead>
<tr>
<th>Total income</th>
<th>Access points</th>
<th>Tax paid</th>
<th>Net profit</th>
<th>Return on equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>DKK 40 bn</td>
<td>7,424</td>
<td>DKK 2.9 bn</td>
<td>DKK 7.1 bn</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

### Business

<table>
<thead>
<tr>
<th>Customer satisfaction</th>
<th>Step-by-step meetings held in 2013</th>
<th>MobilePay downloads</th>
<th>Assets under management subject to SRI policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 of 10 markets are on target</td>
<td>50</td>
<td>1 million</td>
<td>DKK 720 bn</td>
</tr>
</tbody>
</table>

### Financial literacy

<table>
<thead>
<tr>
<th>Mind Your Money fans on Facebook</th>
<th>Financial Literacy</th>
<th>Classes participating in Youth Protection campaign</th>
<th>Control Your Money missions completed in 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>20,042</td>
<td>5,000 children</td>
<td>23</td>
<td>6,250</td>
</tr>
<tr>
<td></td>
<td>200 schools</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Employees

<table>
<thead>
<tr>
<th>Number of full time employees</th>
<th>Decline in robberies from 2012 level</th>
<th>Women in management positions</th>
<th>Employee satisfaction and motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>19,122</td>
<td>60%</td>
<td>36%</td>
<td>74</td>
</tr>
</tbody>
</table>

### Environment

<table>
<thead>
<tr>
<th>CO₂ emissions from 2012 level</th>
<th>Business premises in Norway EcoLighthouse-certified</th>
<th>Decline in electricity consumption from 2009 level</th>
<th>CO₂ emissions from air travel from 2012 level</th>
<th>CO₂ emissions from heat consumption from 2012 level</th>
</tr>
</thead>
<tbody>
<tr>
<td>8%</td>
<td>100%</td>
<td>28%</td>
<td>29%</td>
<td>2%</td>
</tr>
</tbody>
</table>
**Vision**

**Recognised as the most trusted financial partner**

In order to become one of the best banks in the Nordic region, we must have the trust of our customers, investors and society at large. Our vision is therefore to be “Recognised as the most trusted financial partner”. That is the objective that Danske Bank is working to achieve.

**Mission**

**Setting new standards in financial services**

In order to become the most trusted financial partner, we must set new standards for banking operations that benefit our customers, investors, society and our own organisation. New standards are therefore at the core of everything we do.

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business operations [DKK millions]</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total income</td>
<td>40,004</td>
<td>45,662</td>
<td>43,377</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>24,343</td>
<td>24,642</td>
<td>25,987</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>10,059</td>
<td>8,539</td>
<td>4,205</td>
</tr>
<tr>
<td>Financial services employer tax and social security costs</td>
<td>1,526</td>
<td>1,506</td>
<td>1,420</td>
</tr>
<tr>
<td>VAT</td>
<td>-1,124</td>
<td>-950</td>
<td>1,063</td>
</tr>
<tr>
<td>Tax</td>
<td>2,944</td>
<td>3,814</td>
<td>2,482</td>
</tr>
<tr>
<td>Net profit</td>
<td>7,115</td>
<td>4,725</td>
<td>1,723</td>
</tr>
<tr>
<td>Return on equity (%)</td>
<td>5.0</td>
<td>3.7</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>Banking customers, end of year [millions]</strong></td>
<td>3.8</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Loans and advances to retail customers as percentage of total loans, end of year (%)</td>
<td>46</td>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td>Number of branches, end of year</td>
<td>355</td>
<td>491</td>
<td>645</td>
</tr>
<tr>
<td><strong>Number of full-time employees, end of year</strong></td>
<td>19,122</td>
<td>20,126</td>
<td>21,320</td>
</tr>
<tr>
<td>Percentage of women in workforce (%)</td>
<td>54</td>
<td>56</td>
<td>56</td>
</tr>
<tr>
<td>Percentage of women in management (%)</td>
<td>36</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>Employee satisfaction and motivation (scale 0-100)</td>
<td>74</td>
<td>79</td>
<td>76</td>
</tr>
<tr>
<td>Absence due to illness (avg. number of illness days per employee)</td>
<td>7.5</td>
<td>8.0</td>
<td>8.0</td>
</tr>
<tr>
<td><strong>Energy consumption [MWh per employee]</strong></td>
<td>7.4</td>
<td>7.3</td>
<td>7.8</td>
</tr>
<tr>
<td>Total air travel [km per employee]</td>
<td>2,689</td>
<td>1,972</td>
<td>1,717</td>
</tr>
<tr>
<td><strong>CO₂ emissions [tonnes per employee]</strong></td>
<td>2.0</td>
<td>2.1</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>Donations to society [DKK millions]</strong></td>
<td>7.6</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td><strong>Hours of voluntary work (hours)</strong></td>
<td>9,429</td>
<td>9,843</td>
<td>9,697</td>
</tr>
</tbody>
</table>

The financial figures for 2012 has been restated. See Note 39 in Annual Report 2013 for details.

* Figures for return on equity are after tax.

** Data cover DK, SE, NO, IRL, NI, FIN and LT.

*** Data cover DK, SE, NO, IRL, NI, FIN and LT and include estimated figures for the remainder of the Group.

† Figures on business operations, business and number of full-time employees (end of year) are based on data from Annual Report 2013.

†† The method for calculating the number of customers has been changed after the organisational restructuring of the Group in 2012. For 2013, the number of customers covers only customers from Personal Banking, Business Banking and Corporate & Institutions with at least one active banking account.

††† The number of FTEs no longer include staff under notice and released from their duties.
Performance and objectives

Since 2006, we have set objectives for our responsibility work, both at the group level and for the country units. We use considerable resources to reach our goals and ensure the steady development and implementation of the responsibility principles that lay the foundation for our business.

Financial Literacy 2013

**Control Your Money**

**Objective**
Host seminars on Control Your Money for maths teachers in Lithuania.

**Performance**
Four seminars for mathematics teachers were hosted in 2013.

**Moneyville**

**Objective**
Increase the number of Moneyville users in Finland from 153,400 to 200,000.

**Performance**
The number of Moneyville users in Finland increased to 188,465.

**Objective**
Increase the number of Moneyville users in Norway from 1,329,100 to 1,500,000.

**Performance**
The number of Moneyville users in Norway increased to 1,519,544.

**Objective**
Develop Moneyville for tablets and mobiles.

**Performance**
Moneyville was launched for iPhone and iPad in November 2013.

**Objectives for Financial Literacy 2014**

- Roll out Moneyville for iPad and iPhone in Ireland.
- Roll out Moneyville for iPad and iPhone in Finland.
- Host seminars on financial literacy in Sweden.
- Raise public awareness of financial literacy programmes in Sweden.
- Participate in “Just ordinary things” project to support young people in managing their personal finances, launched by the President of the Republic of Finland.
- Continue to support Maths Centre organisation and engage employees in maths events in Sweden.
- 45,000 downloads of the Moneyville app in Norway.
- 200,000 downloads of the Moneyville app across the Group.

**Presentations**

**Objective**
Hold an additional nine presentations at Danish upper secondary schools.

**Performance**
Nine presentations were held at Danish upper secondary schools in 2013.

**Control Your Money**

**Objective**
Expand awareness of Control Your Money (CYM) among 1,000 Lithuanian teachers.

**Performance**
400 teachers participated in CYM seminars. More than 700 teachers created around 1,100 class profiles.
Business and Society 2013

Payment reform
Objective
Continue to raise awareness of the Payment Reform Programme in Ireland

Performance
Through targeted information campaigns, events and direct customer contact we promoted awareness of the programme.

100%

Responsible sourcing
Objective
Develop a self-assessment questionnaire for screening suppliers.

Performance
The objective was postponed until 2014 in order to re-evaluate the screening process.

0%

Responsible sourcing
Objective
Begin implementation of a process for handling high-risk suppliers.

Performance
The objective was postponed until 2014 in order to re-evaluate the screening process.

0%

Accessibility
Objective
Roll out Step-by-step meetings for senior citizens in NI, IRL and FIN.

Performance
Step-by-step meetings were launched in Finland and tested in two branches in Northern Ireland. The launch in Ireland was cancelled.

50%

Objective
Develop eBanking version with a simplified user interface for increased accessibility.

Performance
The eBanking version with a simplified user interface will be launched in February 2014.

100%

Objective
Develop economic advisory service for tenants in DK.

Performance
The project was closed in 2013 because other projects took priority.

0%

Objective
Launch Environmental, Social and Ethical Risk Policy with separate guidelines for sensitive sectors and industries.

Performance
We successfully implemented the procedure.

50%

Objective
Implement investment procedure that excludes sovereign bonds from countries with a high risk of systematic human rights violations.

100%

Objective
Initiate a review of our current responsible sourcing model and determine how to improve the processes.

50%

Objective
Raise awareness of the simplified eBanking solution and train customers in Denmark in using it.

0%

Objective
Raise awareness of alternative payment options [using cash management tools] among customers and other key stakeholders, including the media, in Ireland.

0%

Objective
Roll out Step-by-step meetings for senior citizens in NI.

0%

Objectives for Business and Society 2014

- Raise awareness of alternative payment options [using cash management tools] among customers and other key stakeholders, including the media, in Ireland.
- Roll out Step-by-step meetings for senior citizens in NI.
- Develop additional credit guidelines for sensitive sectors.
- Initiate a review of our current responsible sourcing model and determine how to improve the processes.
- Raise awareness of the simplified eBanking solution and train customers in Denmark in using it.
Employees 2013

**Diversity**

**Objective**
Continue to include objectives on increasing the number of female managers in executive managers’ performance agreements.

**Performance**
It is part of all HR executives’ performance agreement to ensure a higher share of women in management positions.

**50%**

**50%**

**Diversity**

**Objective**
Increase the percentage of females in senior management positions to 22% by 2015.

**Performance**
At the end of 2013, some 27% of senior managers were females.

**100%**

**Staff involvement**

**Objective**
Achieve 10% staff participation in the Charity Partner programme in Ireland.

**Performance**
Some 90% of the staff participated in the Charity Challenge 2013.

**100%**

**Employee turnover**

**Objective**
Reduce employee turnover in Norway to the financial sector average.

**Performance**
Staff turnover in Norway was in line with the sector average in 2013.

**100%**

**Employee satisfaction**

**Objective**
Raise the score for noise in the Workplace Assessment to 50 or above.

**Performance**
The score rose 1 percentage point but remained below 50 for some areas.

**50%**

**Training**

**Objective**
Roll out management training on working environment at units outside Denmark.

**Performance**
Some 1,019 leaders completed the new training programme.

**100%**

**Competency development**

**Objective**
In Finland, ensure systematic competency development for the most common job profiles.

**Performance**
Competency development is now part of the general HR process in Finland.

**100%**

**Mentoring**

**Objective**
In Sweden, five employees serve as mentors in “My life” organisation’s work to attract highly educated women with foreign backgrounds.

**Performance**
Nine employees were hired on the basis of the mentoring programme in Sweden.

**100%**

**Objectives for Employees 2014**

- Achieve 12.5% women on the Executive Board and 25% women on the Board of Directors by 2017.
- Achieve 38% women in management positions by 2017.
- Achieve EOS scores in line with Group C&I in Ireland.
- Achieve 10% staff participation in the Charity Partner programme and other community partner programmes, including Inner City Enterprise, in Ireland.
- Complete training on working environment at units outside Denmark for the rest of the relevant managers.
- Raise the score for noise in the Workplace Assessment to 50 or above.
Environment 2013

**Objective**
Reduce the Group’s electricity consumption by 30% from 2009 to 2014.

**Performance**
In 2013, the total reduction in the Group’s electricity consumption since 2009 amounted to 28%.

**Objective**
10% reduction in GHG emissions in Ireland from the 2012 level.

**Performance**
GHG emissions in Ireland were reduced by 72%.

**Objective**
Continue to increase the number of ecolabelled products.

**Performance**
The initiative was postponed.

**Objective**
Set a new reduction target for CO₂ emissions from air travel.

**Performance**
Energy consumption was reduced by 6% from the 2012 level.

**Objective**
Start a waste heat recovery project in Haaga business premises.

**Performance**
The project was postponed to 2014 owing to a lack of resources.

**Objective**
Launch internal environmental awareness campaign in Norway with quarterly updates on the intranet.

**Objective**
Reduce paper consumption in Lithuania by 5% from the 2013 level.

**Objective**
Achieve 10% reduction in greenhouse gas emissions from the 2013 level in Ireland.

**Objective**
Reduce electricity consumption per employee (MWh/FTE) in Lithuania by 3% from the 2013 level.

**Objective**
Achieve 15% reduction in energy consumption from the 2013 level in Ireland.

**Objective**
Reduce electricity consumption in Sweden by 10% from the 2012 level by 2015.

**Objective**
Reduce electricity consumption in Sweden by 10% from the 2012 level.

**Objective**
Reduce electricity consumption in Sweden by 10% from the 2012 level.

**Objective**
Reduce electricity consumption in Sweden by 10% from the 2012 level.

**Objective**
Reduce electricity consumption per employee (MWh/FTE) in Lithuania by 3% from the 2013 level.

**Objective**
Achieve 15% reduction in energy consumption from the 2013 level in Ireland.
### Society

<table>
<thead>
<tr>
<th>Total Income</th>
<th>Access Points</th>
<th>Taxes Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>DKK 40 bn</td>
<td>7,424</td>
<td>DKK 2.9 bn</td>
</tr>
</tbody>
</table>
As a bank, we play a fundamental role in society: to support economic growth and stability and to inspire confidence in the financial system.

Net profit

DKK 7.1 bn

Return on equity

5.0%
Our role in society

As one of the leading financial institutions in northern Europe, we are an integral part of society in the countries where we operate. We play an important role for our customers, the economy and society at large, and we therefore have a responsibility to create long-term value for all stakeholders.

During the past few years since the financial crisis, the global financial sector has received increased attention from regulators, the media and the general public. At the national and EU levels, the role of banks in society has been the constant focus of public debate.

Danske Bank Group is headquartered in Denmark and is therefore subject to Danish regulation. Here the debate came to a head in September 2013, when the government-appointed Rangvid Committee published its report on the likely causes of the financial crisis in Denmark. The committee concluded that the crisis was caused by a complex combination of causes and that the financial sector must be stronger and better capitalised in the future. We agree with these findings and believe it is important to understand the reasons for the financial crisis in order to minimise the risk of a recurrence. Besides taking stock of a period of financial turmoil and uncertainty, the report also serves to clarify the role of banks in society. The business decisions made by banks, the laws imposed by regulators, and the public’s perception of and confidence in the financial system affect the stability of the entire economy.

We support better regulation, but it is important that we progress carefully and in alignment with comparable EU countries. If the regulations are stricter than those of other countries, we run a risk that Danish banks will be less able to support economic growth and prosperity.

A bank’s special role in society

As a bank, we play a fundamental role in society. By reallocating capital from lenders to borrowers, we enable families, businesses and institutions to make investments and create growth. We help facilitate the flow of finances in society by providing an efficient and simple financial infrastructure, and through our products and services, we help customers realise their ambitions and minimise risks. It is our responsibility to do this in a way that deserves the trust of our stakeholders and creates long-term value for shareholders, customers, employees and society at large.

As a bank, we provide much of the financial infrastructure that makes money transfers both easier and safer – from paying bills to buying and selling things. And we provide the capital that businesses depend on to invest in growth and development.
In order to support the economy and inspire confidence in the financial system, we must operate a profitable business. We believe that the safest way to long-term profitability is to make sure that customers get the best possible banking experience with us and, at the same time, that we attend to the needs of shareholders, employees and other stakeholders.

Return on equity
Increasing our return on equity is crucial if we want to offer an attractive option for investors and stay competitive. In 2012, we set a target of improving ROE to at least 12% in 2015, a level that would place us in the top three in our Nordic peer group.

We have lowered the target for 2015 to 9%, however, because one of the underlying assumptions, a central bank interest rate level of 2%, is unlikely to materialise. But we remain fully committed to our long-term target of ROE of at least 12%. In 2013, our ROE increased to 5.0%.

Read more about financial regulation on the next page and in Annual Report 2013 on danskebank.com/onlinereport-q42013
Danske Bank takes a proactive role regarding new regulations for the financial sector. Recent years have brought increased scrutiny of the sector and new regulatory requirements at various levels. We maintain a close dialogue with regulators to ensure that new laws take a balanced approach to the considerations of financial stability and economic growth.

Among the key regulatory work now being discussed in the EU are the initiatives aimed at establishing a banking union. An agreement has been reached on the Single Supervisory Mechanism, and the ECB is expected to assume supervision of the largest eurozone banks in November 2014. Negotiations on a single resolution mechanism and a single resolution fund are in progress, and we expect the measures to be adopted in 2014. Denmark is not part of the EMU, and Danish participation in the banking union has not been decided yet. Danish participation may create a more level playing field, and this would be important for Danske Bank’s and other Danish banks’ ability to compete with foreign banks for the benefit of Danish customers. A number of other work streams need to be completed before the banking union is in place. New EU rules on capital and liquidity (the CRR/CRD IV package) that enable the ECB to conduct efficient supervision have been settled. They are being phased in from 1 January 2014. The EU is also completing its work on a directive on Bank Recovery and Resolution and revised rules for deposit guarantee schemes. These regulations will apply to all EU Member States. Danske Bank recognises the need for stricter regulation of capital, and liquidity, and Danske Bank already fulfils the coming requirements.

**SIFI process in Denmark**

In Denmark, the process of identifying and regulating systemically important financial institutions (SIFIs) began in 2012. In a political agreement in October 2013, Danske Bank was designated a SIFI in Denmark along with six other Danish financial institutions. It is generally agreed that these banks should receive special regulatory attention, including being subject to more intensive supervision and meeting higher capital requirements than other banks. Danske Bank already meets these require-
ments. We welcome initiatives aimed at restoring trust in the financial system. We are pleased that the Danish SIFI capital requirements will be on par with those of similar European countries and that the schedule for the implementation of the SIFI requirements is aligned with the main track in the EU. This ensures a healthy and internationally competitive financial sector that will support growth in Denmark.

Tax payments

Transparency in tax reporting continues to receive attention from legislators and the general public. In June 2013, the EU Commission adopted the Capital Requirements Directive (CRD IV), which requires companies to publicly disclose their tax reporting on a country-by-country basis beginning in 2015. Danske Bank operates in 15 countries across northern Europe. We have an obligation to pay the correct amount of tax in accordance with each country’s laws, and we have a duty to shareholders to manage our tax affairs responsibly. We are monitoring the developments in transparency requirements and welcome reforms aimed at increasing tax transparency and consistency in the various taxation regimes in the European Union.

International joint taxation
Since 2009, we have followed the rules on international joint taxation according to the Danish joint taxation regime. This means that all foreign units of Danske Bank are included in the calculation of our total tax liability. The rules allow us to deduct losses at a foreign unit from our total taxable income in Denmark and defer taxes until the units generate a profit. International joint taxation is binding for a period of 10 years.

Taxes paid in 2013
In 2013, we deducted losses at our units in Ireland and the US and losses from our unit in Northern Ireland from previous years from our total taxable income. It is our policy to be open and transparent about our tax payments and about how they contribute to society. For detailed information about the taxes we paid in 2013, see Annual Report 2013.
Advising customers on tax matters

According to the Danish Executive Order No. 1406 on Good Business Practice for Financial Institutions, we are required to advise customers on tax matters in relation to the products and services we offer. We always ensure that the advice we give is fully compliant with applicable tax laws. Although we discuss simple tax matters with our customers, we always refer them to an accountant or lawyer for advice on complex individual tax issues. Danske Bank Group does not wish to participate in business transactions involving tax evasion or whose purpose is tax evasion. Nor do we wish to participate in purely tax-driven transactions without substantive business objectives or transactions that conflict with our core values. We comply fully with the laws that require us to disclose customer information to the national tax authorities in the countries where we operate.

Financial inclusion and access to financial services

Part of our responsibility towards society is to support financial inclusion, that is, to ensure that everyone has access to financial services at an affordable cost, including savings and deposit services, payment and transfer services, and insurance.

With our new loyalty programme for personal customers, which was launched in January 2013, we want to make the charges for banking services clearer. We believe that the programme offers increased price transparency and allows customers to make informed decisions about their choice of service and even their choice of bank.

In accordance with the Group Code of Conduct, financial advisers must ensure that customers are given information in keeping with sound business practices. Employees should ensure that customers know the consequences of their financial decisions, including any risk of loss. Furthermore, all customers must receive the same high quality of professional financial advice. Young people's personal finances are often unstable. We therefore offer many services free of charge for customers under the age of 18, and we give special rates to students.

Increased digitalisation

In recent years, the issue of access to financial services has been coupled with the increase in digital information in society. In Denmark, all communication between local authorities and citizens will be digitalised by 2015. We want to keep up with this trend and continue to digitalise our products and services in order to make banking as convenient as possible. To help senior citizens use the public and private digital solutions available to them, we have developed several initiatives, including free Step-by-step meetings. For more information about these initiatives and our efforts to increase accessibility, see page 26.
Dilemma

Who should pay for the cost of financial inclusion?

Access to financial services is considered a basic human right by the UN and other international organisations. This means that people with low incomes should essentially have access to banking services for an affordable amount. But how do we balance access to finances with a fair cost level for banks?

The financial sector has a responsibility to ensure that citizens have access to banking services. It costs banks money to provide these services, however, and this raises important questions about the principles that would entitle certain citizens to a free bank account and cash withdrawals. Regulators in Denmark and the EU are currently discussing how to address this issue, and so far they have not reached any clear conclusions.

At Danske Bank, our digital services make it even cheaper for customers to pay bills and make transfers online than by using cash. Since product development and optimisation and service support are not free – even for digital services – we find it fair to charge a reasonable amount for them. But we do not wish to marginalise financially challenged social groups, so we offer customers from particularly vulnerable social groups three cash withdrawals per month at branches free of charge.

Financial institutions play an important role in society as the intermediary in financial transactions between businesses, individuals and the public authorities. Digitalisation makes it easier for most citizens to use financial services, and the EU recommends that all European citizens should have a bank account. In Denmark, citizens must have an account in order to receive payments from the state, such as public benefits and tax refunds. But for some people, paying even a small amount for basic banking services can be difficult if their personal budget is tight.

Read more society dilemmas on our website.
www.danskebank.com/responsibility
<table>
<thead>
<tr>
<th>Customer satisfaction</th>
<th>AUM subject to SRI policy</th>
<th>50</th>
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<tbody>
<tr>
<td>4 of 10 markets are on target</td>
<td>DKK 720 bn</td>
<td>Step-by-step meetings held in 2013</td>
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</table>
A well-functioning society needs healthy and profitable banks. A responsible bank must continually identify new areas for improvement and development.

MobilePay downloads
1 million

% of meetings in Denmark and Finland held as online meetings in 2013
13%
Customer focus drives responsible development

We believe that responsible behaviour is a precondition for creating long-term value in a company

For many people, a bank is no longer a physical place where they go to manage their finances. The availability of online options such as eBanking, video meetings with advisers, and tablet and mobile apps allows people to manage their banking around the clock, wherever they are. It also means that individuals can manage their basic banking transactions without assistance. This requires integrated digital solutions that enable customers to access the Bank at their convenience. To realise this new way of banking, we must adjust our business model and offer the same high-quality products and services in all our markets.

Customers at the centre of our business model

In 2012, we began a comprehensive restructuring of our organisation and business model. We now operate under a single banking brand in all our markets and have three business units – Personal Banking, Business Banking and Corporates & Institutions – based on our three main customer segments. With this new structure, we will increase customer attention and efficiency.

For a financial institution in today’s society, success is not something that can be achieved by turning the income and expense dials of a business. To be a successful bank, we must conduct our business with integrity. A central part of the Danske Bank’s strategy is therefore customer focus, and we must manage of our business responsibly and be aware of how our decisions affect customers. We strive to offer easily accessible, integrated products and solutions and a more convenient way of banking in general. But we wish to do this in a way that does not exclude any particular customer groups.

Customer focus and transparency

One of the initiatives in the 2015 strategy is our new loyalty programme for personal customers, which was launched in Denmark in January 2013.

At Danske Bank, personal customers are now divided into four customer groups based on their total business volume with us. We calculate a customer’s business volume on the basis of all facilities, including loans, mortgages and pensions. We have defined the groups by evaluating which services are used by the various customers to ensure that the services we offer are relevant. Instead of paying a fee for each individual service, customers pay a flat rate and have access to basic banking transactions at no further cost. The rationale behind the loyalty programme is that the more business customers do with us, the more benefits they get.

We believe that this approach provides a transparent business model because customers can clearly see the services, benefits and prices for their customer group. There is a common perception that
banks make excessive amounts of money through complicated pricing structures. We acknowledge that the pricing structure for banking services and products can be difficult to understand. With our new programme, we have therefore worked to increase the price transparency of our products and services.

Initially, the launch of the loyalty programme created a public debate that made many customers feel insecure. But by engaging in a dialogue with customers to explain the rationale of the new structure, we were able to demonstrate the clear benefits it offers. Since the launch, almost 1.2 million personal customers have signed up for the programme in Denmark.

Digital solutions increase accessibility
Many of our customers want to access our services on the go or outside normal business hours. We therefore invest heavily in digital and mobile phone solutions so that customers can use our services whenever and wherever it suits them.

In 2013, we introduced several new functionalities in our Mobile Banking app, and in Denmark and Finland we launched a new app for iPhone, Android and Windows phones called MobilePay. MobilePay, which is free, even for non-customers, allows users to transfer and receive money by using only a mobile phone number, making payments to friends and relatives much easier. The app has been a great success, with 1 million downloads in Denmark by the end of 2013, by both customers and non-customers. We are currently testing the app as a means of making payments in selected shops in Denmark, and we are the first provider of such an app to do this. In addition, several non-profit organisations have used the app for charity donations in 2013. In the spring of 2014, we will evaluate the potential of offering the app as a form of payment alongside conventional payment cards.

Support for all customers
We are aware that some people find digital solutions a challenge. We want to ensure that our customers have access to our services also if they have special needs. In 2013, we therefore continued our Step-by-step meetings for senior citizens who need extra assistance with the digital and self-service solutions. We have also started developing a new and more accessible version of eBanking for senior citizens and other customers who are not familiar with digital solutions or have special needs. This new solution will be available in February 2014.

We offer customers from vulnerable social groups who cannot use self-service solutions three cash withdrawals per month at branches free of charge.
Customer satisfaction takes priority at Danske Bank. We strive constantly to provide customers with the best banking solutions, services and advice. Customer satisfaction is part of the individual performance agreements of our CEO and the heads of Personal Banking and Business Banking.

One of our targets for 2015 is to be ranked first or second in customer satisfaction in our focus segments in all markets. To ensure that we continue to improve our services and reach this target, we monitor customer feedback closely by conducting internal surveys and benchmarking our performance against that of our competitors.

At the end of 2013, four out of 10 segments were on target to meet this goal. While we are getting very positive feedback from customers at Danske Capital and Corporates & Institutions (C&I), we have yet to see some improvement among personal customers in Denmark, Finland, Norway and Ireland and among business customers in Denmark and Finland. In Lithuania, Danske Bank was rated first in customer satisfaction for the second year in a row.

Customer satisfaction 2013

Improved tracking and follow-up

In 2013, we implemented a new group-wide system for collecting, measuring and managing feedback from personal and business customers. The system is designed to ensure comparability across our markets and provide accurate feedback at both the individual and country levels.

After a meeting at Danske Bank, customers are asked to give feedback. The feedback is translated into a satisfaction score, which is sent directly to the adviser as a summary of his or her performance at the meeting. If a customer’s response is either negative or very positive, a report is also sent to the branch manager. We do this to ensure that any problematic issues are resolved quickly to the satisfaction of the customer and that employees are commended for good results. Overall progress is monitored by our Customer Satisfaction Board, whose members come from Personal Banking, Business Banking and the communications and marketing departments. The board meets four times a year and reports directly to the CEO. Data on customer satisfaction for all customers are available online in the CR Fact Book 2013.
Social media dialogue

We continue to learn much about both customers and non-customers on social media platforms. We value all the input we get and strive constantly to improve our service and communications. Our aim is to ensure transparency and openness, and whatever the matter, we always answer in a friendly, moderate tone, seeking to engage in a constructive dialogue that helps clarify the issue at hand.

Danske Bank
We asked you what you would like to use MobilePay for. Many answered, “For donating money to charity.” We have now formed a partnership with the Danish Cancer Society and from November 14 you can now support the fundraising campaign Men.Against.Cancer via MobilePay. Are you planning to donate?

User 1
Mobile Pay is a massive success. Probably the best app yet ever made. But please keep it simple. The strength of the app lies precisely within the simplicity.

Danske Bank
@User 1, thank you

User 2
As long as this initiative comes from Danske Bank, no money will end with Danish Cancer Society. DB will let the money go to fees and investors. So no thanks for offer – I’d rather transfer the money myself.

Danske Bank
@User 2, lovely to hear that you’d like to support the good cause :o) Our partnership with Danish Cancer Society serves the greater purpose to simply make donations in a more simple and easy way. All the money will go to charity in full, not a single cent to us. We just put our MobilePay app at the disposal of the Danish Cancer Society’s fundraising campaign.

User 3
With a great sense of astonishment I have realised that Danske Bank does not treat its customers with the respect one would expect. I have faithfully paid down my debt every month and am indeed thankful for the loan. POOR CUSTOMER SERVICE!!! Today you wouldn’t even lend me money for a dark suit…

Danske Bank
Hi @User 3 – and thanks for your message. I am very sorry to hear that you don’t feel welcome at Danske Bank and that we are not treating you with respect. First of all we care greatly about our customers as they are the foundation of our business. Happy to hear that you have repaid your debt – that’s positive for both you and us. There can be many reasons for the rejection of your loan application, but I am not allowed to go into any specific cases on our Facebook page. If you would like an elaboration of your case, please contact us directly via www.danskebank.dk/privat/kundeservice I wish you a good day.

User 3
@Danske Bank… Thanks for your response to my slightly grumpy post. I sit here in my lovely furnished living room, which has become a reality due to a loan from you. THANK YOU! I reacted rather impulsively earlier and I am sorry that I came across this angry with Danske Bank. You have helped me out many times through the years…

As long as this initiative comes from Danske Bank, no money will end with Danish Cancer Society. DB will let the money go to fees and investors. So no thanks for offer – I’d rather transfer the money myself.

@User 3, lovely to hear that you’d like to support the good cause :o) Our partnership with Danish Cancer Society serves the greater purpose to simply make donations in a more simple and easy way. All the money will go to charity in full, not a single cent to us. We just put our MobilePay app at the disposal of the Danish Cancer Society’s fundraising campaign.
Accessibility

At Danske Bank, we want to make our products and services accessible for all customers. Since 2008, we have implemented several initiatives, such as eBanking courses and talking ATMs, that are intended to make it easier for senior citizens and visually impaired customers to use our services.

In recent years, the increase in digital solutions in society has also changed the way customers use banks. For most customers, a bank is no longer a place where they go to manage their financial affairs because they prefer to do it online. When we launch new digital services, however, we are aware that some customer groups are not used to conducting their banking business on the Internet. Senior citizens, for instance, can find the transition to the digital society somewhat of a hurdle. In 2013, we commissioned a comprehensive survey of customers in Denmark, Finland and Northern Ireland to better understand the needs and challenges of our senior customers. The survey showed that 40% of Danish customers above the age of 60 do not use eBanking because they think it is too confusing or complicated. It also showed that the 60% who do use our eBanking solutions find them very convenient and say they are one of the main reasons for using the Internet.

In order to make our digital solutions as accessible as possible, we began developing a new version of our eBanking system in 2013. The new version provides only basic functions, such as account overviews, transfers and bill payments, in a clear and user-friendly layout. The simplified eBanking solution was developed in close cooperation with several organisations that represent groups of customers and citizens who, for various reasons, find the digital solutions a challenge. It will be launched in Denmark in early 2014 and rolled out in the other markets later.

At the end of 2013, we held more than 50 Step-by-step meetings after the success of the programme in 2012. The meetings gave senior citizens basic knowledge about the public and private digital solutions available to them as well as the skills to use the solutions. Evaluations from the 3,000 participants showed that after attending the meetings eight out of 10 felt ready to try our digital solutions.

Business ethics

At Danske Bank, we see responsible behaviour as a precondition for creating long-term value in our business. We have several policies to ensure that we conduct business in accordance with the laws and regulations of the countries where we operate and that we follow international guidelines and recognised principles for ethical behaviour.

Anti-corruption and anti-money laundering

We have specific policies on dealing with corruption and preventing money laundering. The Group condemns corruption and money laundering activities and takes the steps necessary to comply with internationally recognised standards, including Know Your Customer procedures. The Group anti-money laundering policy includes procedures for customer due diligence, reporting, record keeping, internal controls, risk management and communications that are intended to prevent illegal activities.

Understanding the Code of Conduct

The Group Code of Conduct helps employees make decisions about customers, suppliers and the authorities. It sets forth general guidelines on how to behave in a number of areas, including inside information, conflicts of interest and whistleblowing. In 2013, we integrated the Code of Conduct in the “Licence to Operate” programme, a series of eLearning modules for various job types. Managers must
complete “Licence to Operate”, like the other modules, every year. The purpose of the module is to ensure that all employees have the same high level of knowledge about the rules and regulations that apply to our business. It is mandatory for all employees at the Personal Banking and Private Banking units.

**Responsible investing**

We want to assure customers that their funds are not invested in companies that violate internationally recognised principles in the areas of human rights, employee rights, the environment and anti-corruption.

Through our endorsement of the UN-backed Principles for Responsible Investment (PRI), we commit ourselves to incorporating environmental, social and governance (ESG) issues in our investment research and decision-making processes and to practice active ownership.

**Our commitment to ESG**

Since 2008, our main approach to responsible investing has been to screen our investment portfolio against internationally recognised standards on a regular basis. The screening is performed by a specialised, independent investment consultancy. When companies do not meet the requirements of our Responsibility Policy, we encourage them to seek improvements and put the right measures in place to prevent future incidents. Ultimately, we may exclude a company from our investment universe if the dialogue does not progress to our satisfaction. We publish a list of excluded companies twice a year. Exclusion does not guarantee changes or improvements at a company, however. Instead of excluding companies, we would therefore prefer to encourage the development of higher standards of responsibility in the mainstream investment universe. In 2014, we will explore the opportunities to further integrate the consideration of ESG risks in the investment process beyond the screening and simultaneously to provide customers with more transparency about these risks.

**Government bonds**

When Danske Bank invests in companies, it has an opportunity to conduct a dialogue with company management about their financial circumstances and their efforts to conduct their business in a responsible way. For investments in government bonds, however, such a dialogue poses a challenge.

With sovereign nations, it is not possible to exercise active ownership, and it is difficult for investors to know what becomes of their investment. If the bonds are issued by controversial states, investors may be involuntarily contributing to violations of human rights, corruption or other abuses.
This type of investment has therefore been subject to scrutiny by regulators and the media.

We want to ensure that customers’ funds are not used in a way that involves a violation of international standards when they invest in sovereigns. We took part in working groups under the PRI and the Federation of Danish Investment Associations (IFR) in which the issue is addressed, and we follow the recent recommendations on investments in government bonds issued by the Danish Council for Corporate Responsibility. In 2013, we implemented a new investment procedure that excludes sovereign bonds from countries with a high risk of systematic human rights violations. Our guidelines are based on the Worldwide Governance Indicators provided by the World Bank.

Sanctioning of nuclear weapons manufacturers

According to the 1970 Treaty on the Non-Proliferation of Nuclear Weapons, five states are allowed to possess nuclear weapons. This makes it legal for companies to develop and manufacture technologies used for the production of nuclear weapons and for financial institutions to invest in these companies. Yet the use of nuclear weapons is a violation of human rights and poses a severe risk to civilians.

At the beginning of April 2013, we therefore decided to stop investing in companies involved in the production of nuclear weapons regardless of their adherence to the provisions of the 1970 treaty, just as we do not invest in companies that contribute to the production of anti-personnel mines or cluster bombs.

Complex issues in focus

Some issues fall beyond the scope of international principles and our Responsibility Policy. Many responsible investment issues are complex and controversial, and the area is constantly changing. We work continually to improve our processes, and we maintain an open and active dialogue with customers, experts and other stakeholders. Danske Bank is a founding member of Dansif, a network for sharing knowledge and discussing responsible investment issues. We are also members of other social investment forums (SIFs) in Finland, Sweden and Norway. Through these networks, new issues are regularly brought to our attention, and we examine each case carefully before taking action. In addition to our screening procedure, we monitor issues involving possibly adverse effects of commercial practices. At present, we are closely following developments in raw materials extraction.

The ongoing need for oil to support the global economy is pushing the oil industry to pursue new methods of extraction. Extraction from oil sands is becoming increasingly important in the effort to meet demand. So are other methods of extraction, such as hydraulic fracking, in which a chemical liquid is injected at high pressure into a wellbore to create fractures that channel the oil or gas towards the well. It is important that extraction companies have stringent risk assessment procedures and contingency plans for managing spills. The quest for oil in the Arctic, although it is still at an early stage, is also a topic for concern that draws our attention.
Dilemma
Trading derivatives responsibly

Trading in financial derivatives has been considered one of the causes of the financial crisis. But when used in the right way, derivatives also have a stabilising effect that is beneficial to the economy. How do we strike a balance?

In recent years, the derivatives market has attracted close attention from regulators and the media because they are suspected of having an adverse effect on the financial system, particularly from their role in complicated financial instruments and high-speed trading. Yet investments in certain types of derivatives and structured products help stabilise the economy if they are managed carefully. Investments in food commodities are an example of such type of derivatives. The FAO and UNCTAD linked investments in commodities and basic foodstuffs through derivatives and structured products to increases and heavy volatility in commodity prices in 2008.

While farmers who sell their products on the market benefit from higher prices, high prices make it difficult for some consumers to obtain food. This creates uncertainty and difficult conditions for the poorest populations in developing countries. For investors, it may lead to an indirect violation of international principles since the right to food is a basic human right.

But if managed prudently, trading in foodstuffs through derivatives can have a positive effect on agricultural markets and stabilise prices. A futures contract is an agreement between a buyer and a seller regarding a future transaction at a price agreed upon by both parties. Because the price is set for a specific period of time, the contract protects both the buyer and seller by minimising the risk that the transaction will be affected by unwanted market fluctuations. Derivatives can also offer an alternative to investing directly in an asset. This offers the possibility of investments in foodstuffs, and it provides liquidity in the market.

At Danske Bank, we have adopted a precautionary approach to derivatives and structured products, however. While we learn more about the risks and opportunities, we will offer structured products involving foodstuff commodities as investments only when we have adequate assurance that they will not compromise our commitment to respect basic human rights. We will continue to monitor research in this area closely.

Read more business dilemmas on our website.
www.danskebank.com/responsibility
Lending money to individuals and businesses is a fundamental activity for banks. We provide capital that serves as a catalyst for economic growth and social prosperity. To an increasing degree, banks are expected to share accountability for customers’ use of their products.

At Danske Bank, we acknowledge that the impact of our business on the environment and society extends beyond our own activities. We therefore insist that our customers behave responsibly and adhere to commonly accepted principles of sustainable business conduct. We endeavour to prevent credit facilities from being used in violation of internationally recognised standards in the areas of human rights, labour rights, the environment and anti-corruption. We grant loans and credit facilities on the basis of a professional credit assessment. It is in both the Group’s and the customer’s interest that facilities are granted only when the obligations and risks are understood by the customer and match the customer’s needs and ability to repay. We therefore undertake a thorough assessment of the customer’s needs and financial situation.

For business customers, we also consider the purpose for which our products are used and assess possible environmental, social and ethical (ESE) risks associated with it. These factors are central to our Principles for Responsible Lending.

In 2013, we explored a number of measures to improve the Group’s assessment of ESE risks associated with the credit facilities we grant to businesses. These measures, which will be implemented in 2014, are intended to ensure that we grant credit to businesses only when we are reasonably certain that they comply with the standards listed above. In 2014, we will continue to strengthen our ability to identify and manage ESE risks.

Some sectors appear to be particularly sensitive because their activities entail an elevated risk of conflicts with recognised conventions and standards. In 2013, we started developing sector-specific policies for the assessment of such ESE risks. In 2014, we will continue to develop and implement policies for sensitive sectors.

In early 2013, we postponed a decision on joining the Equator Principles because the Group had little involvement in large-scale project financing. Since the revision of the Equator Principles in June 2013, however, we have been evaluating the suitability of the updated principles against our business model. We will decide whether or not to join the Equator Principles in early 2014.
Transparency and dialogue are important elements of responsible sourcing that enable us to promote sustainable development in our value chain. Because we are a financial institution, our products are based on services and we have no production facilities. Our procurement spending is therefore mainly indirect, on items such as office supplies and maintenance services that have little effect on our core business and the products we provide to customers. Even so, we want to do our purchasing only from suppliers that conduct their business responsibly. We therefore screen all our suppliers on an ongoing basis to ensure that they comply with our supplier policy and our requirements for social and environmental conduct.

The screening includes a risk assessment based on the UN Global Compact and other internationally recognised standards in the areas of human and labour rights, the environment and anti-corruption. As a result of the assessment, suppliers are categorised as low-, medium- or high-risk suppliers.

In 2013, we decided that our approach to responsible sourcing needed to be re-evaluated to ensure that we have the best arrangement for screening and managing potentially high-risk suppliers. In 2014, we will therefore review our responsible sourcing model and determine how to improve the process. In the meantime, we have suspended our objectives for 2013 in this area. Until this work is completed, we are taking a precautionary approach, which means that companies with operations in countries or sectors where high environmental or social risks have been documented are categorised as high-risk suppliers even if they do not violate our supplier policy.

We have joined a variety of responsible procurement initiatives in which we work to promote responsible business conduct in our supply chain. The initiatives include the United Nations Environmental Programme for Financial Institutions, Ecolabeling Denmark and a recently established working group for companies with indirect procurement spending under the Danish Initiative for Ethical Trading.
Financial Literacy

Moneyville users: 5,590,573

Control Your Money missions completed in 2013: 6,250

Mind Your Money fans on Facebook: 20,042
An important part of our corporate responsibility work is educating children and young adults about personal finance, thus giving them the best foundation for managing their own finances. We believe that we can actively support financial literacy in society through our core competencies and expertise.
Sharing knowledge to improve skills

We want to give as many children as possible the opportunity to learn about money and personal finance.

In an increasingly complex and digitalised world, children and young adults have to manage money at a much younger age than any generation before them. The youngest generation is exposed to online shopping, “pay-to-play” game sites and other marketing ploys long before they have an income of their own. Helping this generation enter adulthood with a sound understanding of personal finance is perhaps more important than ever before.

At Danske Bank, an important part of our corporate responsibility work is educating children and young adults about personal finance, thus giving them the best foundation for managing their own finances. We believe that a higher level of financial literacy and education not only enriches the life of the individual but also contributes to healthy economic growth in society. Consumers with financial knowledge and sound personal finances help raise competition, innovation and product quality in the financial markets by challenging us to develop better and more efficient products and services.

Financial understanding begins in childhood. About the age of four or five, children start asking questions about money and its value. We have therefore developed several initiatives for children and young people aged five to 27. As part of our financial literacy strategy, we want to give as many children as possible the opportunity to learn about money and personal finance through targeted initiatives and partnerships with organisations and local authorities.

Moneyville
In 2008, we launched Moneyville, an online game for children aged five to nine. Like all of our other financial literacy initiatives for children under 18, Moneyville is an unbranded game with no Danske Bank logos or references. It is now available in all of our markets, and the site has been overwhelmingly successful, with 5.6 million users in eight countries and more than 100 million page views per year. Moneyville has become particularly popular in Lithuania, where it registered more than 550,000 users in 2013. Technological innovation continues to create new habits in mobile device users, even the youngest generation. In response to these developments, we launched Moneyville for iPhone and iPad in November 2013. We also launched a new game, Farm Game, which teaches basic maths skills and provides new resource material to help both teachers and parents promote learning in the Moneyville universe.

Control Your Money
Control Your Money is an online learning universe for young people aged 10 to 15. It is designed for maths teachers to use as a supplement to personal finance curricula. Based on the principles
of gamification, Control Your Money challenges students to solve various real-life financial issues. More than 500 teachers have signed up for the website, and more than 28,000 students have used the learning material. When a school or a teacher signs up for Control Your Money, Danske Bank offers to send an adviser to the school to hold a presentation on personal finance.

In 2013, we did a pilot project in Roskilde, Denmark, where Control Your Money served as the foundation for a four-week module on personal finance for children in the eighth class at one school. The Roskilde local authority was very pleased with the collaboration and will expand the project to additional schools in 2014. We look forward to following the progress of the project and expect the first results on the learning effects of the project to be ready by end of 2014. We also launched the site in Ireland in 2013 after conducting an extensive survey that identified not only teenagers’ spending habits but also a desire on the part of parents for their children to learn more about financial matters in school. In Lithuania, more than 600 teacher profiles were created, and 940 classes registered and completed a total of 2,130 missions in 2013.

Mind Your Money
The Mind Your Money universe is aimed at young adults aged 18 to 27. It consists of separate websites in Denmark, Finland, Sweden and Norway as well as Facebook pages in Denmark and Sweden. Its purpose is to develop young adults’ financial skills, and it offers budget templates and advice on loans, buying property and the financial implications of switching from a student job to a permanent job, for example. On the Facebook page (which has more than 12,000 fans), three Danske Bank branch advisers take part in discussions about financial issues and answer questions. In 2013, we introduced a new budget app for smartphones, enabling Mind Your Money users to make a budget when they are on the go and then send it as a PDF file to their e-mail address.

7,837
Mind Your Money visitors

24 million
Moneyville logons since launch

Moneyville was named the best online game at the Lithuanian Internet awards
Creating value through partnerships

At Danske Bank, we believe that partnerships with NGOs and innovative social organisations add value to our corporate responsibility work. These partnerships truly broaden the scope of our financial literacy programme. We look for partnerships that enable our various learning universes to be used in real-life situations. Whether it is challenging students to plan a class trip or simply giving them good financial advice, it brings our responsibility initiatives closer to the individual.

The Financial Olympics
In 2011 and 2012, Danske Bank Lithuania organised “The Financial Olympics”, a nationwide contest for schoolchildren. The contest is a collaboration with the School of Financial Independence, the Ministry of Finance, and the Ministry of Education and Science that is intended to promote financial literacy in the country. In 2013, the Financial Olympics was opened by the Crown Prince of Denmark, and some 5,000 children from almost 200 schools participated, challenging one another on their understanding of topics from savings to public finances.

Ungdomsværn (youth protection)
In 2013, we teamed up with Barnehjælpsdagen, a Danish non-profit organisation that supports the approximately 15,000 children who live in children’s homes in Denmark. Together, we developed the Ungdomsværn campaign, which is intended to promote social responsibility among schoolchildren aged 13 to 15. A total of 23 classes participated in the campaign and competed against one another to come up with the best business idea for selling a poster that had been designed for Ungdomsværn. The children had to have innovative ideas, entrepreneurial spirit and most importantly a good understanding of the financial basics of running a profitable project. They used the Real Deal tool (which is part of the Control Your Money universe) to plan their budgets, estimate costs and track their earnings during the campaign. The 23 classes raised an impressive DKK 150,000, and Danske Bank awarded prizes to the class that sold the most posters and the class with the most creative idea.

Partnerships with entrepreneurs
We continue to focus on enhancing young people’s knowledge of personal finance issues. In 2013, we continued our collaboration with the three young Danish authors of the book Boost Your Finances. Together with branch employees and CR staff, the authors held nine presentations at secondary schools in Denmark. The presentations were designed as interactive learning sessions in which students tested their knowledge of personal finance topics. We have also used these presentations to create awareness of our online game Dream On, in which students compete against other schools and challenge one another on their financial knowledge. Dream On is
now available in Denmark, Sweden, Norway, Finland and Lithuania.

Local maths mentoring
Another partnership for improving financial literacy is our collaboration with the volunteer organisation the Maths Centre, which we have supported since 2011. The many volunteers in the Maths Centre offer Danish and Swedish students help with their maths homework on a weekly basis in towns throughout the two countries. In addition to volunteering their expertise, Danske Bank employees take part in big annual maths events in Copenhagen and Stockholm. In 2013, Stockholm hosted its fifth maths event in May and attracted around 400 students. In Denmark, where the Maths Centre is still a new and growing organisation, a similar maths event was held for the first time in 2013, and about 175 students participated. At Danske Bank, we see mathematical skills as the foundation for understanding personal finance. We look forward to continuing our work with the Maths Centre, and in 2014, we will explore the possibility of launching the programme in Norway.

Financial guidance for parents
Children’s ability to make good financial decisions as adults depends largely on their parents’ attitudes towards money and finances. In 2013, we conducted a survey to gain a better understanding of parents’ and children’s use of money. For a group of children aged five to seven, about 80% of the parents responded that they talk to their children regularly about saving up for a new toy and about where the household’s money comes from. Through our “0-18” online initiative, we aim to support parents’ dialogue about money and finances with their children. On websites in Denmark, Sweden, Finland and Norway, parents can find age-specific information and tools that facilitate dialogue on a wide range of issues that parents face as their children grow older – from pocket money and after-school jobs to managing finances.
Employees

- Number of full-time employees: 19,122
- Women in management positions: 36%
- Women in workforce: 54%
We want to foster a strong performance culture at Danske Bank. A culture in which everybody – by means of clear goals, cooperation and regular feedback – strives to give customers the best possible advisory service every day.

Employee satisfaction and motivation

74

Decline in robberies

60%
Creating a performance culture

We focus on delivering what customers need, when they need it, and empowering staff to make decisions that matter to customers.

Customers’ demands are changing rapidly. Customers expect easy access to their daily banking business and advice when they need it. This changes the way our employees work and places new demands on their role as financial experts. Advisers face new responsibilities that require them to focus on what is important to customers and to proactively address customers’ needs for solutions and advice.

Employee competencies are a key factor supporting this new way of banking. But a cultural shift is necessary for us to be efficient and truly customer-centred. We want to foster a strong performance culture at Danske Bank, a culture in which everybody – by means of clear goals, collaboration and regular feedback aimed at continually improving individual and team performance – strives to give customers the best possible service experience every day.

Transforming leadership to pave the way
Establishing a strong performance culture in every part of the organisation makes great demands on managers’ leadership and management skills and on their ability to guide a transformation that will be anchored deep within the organisation. Academic research shows that certain leadership disciplines are significant drivers of employees’ performance. Incorporating such new knowledge is important for our competitiveness, and we want our managers to master these skills.

In autumn 2013, we held workshops and launched eLearning modules for about 900 managers to develop their leadership competencies and acquire the tools to implement a strong performance culture at Danske Bank. The sessions focused on four leadership disciplines: setting and managing clear expectations, providing regular feedback to employees, reviewing performance on an ongoing basis, and ensuring the development of competencies and skills in their team.

One of the objectives is to develop employees through sustained, constructive and frequent feedback, with a clear path to individual goals.

More rigorous appraisal process
Our efforts to develop a strong performance culture include several alterations to the HR cycle. In 2014, we will implement a new performance appraisal system. The system will be aligned with the leadership development initiatives and will entail four appraisals per year in a structured follow-up process.
We aim to achieve higher scores in the annual employee satisfaction survey when employees assess their personal goals and collaboration with managers. Managers must make frequent, clear assessments of each employee’s performance so that he or she knows how to advance the Group’s strategy. We believe that these initiatives will sow the seeds of a strong performance culture that will benefit employees, managers and customers alike.

Think simple – work smarter
Reaching our objectives requires that we curtail unnecessary processes and work in a simpler, smarter manner. We have implemented several measures to improve work routines and have replaced conventional methods of servicing customers with simpler solutions.

This will increase the pace of work processes and make it more challenging and fun to work at the Bank. The cultural shift will also make greater demands on individual employees to perform key aspects of their jobs and prioritise work tasks. Some employees will experience a deficit in the competencies needed to fulfil these expectations, and we will make sure to quickly follow up with opportunities for competency development whenever possible.

We support our staff in the transition, and we know that a performance culture cannot be created overnight. It takes time for a new culture to settle in an organisation. Yet we believe that our staff’s positive attitude in adapting to these changes will sustain us.

We are committed to maintaining a good work-life balance and ensuring that Danske Bank remains an attractive workplace. We will therefore focus even more on setting new priorities, becoming much more efficient, and working together across departments. This will also ensure that we stay competitive and deliver long-term value to customers and shareholders.
In order to meet our business objectives, Danske Bank must remain a pleasant and stimulating place to work. Every year, we conduct an internal survey of employee satisfaction, motivation and loyalty. The purpose of the survey is to evaluate current initiatives to promote a healthy working environment and to identify areas that can be improved. The survey also includes the Group’s annual workplace assessment.

Managers are responsible for ensuring a good working environment in their departments and branches. If the survey results are unsatisfactory, they must take action immediately to improve the situation. This requirement gives management greater involvement in and accountability for the working environment.

We are pleased to report that, even though the banking industry as a whole is undergoing a transition, the 2013 Employee Opinion Survey showed very positive results. Satisfaction and motivation remained high across the Group (index 74).

According to the survey, three things in particular contributed to the positive result. Employees’ collaboration with colleagues, satisfaction with daily tasks and perception of their immediate superiors each rose one point. The third parameter was once again especially high (index 82). This suggests that the Group’s managers create a healthy working environment despite the many changes occurring in the organisation.

For each of the questions on performance and contribution to customer satisfaction, we saw an increase of one to two points. This indicates that employees feel they can create value for customers. We consider this a promising foundation for our ambition to create a customer-oriented performance culture.

Room for improvement

Employees’ perception of Danske Bank’s image continued to drop, this time three points from the level the year before. This score clearly reflects the negative perception of the Group, especially in the Danish media, and we will persevere in improving it by pursuing our strategy.

The perception of employment security also continued to drop and now stands at 66. This trend is likely owing to an emphasis on cost savings at Danske Bank and the financial sector in general in recent years.

Banks today are adjusting to the need for ongoing changes in their businesses. We believe that we must maintain an open and honest dialogue about how these changes affect our jobs and how we can adapt to them and develop the competencies to cope with the uncertainties of the market.
In order to remain competitive in price and customer appeal, we have needed to adjust Danske Bank’s business model and organisation and to reduce expenses. In 2013, we initiated a DKK 1 billion cost-savings programme that will take full effect in 2014. We will cut the budget for consultants by 50%, reduce other external expenses wherever possible, and focus our efforts on initiatives that provide value for our customers.

Unfortunately, further staff reductions were unavoidable. We deeply regret that we have to let competent and committed people go. All our employees have worked hard to improve our competitiveness, and we always strive to implement redundancies first through resignations and natural attrition.

The reductions affected mainly employees at the head office and other activities that did not directly involve customers. In October 2013, we also announced that we would stop providing Personal Banking and Business Banking products to new customers in the Republic of Ireland. The decision took effect immediately, and the current personal customer products and services will be withdrawn gradually in the first half of 2014. After this process, about 150 staff in Ireland will be made redundant.

Since 2012, we have reduced the size of our staff by 5%. We give great consideration to the employees who must leave the Group. Whenever possible, we offer voluntary severance packages with full salary for a period of time while they seek new employment. In Denmark, Norway and Ireland, they can use outplacement services with individual guidance and coaching.

The employees who remain in the Group are also affected by the redundancies. The well-being of all employees is important. Managers have received training in supporting employees through this difficult period, and each department has reviewed its activities to ensure a match between future tasks and resources. In the future, we will focus even more on customers, set new priorities, become much more efficient, and work together across departments to ensure that we stay competitive and deliver long-term value to customers and shareholders.

The implementation of a performance culture will emphasise the need for all employees to contribute to the strategy, while simpler and more flexible routines will help eliminate unnecessary processes and free up valuable time for employees to concentrate on fulfilling customers’ needs.
As more and more customers make banking transactions themselves online, advisers must focus on providing advice and expert knowledge about the management of customers’ personal finances. This necessitates an ongoing development of our staff competencies and working processes.

To achieve this, we made several changes to the Group’s competency development programmes in 2013 that are intended to give employees and managers relevant learning opportunities. Competency development is already a part of the annual appraisal process in which managers and employees discuss the measures required to develop new skills. We also updated the group-wide online learning centre with new training activities for employees in all countries. Employees at Personal Banking received training in Danske Meeting, which will ensure a consistent customer experience across markets and channels. In addition, we launched a “License to Operate” course, which is mandatory for all Personal Banking staff. It is intended to support the delivery of the best possible customer service by ensuring that all employees are up to date with the required training. The course includes training in anti-money laundering measures and the Group’s Code of Conduct.

We also launched a new group-wide programme to train new managers. It consists of a suite of eLearning modules and a four-day course that are structured around the skills and tools needed to manage change; build an efficient, high-performance organisation; and empower employees to create value for customers.

Spotting and cultivating talented employees are important aspects ongoing competency development. The Group currently has talent development programmes for three specific employee groups: the Business Leadership Programme for experienced managers of managers, the Programme for Management Development for first-line managers, and the Specialist Talent Programme for selected employees. These programmes are sometimes offered in collaboration with IMD Business School.
<table>
<thead>
<tr>
<th>EMPLOYEE DATA</th>
<th>GROUP 2013</th>
<th>GROUP 2012</th>
<th>GROUP 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staff details</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of full-time employees, end of year</td>
<td>19,122</td>
<td>20,308</td>
<td>21,320</td>
</tr>
<tr>
<td>Percentage of women in workforce (%)</td>
<td>54</td>
<td>56</td>
<td>56</td>
</tr>
<tr>
<td>Percentage of women in management (%)</td>
<td>36</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>Average age</td>
<td>43</td>
<td>41</td>
<td>44</td>
</tr>
<tr>
<td>Average years of service</td>
<td>15</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Employee turnover (%)</td>
<td>9</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td><strong>Work-life balance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women working part-time</td>
<td>2,390</td>
<td>2,644</td>
<td>2,904</td>
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<tr>
<td>Men working part-time</td>
<td>308</td>
<td>233</td>
<td>253</td>
</tr>
<tr>
<td>Avg. No. of maternity leave days (days per employee on leave)*</td>
<td>131</td>
<td>132</td>
<td>113</td>
</tr>
<tr>
<td>Avg. No. of paternity leave days (days per employee on leave)**</td>
<td>28</td>
<td>30</td>
<td>29</td>
</tr>
<tr>
<td>Leaves of absence granted for other reasons (No. of employees granted leave of absence during year)*</td>
<td>526</td>
<td>696</td>
<td>519</td>
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<tr>
<td><strong>Health and safety</strong></td>
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<tr>
<td>Absence due to illness (avg. No. of days lost through illness per employee)*</td>
<td>7.5</td>
<td>8.0</td>
<td>8.0</td>
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<tr>
<td>No. of injuries or post-traumatic stress related to robberies</td>
<td>67</td>
<td>179</td>
<td>241</td>
</tr>
<tr>
<td>No. of other physical or psychological injuries</td>
<td>84</td>
<td>103</td>
<td>310</td>
</tr>
<tr>
<td><strong>Competency development</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunities for professional and personal development as perceived by the employees [scale of 0-100]</td>
<td>75</td>
<td>75</td>
<td>76</td>
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<tr>
<td><strong>Employee satisfaction</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Employee satisfaction and motivation [scale of 0-100]</td>
<td>74</td>
<td>74</td>
<td>76</td>
</tr>
<tr>
<td>Employee loyalty [scale of 0-100]</td>
<td>80</td>
<td>79</td>
<td>81</td>
</tr>
<tr>
<td>The physical working environment</td>
<td>72</td>
<td>72</td>
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<tr>
<td>The general atmosphere</td>
<td>80</td>
<td>78</td>
<td>80</td>
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<tr>
<td>Social capital (cooperation, fairness and trust)</td>
<td>80</td>
<td>79</td>
<td>81</td>
</tr>
</tbody>
</table>

* Data exclude BAL.
** Data exclude BAL, IRL.
Employee health and well-being

Promoting employee health contributes to a healthy business. Healthy employees are absent less often because of illness and are more productive. Maintaining a healthy working environment is therefore an important part of our effort to create a performance culture. At Danske Bank, we view occupational well-being from a broad perspective and approach the issue from various angles such as first-aid courses and stress-prevention initiatives.

We have a stress management policy that sets forth how we strive for a healthy psychological working environment. We believe it is important to address issues that cause stress before it develops. We have therefore developed a number of initiatives, including tools to facilitate dialogue on stress and other working environment issues.

In 2012, we began collaborating with Danica Pension in Denmark on counselling for employees who have been absent from work for a long period because of illness. The objective is to help employees recover fully and return to work, and the programme has been a great success. The employees receive guidance on the various options available to help them recover as quickly as possible. These measures include a stress hotline, workplace assessments and guidance on obtaining specialist assistance covered by the health insurance. In spite of organisational changes and staff reductions, the average number of days of absence owing to illness fell 6% in 2013. Since the programme was launched, Danica has contacted 292 employees.

Various health-promoting initiatives are also offered in our local markets. They include a new well-being and occupational health strategy in Finland and an ongoing physical, social and emotional health campaign in Northern Ireland. You can see an overview of these programmes on our website.
Dilemma
High customer satisfaction at low cost?

High performance and low expenses are essential ingredients for business success in the current environment. In the future, there will be fewer employees to handle the daily tasks. How do we ensure excellent customer service in such an environment?

As part of our business strategy, we have set ambitious goals for the Group in the coming years. One key objective is to be ranked first or second in customer satisfaction among our prioritised customer segments by 2015. It is essential that we strengthen our position as a competitive and attractive bank for both customers and investors. We therefore need to keep our costs down and spend our resources on things that give value to customers. At a time when earnings are depressed, this means, unfortunately, trimming our staff throughout the organisation.

But reducing the number of employees poses a challenge for the organisation since we want to perform our daily tasks at the same pace and give customers more attention. If waiting time goes up, it could have an adverse effect on customers’ overall experience and cause a drop in satisfaction.

How can we keep customers happy while holding expenses to a reasonable, competitive level?

At Danske Bank, we see a healthy work-life balance as an important part of maintaining a competitive, winning spirit among employees, something that we consider crucial in providing good customer service and that we will not compromise. On the other hand, no Danske Bank customer should ever feel less appreciated because of our efforts to reduce the cost base.

To resolve this dilemma, we are striving to create a bank that is both high-performing and efficient. We are simplifying our operations and relieving customer-facing employees of unnecessary processes and administrative tasks. An important part of this effort involves empowering the staff to prioritise tasks and make decisions that matter to customers. We recognise that a cultural shift takes time. Nonetheless, we will foster a performance culture in which employees are dedicated to the overriding goal of caring for our customers and always putting them before processes.

Read more employee dilemmas on our website.
www.danskebank.com/responsibility
Measures against robberies

Every year, several of our branches are subject to robberies, attempted robberies and attempts to break into ATMs. Fortunately, we are seeing a very positive trend, with a 60% decline in the number of incidents since last year.

In 2013, we had a total of four robberies and six attempted robberies across the Group. Eight of the incidents occurred in Denmark, mainly in Greater Copenhagen. Two robbery occurred in Finland. All the unsuccessful attempts took place at advisory branches, which have no cash.

As part of our business strategy, we are merging and converting branches into advisory centres. This minimises the number of branches that hold cash and thus could be of interest to thieves. Although the data are still limited, there appears to be a correlation between the branch conversions and the drop in incidents.

The ratio of robberies to branches also fell sharply. While one out of 19 branches was subject to a robbery or attempted robbery in 2012, only one in 35 experienced this kind of event in 2013. We are very pleased with this trend. These incidents strongly affect the well-being of our staff, many of whom are at risk of developing post-traumatic stress disorder or related conditions. In 2013, 67 employees were present during a robbery, against 178 in 2012.

Even though the trend is now encouraging, we continue to implement a variety of preventive measures against robberies in order to safeguard our employees.

In Denmark, we report all employees who are present during a robbery to the National Board of Industrial Injuries to ensure that they are given the proper care and attention.

Equal opportunities

At Danske Bank, we see diversity as a prerequisite for maintaining an attractive place to work with a healthy and innovative working environment. We strive to support diversity in the organisation and ensure equal opportunities for all staff without regard to nationality, religion, sexual orientation or gender.

In 2010, we signed the Danish Ministry for Gender Equality’s “Charter for more women in management”, and in 2012, we delivered the first report on our initiatives and results. In 2013, female employees held 36% of all management positions. We therefore need to continue our efforts to attract and retain female managers in order to reach our 2015 objective.

In 2012, the Danish Parliament adopted legislation to ensure equal rights for men and women in private organisations. The law requires Danish companies to set specific targets for the number of women on the Board of Directors and to develop policies to increase the number of women in leadership positions. In their annual reporting, companies must also report on the progress made towards these targets.
targets and on the implementation of a diversity policy. We have already come a long way in developing a diversified and inclusive workforce, but we recognise that we still have some work ahead of us.

In March 2013, the Board of Directors therefore adopted a new diversity policy for the entire Group. We have also set new targets for 2017 – for women to constitute 12.5% of the Executive Board (currently there are no female Executive Board members) and 25% of the members of the Board of Directors elected by the annual general meeting (currently 12.5%) – and launched several initiatives to advance the process.

**Diversity Policy**

Gender diversity is a regular item on the agenda of Succession Board meetings, and ensuring a higher percentage of women in management positions is now part of all HR executives’ performance agreements. Diversity is also an important selection criterion in the internal and external recruitment process; for example, searches must present at least one female candidate for a vacant position.

Besides the group-wide initiatives, there are various local activities such as workshops and talent development.

**Remuneration and bonuses**

Every year, we release a remuneration report with comprehensive information about the remuneration structures for members of the Executive Board and the Board of Directors as well as other material risk takers. The information is specified in the annual report and on our website.

Our Remuneration Policy reflects the Group’s objectives for good corporate governance as well as sustained and long-term value creation for shareholders. In addition, it ensures that the Group is able to attract, develop and retain high-performing and motivated employees in a competitive, international market.

Members of the Board of Directors receive a fixed fee only. They are not covered by incentive programmes and do not receive performance-based remuneration or pension contributions.

The remuneration of the Executive Board members is determined by the Board of Directors. It generally consists of a fixed salary, incentive programmes and pension schemes. Performance-based remuneration is limited to 20% of the members’ fixed remuneration. Members of the Executive Board are also entitled to a free company car, a free phone and other benefits. The maximum severance payment is two years’ salary.

The Group has a remuneration policy that has been approved by the general meeting and applies to all Group employees. The Remuneration Committee monitors compliance with the policy and assesses the remuneration of the Executive Board once a year.

“We have set new targets for women to constitute 12.5% of the Executive Board and 25% of the Board of Directors by 2017.”

Helle Havgaard, Head of Human Resources
Enviroment 2013

- CO₂ Emissions
  - ↓ 8%

- Decline in electricity consumption since 2009
  - ↓ 28%

- 100% of business premises in Norway EcoLighthouse certified
As a bank, we have an opportunity to affect the climate agenda by the investments we make and the credits we grant. We strive to incorporate concern for the climate and environment in our products and seek to conduct our own business in a way that minimises our footprint.

$\text{CO}_2$ emissions from air travel

$\uparrow 29\%$

$\text{CO}_2$ emissions from heat consumption

$2\% \downarrow$
Promoting climate investment

We believe that companies can play a significant role in reconciling financial returns and environmental sustainability.

In the post-Kyoto era, the G8 and G20 nations have agreed that global warming must be limited to an increase of two degrees Celsius above pre-industrial levels. With the release of the fifth report on climate change from the Intergovernmental Panel on Climate Change, the message from scientists is clear: If we are to stop global warming from reaching the tipping point after which our planet’s climate will suffer irreversible damage, we must act now.

It seems indisputable that global warming is closely linked to the steady growth of the global economy in the past century. While the pace of economic growth has slowed markedly in recent years, the adverse effect on the planet continues.

This reality requires that the global community mobilise a significant amount of capital to support green technology and renewable energy development. Yet political resolutions and agreements are slow in coming as nations continue to discuss ways of addressing the problem without adversely affecting their economies. In order for investors to have confidence in supporting the climate agenda, a political consensus is necessary. We therefore urge policymakers to work for an ambitious political agreement when they meet at COP 21 in Paris in 2015.

We need to change the way we perceive and address global warming across nations and industries. In addition to political agreements, private sector commitment is a necessary catalyst for change. Companies must work not only to limit their own consumption but also to integrate a concern for the climate in their core business models.

At Danske Bank, we have been working systematically on climate and environmental measures since 2007, integrating them into our business model and also limiting the negative impact on the climate from our operations. We are signatories to the Carbon Disclosure Project and use a combination of approaches to limit our environmental impact. As part of our climate strategy, we strive to reduce our own emissions as much as possible. The emissions we cannot eliminate, we offset by investing in verified carbon credit projects that reduce CO₂ emissions. Besides compensating for our environmental impact, offsetting CO₂ emissions increases our energy expenses and thus serves as an incentive for making energy-saving improvements.
### Resource consumption *

<table>
<thead>
<tr>
<th>Description</th>
<th>Group 2013</th>
<th>Group 2012</th>
<th>Group 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity consumption (MWh)</td>
<td>69,568</td>
<td>75,946</td>
<td>85,815</td>
</tr>
<tr>
<td>Electricity consumption per employee (MWh/FTE)</td>
<td>3.7</td>
<td>3.8</td>
<td>4.1</td>
</tr>
<tr>
<td>Heat consumption (MWh)</td>
<td>69,805</td>
<td>71,503</td>
<td>79,786</td>
</tr>
<tr>
<td>Heat consumption per employee (MWh/FTE)</td>
<td>3.7</td>
<td>3.6</td>
<td>3.8</td>
</tr>
<tr>
<td>Water consumption (m³) **</td>
<td>76,872</td>
<td>79,704</td>
<td>75,721</td>
</tr>
<tr>
<td>Total road transport (1,000 km)</td>
<td>16,712</td>
<td>17,948</td>
<td>19,495</td>
</tr>
<tr>
<td>Transport by company vehicles (1,000 km) †</td>
<td>1,833</td>
<td>2,836</td>
<td>3,722</td>
</tr>
<tr>
<td>Transport by employees’ cars (1,000 km)</td>
<td>14,879</td>
<td>15,112</td>
<td>15,773</td>
</tr>
<tr>
<td>Air transport (1,000 km)</td>
<td>51,219</td>
<td>39,752</td>
<td>36,333</td>
</tr>
<tr>
<td>Air transport per employee (km/FTE)*</td>
<td>2,659</td>
<td>1,972</td>
<td>1,717</td>
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<tr>
<td>Air transport, domestic (1,000 km)</td>
<td>6,639</td>
<td>6,496</td>
<td>7,401</td>
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<tr>
<td>Air transport, international (1,000 km)</td>
<td>44,580</td>
<td>33,225</td>
<td>28,932</td>
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<tr>
<td>Total paper consumption (tonnes)</td>
<td>2,227</td>
<td>2,360</td>
<td>2,634</td>
</tr>
<tr>
<td>Paper consumption per employee (kg/FTE)*</td>
<td>116</td>
<td>117</td>
<td>124</td>
</tr>
</tbody>
</table>

### Emissions † †

<table>
<thead>
<tr>
<th>Description</th>
<th>Group 2013</th>
<th>Group 2012</th>
<th>Group 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emissions (tonnes)</td>
<td>39,168</td>
<td>42,795</td>
<td>52,511</td>
</tr>
<tr>
<td>CO₂ emissions per employee (tonnes/FTE)</td>
<td>2.0</td>
<td>2.1</td>
<td>2.4</td>
</tr>
</tbody>
</table>

* Data cover DK, SE, NO, IRL, NI, LT and FIN.
** Only head offices in DK and FIN in 2011 and only head offices in DK, FIN and all locations and branches in LT in 2012.
† Excludes NO and NI.
† † Data cover DK, SE, NO, IRL, NI, FIN and LT and include estimated figures for the remainder of the Group.
Integrating climate in investments

Academic and corporate research shows consistently that companies that focus on sustainability outperform their peers in the long run. Not only do they tend to operate with a more sustainable business model that is appealing to investors; they also deliver a higher return on equity. This shows that the challenges deriving from climate change are an increasingly important factor to consider in the prediction of a company’s future financial performance.

We believe that the financial sector can play a significant role in reconciling financial returns and environmental sustainability. We are in a unique position to help customers generate a profit from the investments they place with us while we promote an awareness of the financial benefits of investments in climate-friendly solutions.

At Danske Bank, we offer various investment products involving sustainability. ClimateTrends is a Danske Invest mutual fund sold on the Danish market focused on companies that appear to be well prepared for climate change challenges. It aims to achieve attractive long-term returns, not only from companies specialising in sustainability but also from companies that can profit from market trends caused by climate change. In Finland, we offer a sustainability bond fund that follows the Dow Jones Sustainability Index and an equity fund that incorporates environmental, social and governance (ESG) factors in its investment decisions. Many of these investment vehicles are delivering returns above the average for comparable alternatives. One of our newest products is a sustainability fund from ING that we offer to Danica Link pension customers.

At Danske Bank, we want to take advantage of the opportunities arising from climate change and also take into consideration the risks that are becoming evident. In 2014, we will explore the opportunities to further integrate the consideration of ESG risks in the investment process beyond the screening and simultaneously to provide customers with more transparency about these risks.

Efforts to reduce our environmental impact

As part of our climate strategy, we work hard to reduce our CO\textsubscript{2} emissions wherever we can. We do this by optimising energy consumption in buildings and purchasing energy-efficient IT and office equipment. We also seek to improve our energy efficiency by changing our behaviour and setting clear targets in several areas.

Electricity consumption

Electricity continues to be the main source of our impact in the environment. In 2013, it accounted for 40% of the Group’s total CO\textsubscript{2} emissions and thus constitutes an important area for improvement. In 2012, we reached our target of reducing electricity consumption by 20%, two years ahead of schedule. We therefore set a new target of reducing consumption by 30% from the 2009 level by the end of 2014.
A key reason for the large reduction is our new branch network, which has fewer conventional teller branches and more advisory centres. We also expanded the replacement of standard light bulbs with highly efficient LED bulbs to the offices and branches in Norway, Sweden and Northern Ireland. In addition, our solar panels at the offices in Høje Taastrup, Denmark, performed very well in 2013, delivering more electricity than expected. Through these efforts, we have reduced electricity consumption in each of the past four years. At the end of 2013, the total reductions since 2009 amounted to 28%, bringing us close to achieving our target of a 30% reduction.

**IT equipment**

Nearly one third of our total electricity consumption derives from IT and office equipment. In our efforts to reduce our environmental impact, we always look for ways to maximise the benefits of our initiatives. We therefore try to gain as much knowledge as possible about the underlying causes of the consumption in order to identify the areas that will yield the biggest reductions. To achieve this, we implemented a new online system for monitoring electricity consumption from IT equipment. The system, called Joulex, enables us to monitor, analyse and control how much energy we use in IT equipment that is connected to a network, ultimately allowing us to reduce energy consumption. In 2013, an analysis based on data from the system revealed an energy savings potential of 64% from the consumption caused by laptops, PCs and monitors running idle. In 2014, we will implement measures to redress this unnecessary consumption.

**Heating**

In spite of a rise in heat consumption per employee, our emissions from heating declined 3% in 2013, mainly because of a decline in the number of branches. We use a variety of solutions to optimise our energy consumption for heating in buildings. In 2013, all business premises in Norway achieved the Eco-Lighthouse certification, which is Norway’s most widely used scheme for documenting companies’ environmental efforts and dedication to corporate responsibility. In 2014, we will replace the oil-based heating at our head office in Northern Ireland with new, high-efficiency modular gas-fired boilers, which are expected to reduce energy consumption there by 20%.
Air travel

CO₂ emissions from air travel continue to be a challenge for the Group. Our operations are spread across 15 countries in northern Europe, and time can be a crucial factor in obtaining business. A certain amount of air travel is therefore unavoidable, even though we try to use eMeetings and TelePresence instead as often as possible. In 2013, total emissions from air travel rose 29%. The main reasons was an increased need for travel due to organisational changes that involved greater international collaboration.

We are investigating several ways of reducing our environmental impact from air travel. As part of our overall cost-savings programme, we aim to cut travel expenses by 25% in 2014. We will place restrictions on the number of trips and specifically on air travel, and this will reduce our CO₂ emissions.

Environmental management

In order to manage our environmental impact as effectively as possible, we have implemented an environmental management system (EMS). The system is based on the principles in ISO 14001 for management review and ISO 14064-1, a standard for quantifying and reporting emissions and reductions of greenhouse gases. The EMS sets forth procedures, responsibilities and controls for individual areas, and it will enable us to improve our environmental behaviour on an ongoing basis. Danske Bank is a signatory to the Carbon Disclosure Project. We have submitted reports to the Project for a number of years, and in 2013 we were ranked second among reporting financial institutions in the Nordic region.
Dilemma

Supporting green change

The financial sector can play an important role in supporting the climate agenda by offering sustainable investment products. But to be attractive, they must be able to compete with conventional options that may give higher returns. There are various approaches, but no single answer.

While the effects of climate change have been somewhat intangible for many years, the UN’s latest report on the subject makes them an imminent reality. Not only governments and non-profit organisations but also companies across industries and regions must join the challenge of fighting climate change.

Financial institutions can make a significant contribution to climate stability by offering sustainable investment products. But for green investments to be attractive they must be able to compete with other investment options that offer a higher return. There appear to be two possible approaches to this issue: Should we offer expressly climate-friendly investment products, such as sustainable funds, that have a clear effect on climate change?

Or should we focus on integrating environmental, social and governance (ESG) indicators in our overall product offering and increasing the transparency of our investment products?

The first solution requires investors to make an active choice to support the green transition, and the size of the funds means that the environmental effect is likely to be significant. Yet the investment must be large, and the funds invest in only a handful of companies that fulfil the criteria. The latter approach, which makes climate-friendly investments more easily available, is likely to appeal to more investors, but the actual effect on the environment might be less distinct.

At Danske Bank, we believe that the best way to limit climate change is by making green choices easier for both consumers and investors. In 2014, we will explore the opportunities to further integrate the consideration of ESG risks in the investment process beyond the screening and simultaneously to provide customers with more transparency about these risks. For investors who are interested in climate issues in particular, we continue to offer investments in sustainable funds.

Read more environment dilemmas on our website.
www.danskebank.com/responsibility
Carbon credit projects

As part of our work to reduce our direct environmental impact, we try to optimise our energy installations and continue to implement energy-efficient solutions in our operations. Until energy solutions mature, however, we will still have significant CO₂ emissions from heating, electricity and transportation. As part of our climate strategy, we therefore offset CO₂ emissions by investing in verified carbon credit projects that bring real CO₂ emission reductions. Our primary objective is to reduce our own emissions, but we also offset the amount that we cannot eliminate in order to become carbon-neutral.

In 2013, Danske Bank inspected the villages that are participating in the project. We were pleased to see that the transition to biogas as the main energy source was producing economic, nutritional and health benefits for the families as well as lower CO₂ emissions.

All our investments in carbon credit projects are managed by an external carbon asset management company and are verified according to international standards such as the Gold Standard. We choose only the standards that set the highest requirements in order to ensure the verifiable reduction of CO₂ emissions. Danske Bank has achieved carbon neutrality for five consecutive years. We currently invest in carbon credit projects in India and Turkey. Besides reducing CO₂ emissions, the projects also promote sustainable development in their local communities.

Biogas in India

One project involves a biogas energy solution in India. In rural India, most villages lack a waste management system for the disposal of animal excrement. This presents a number of sanitary problems and has a significant impact on the local environment. In addition, most families depend on wood as the main source of household energy. The traditional firewood stoves are often placed indoors, and because the wood is collected from the forest floor, it is often very moist and generates much smoke. The health consequences are commonly severe, with a high incidence of eye infections as well as respiratory diseases such as asthma, pneumonia and bronchitis.

Biogas offers a sustainable solution to these challenges and provides a number of economic, social and environmental benefits. By storing cow dung in impermeable tanks, households can produce their own biogas from the process of natural fermentation in the tank. The gas can be used for cooking and household lighting and can thus replace firewood as the main source of energy. This eases the burden of collecting wood and gives families more time to prepare nutritious meals or to care for children. In addition, the sanitary and hygienic conditions in the village improve greatly, since wood smoke is reduced and the cow dung is disposed of in a safe manner. The tanks, which are constructed underground, can last more than 20 years, and because they are made from locally available materials and labour, the project also generates employment. The residual product of the fermentation process is often used as an organic fertiliser to help improve crop yields, further improving the finances of the families who participate in the project.

The emission reductions achieved in this project are significant. Biogas emits less carbon dioxide into the atmosphere than firewood. It consists mainly of methane, which is 21 times more potent than CO₂, and the project converts the methane into a less harmful greenhouse gas.

Because of long delays in the carbon certification processes, we have chosen to replace the outstanding delivery of 10,000 Gold Standard voluntary emission reduction units (VERs) from our drip irrigation project in India with 10,000 Gold Standard VERs from this biogas project.
We strive to conduct our business in accordance with internationally recognised principles in the areas of human rights, employee rights, the environment and anti-corruption as formulated in the UN Global Compact’s 10 principles and the UN Guiding Principles on Business and Human Rights. These charters lay the foundation for several of our policies and procedures, including our Code of Conduct, which applies to all Group employees. We put the policies and the Code of Conduct into action in our CR work across the Group. The Internal Audit department monitors compliance with the Responsibility Policy, business procedures and reporting standards.

**CR management**

Corporate responsibility issues are becoming a key aspect of our entire business. The overall responsibility for Danske Bank’s Responsibility Policy and programmes lies with the Group Responsibility Board. The Board, which is chaired by a member of the Executive Board and consists of decision makers from across the Group, meets two to four times a year to discuss corporate responsibility at a strategic level. The Board has the authority to make decisions, but the chairman can also escalate issues to the Executive Board. In 2013, Danske Bank’s Board of Directors adopted a new group-wide stakeholder policy and updated the Group’s Responsibility Policy.

The CR department is responsible for providing the Group Responsibility Board with advice and recommendations regarding responsibility aspects of business decisions. The department is also responsible for developing the CR strategy, coordinating activities across the Group and reporting on the achievements. It is the CR department’s role to promote awareness of CR issues and support local units with expertise on best practices. At the operational level, CR matters are managed by local CR and environmental coordinators in seven markets in close collaboration with the CR department.

**Whistleblower system**

Danske Bank strives to be an open and honest business, and we value the free flow of information. All employees are obligated by our Code of Conduct to report any suspicion or knowledge of breaches of the Group’s policies or any other unethical or unlawful behaviour to the head of Compliance or the head of Internal Audit. In 2013, we implemented a new system for reporting that enables employees to report suspicions online.

To ensure that critical information is not withheld, the Group treats all reports and questions received through the whistleblower system as confidentially as possible within legal constraints. Danske Bank will protect employees and ensure that they are treated with respect, and we do not tolerate retribution against such employees. Reports are passed on to the Group Chief Auditor, the Group General Counsel and the Board of Directors’ Audit Committee for further action. In 2013, four cases were reported through the whistleblower system. They occurred both in and outside Denmark. Three cases that were concluded led to changes in procedures or increased management attention. One case is still under investigation.
Identifying material CR issues

In 2013, we began a rigorous process with an external consultancy to identify the material issues that inform our work. They are the topics that are presented in this report. The analysis is intended to make sure that we focus our efforts on the issues that are most important to our business and stakeholders.

The report is intended to provide a comprehensive, balanced account of the important non-financial aspects of our operations regarding society, business, financial literacy, employees and the environment.

Material issues embody what is important to our business and what our stakeholders find important. The issues treated in this report represent a significant risk or opportunity for us in our business operations or could possibly affect stakeholders’ decisions and opinions of Danske Bank. This materiality assessment also helps us focus our efforts on areas that deliver the greatest value to our business and stakeholders. The issues have been analysed on the basis of a comprehensive list of matters that may affect our business or be of concern to stakeholders. Sources for this list include issues addressed by public media, industry and sector benchmarks, matters raised by stakeholders in public debate, internal documents, and workshops with key Danske Bank employees. Each issue was rated according to 15 indicators of risk and opportunity. The results were reviewed and approved by the Group Responsibility Board, and the appropriateness of the analytic process and the results were verified by the PwC consultancy.

All material issues change over time, as does knowledge about them, and new issues may arise. We will therefore review the materiality analysis process on a recurring basis. The chart below offers a snapshot of Danske Bank’s non-financial material issues in 2013.
As an important financial institution, we strive to be a good corporate citizen in all the countries where we operate. Our success as a business depends largely on our ability to maintain good relations with our stakeholders. In 2013, Danske Bank’s Board of Directors adopted a new stakeholder policy that applies to the entire Group. The policy is intended to ensure that our stakeholders always know what to expect from us and what we expect from them.

**Principles for stakeholder communications**

We strive to build lasting, trusting relationships through an open and constructive dialogue and by considering stakeholders’ views when we make decisions. We wish to conduct an ongoing dialogue with all relevant public authorities, politicians, NGOs and opinion makers as a natural part of a democratic process. We want to be a trustworthy business partner that provides reliable and fact-based information about ourselves, the financial sector and the economy.

Our communications with stakeholders must be timely, fact-based and adequate so that stakeholders have an informed basis for their views and decisions. They must perceive our communications as trustworthy, and we always aim to communicate clearly and to answer all requests as soon as practically possible.
About this report

Danske Bank has reported on corporate responsibility matters since 2006. In this report we address issues that are important to our stakeholders and that may affect our business performance.

To determine the content of the report, we have followed a systematic and rigorous materiality assessment process, guided by an external consultancy. The results are further explained on page 60. We believe that the content of this report provides a comprehensive and balanced overview of the important non-financial aspects of our business in five main areas: society, business, financial literacy, employees and the environment.

This report is part of Danske Bank’s annual reporting. It covers the entire Danske Bank Group and its business units but not companies under administration because of financial difficulties. Full information about financial results and risk management practices can be found in our Annual Report 2013 and Risk Management 2013.

External verification
As part of an ongoing development and to further demonstrate our commitment to transparent accountability, this year’s report has been reviewed by an external and independent audit company, PwC, according to the ISAE3000 standard. Please see page 63 for PwC’s official Assurance Statement.

Statutory requirements
Since the implementation of the Danish Financial Statements Act in 2009, the 1,100 largest Danish companies have been required by law to account for their corporate responsibility policies, activities and results as part of their annual financial reporting. In 2013, the requirements in this law were expanded to include a requirement for companies to report explicitly on efforts made to respect international human rights and to reduce the effects of climate change. These topics are addressed in several articles throughout the report.

We have supported the UN Global Compact since 2009 and have reported on our progress, including progress in the areas of human rights and climate protection, and we refer readers to our Global Compact reporting. It consists of a Communication on Progress (COP) report and this CR report. The COP can be found on the Global Compact website.

Reporting principles
This report has been prepared according to the Global Reporting Initiative [GRI] G4 Sustainability Reporting Guidelines, including the Financial Services Sector Supplement, at a "core" application level. A GRI content index corresponding to the relevant UN Global Compact principles is available at www.danskebank.com/CR. In reporting on greenhouse gas emissions, we draw guidance from the Greenhouse Gas Protocol and ISO 14064-1. Detailed information on our data calculations and reporting principles can be found on our website and in the CR Fact Book 2013.

Principles for Responsible Investment reporting
This is the third year we are reporting to the UN PRI organisation. The UN PRI Report on Progress explains how we integrate the principles of socially responsible investing in day-to-day investing processes. In adherence to the reporting policies of the UN PRI organisation, the 2013 report will not be publicly disclosed.
Independent Assurance Report
on the Corporate Responsibility Report 2013

To the stakeholders of Danske Bank
We have reviewed Danske Bank’s Corporate Responsibility Report for 2013 with the purpose of expressing an opinion on whether:

• The materiality assessment process that is the basis for the selection of topics and information in the 2013 CR report has taken place as described based on actual considerations and a documented process;
• CR data on page 53, including energy and paper consumption, transportation data and CO₂ emissions, have been stated in accordance with the criteria mentioned;
• Danske Bank has off-set its consolidated CO₂ emissions for 2013;
• The selected financial data on page 7 in the CR report is in accordance with the corresponding financial information in the Annual Report 2013 audited by KPMG, which we have not reviewed or otherwise give assurance to.

The review does not include CO₂ impact per FTE.

Criteria for the preparation of reporting on data
The consolidated CR data and information are prepared in accordance with the accounting principles, which can be found at www.danskebank.com/en-uk/CSR/Documents/2013/Danske_Bank_CR_Reporting_Principles_2013.pdf.

Management’s responsibility
The Management of Danske Bank is responsible for preparing the consolidated CR data and information, including for establishing data collection and registration, internal control systems with a view to ensuring reliable reporting, specifying acceptable reporting criteria and choosing data and information to be collected for the intended users of the report.

Assurance provider’s responsibility
Our responsibility is, on the basis of our work, to express an opinion on the reliability of the consolidated CR data and information in the CR report 2013.

Applied standards and limitations
We have planned and performed our work in accordance with the International Standard of Assurance Engagements (ISAE) 3000, “Assurance Engagements other than Audits or Reviews of Historical Financial Information”, to obtain limited assurance that the consolidated CR data and information in the 2013 CR report is free of material misstatements and the data and information have been stated in accordance with the accounting principles here for. The assurance obtained is limited, as our work compared to that of an engagement with reasonable assurance has been limited to, principally, inquiries, interviews and analytical procedures related to registration and communication systems, data and underlying documentation.

Furthermore, we have performed our work in accordance with ISAE 3402 concerning our use of work performed by an internal audit function.

Methodology and scope of work
Our work has included interviews with key functions in Danske Bank, inquiries regarding procedures and methods to ensure that CR data and information have been incorporated in accordance with the accounting principles, and that the process for assessing materiality to select topics and information to be included in the 2013 CR report has taken place as described.

We have reviewed working papers and performed control activities of Danske Bank’s internal audit function with respect to Danske Bank’s energy consumption and CO₂ emissions statement, and we have reviewed documentation that these emissions have been off-set by purchase of off-set certificates. Furthermore, we have reviewed working papers covering CR data regarding paper consumption, and conducted random testing to supporting documentation. Finally, we have reviewed that the selected financial data on page 10 in the CR report can be derived from the audited Annual Report 2013 of Danske Bank.

Opinion
Based on our work, nothing has come to our attention causing us not to believe that:

• The materiality assessment process that is the basis for the selection of topics and information to enter the 2013 CR report has taken place as described based on actual considerations and a documented process;
• CR data on page 53, including energy and paper consumption, transportation data and CO₂ emissions, have been stated in accordance with the criteria mentioned;
• Danske Bank has off-set its consolidated CO₂ emissions for 2013;
• The selected financial data on page 7 in the CR report is in accordance with the corresponding financial information in the Annual Report 2013 audited by KPMG.

Hellerup, 6. February 2014
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Brian Christiansen
Danish State Authorised
Public Accountant

Jens Pultz Pedersen
M.Sc. [engineering]