

## Danske Bank’s 2023 self-assessment for implementation of the Principles for Responsible Banking

### Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

#### Business model

Describe (high-level) your bank’s business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank’s portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

#### Response

The Danske Bank Group (‘Danske Bank’) is a Nordic universal bank with strong regional roots. We provide services to customers in eight countries, with Denmark, Norway, Sweden and Finland being our core markets. Serving about 3.2 million customers, from households to multinationals, the Danske Bank Group is one of the major Nordic universal banking groups and Denmark’s largest financial services provider. We offer leading innovative solutions within retail and private banking as well as business, corporate and institutional banking, including investment and trading activities. In addition, we operate a substantial wealth management business.

The Group operates through three business units: Personal Customers (PC), Business Customers (BC), and Large Corporates & Institutions (LC&I). We also operate a separate business unit that serves personal and business customers in Northern Ireland. We serve our customers at our branches and through a wide range of self-service and digital transaction solutions.

Danske Bank employs about 20,000 people, and we have approximately 273,000 shareholders.

#### Links and references

Webpage:

[About Danske Bank](#) – presentation of Danske Bank

[Annual Report 2023](#) – description on key business units on p. 41 and note P1 - Net interest and fee income and value adjustments broken down by business segment interest.

Danske Bank's total net credit exposure in core segments was DKK 2,548 billion at the end of 2023 and included exposures to the following segments: corporates, personal customers, residential real estate, commercial real estate, housing associations and co-ops, public institutions, and financial institutions.

[Risk Management 2023](#) - Net credit exposure broken down by industry is presented on p. 8

## Strategy alignment

**Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?**

- Yes  
 No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

**Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?**

- UN Guiding Principles on Business and Human Rights  
 International Labour Organization fundamental conventions  
 UN Global Compact  
 UN Declaration on the Rights of Indigenous Peoples  
 Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: **TCFD**  
 Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: **The UK Modern Slavery Act**  
 None of the above

### Response

As a large financial institution, Danske Bank has the ability to instigate change and support sustainable progress in the societies we operate in by using the power of finance. A key strategic lever to effect change

### Links and references

[Annual Report 2023](#) – our Group Sustainability Strategy is presented on p.12 and our net-zero commitments on p.18.

is our provision of finance that supports economic growth while simultaneously reducing negative and increasing positive impact on environmental, social and governance factors.

Our 2023 Group Sustainability Strategy integrates selected Sustainable Development Goals (SDGs) where we have significant impact. The strategy also outlines significant steps to align our lending and investment activities to the Paris Climate Agreement. We support the Task Force on Climate-related Financial Disclosures (TCFD) initiative (now integrated in the International Sustainability Standards Board - ISSB), and we disclose climate-related risks and opportunities in our Risk Management report and in our Annual Report.

The Danske Bank Group has joined net-zero initiatives for banks, asset managers and asset owners to support the green transition in line with the Paris Agreement's target of limiting global warming to 1.5°C. We announced a comprehensive Climate Action Plan in January 2023. This plan outlines how we aim to reach net zero by 2050 or sooner across the majority of our activities within our four main impact areas: our lending activities, asset management activities, life insurance and pension, and own operations. Building on the latest scientific research, we have set intermediate 2030 targets for all four impact areas, and we have submitted our targets for SBTi validation, which is still pending. In February 2024, we published our Climate Action Plan Progress Report 2023, which serves as an update to our Climate Action Plan from January 2023.

We remain committed to the UN Global Compact principles for responsible business conduct, and we publish an annual statement on modern slavery in accordance with the UK Modern Slavery Act.

[Sustainability Fact Book 2023](#) – includes a TCFD cross-reference index.

[Climate Action Plan Progress Report 2023](#) – an overview of all our decarbonisation targets is presented on p. 16.

[Statement on Modern Slavery Act](#)

## Principle 2: Impact and Target Setting



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

### 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly<sup>1</sup> and fulfil the following requirements/elements (a-d)<sup>2</sup>:

**a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

#### Response

##### Lending portfolio (2022 analysis based on 2021 data)

- In 2022, we used the UNEP FIs Portfolio Impact Analysis Tool to undertake an impact analysis of our lending portfolio across Danske Bank's key business units (personal banking, business banking, and corporate lending within LC&I) and key geographic markets (Denmark, Finland, Norway, Sweden). The resulting scope represents a total of ~65% of Danske Bank's total income. Furthermore, we have engaged the Impact Institute to support us running the tool and conducting our impact analysis. The Impact Institute is a consultancy firm specialising in assessing impacts.
- Of the ~35% of Danske Bank's total income not included in the scope of the impact analysis, notable banking segments left out are investment banking (M&A, DCM & ECM within LC&I) and asset management. Investment banking was not included due to data availability issues. Asset management was not included due to the fact that it is not covered by the analysis capabilities of the PRB tool.

#### Links and references

Information about the [PRB tool](#) used for mapping portfolio impact from lending and investments is publicly available on the PRB's website.

The [PRB Guidance](#) describes reporting on the PRB, including the impact assessment.

<sup>1</sup> That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

<sup>2</sup> Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

- Northern Ireland, which is one area outside the Nordic countries where Danske Bank has a business footprint, has not been included as it constitutes a small part (~3% of total income during Q1-Q3 2022) of Danske Bank. The 3% is included in the ~35% total income not included in the scope of the impact analysis.
- Pursuant to the tools methodology, we have been able to analyse potential impacts across business-relevant Sustainable Development Goals (SDGs) given the bank's industry exposures (NACE codes) across different credit portfolios.
- No new impact analysis for the lending portfolio has been conducted in 2023.

#### Investments

- In 2023, we used the UNEP FIs Investments Portfolio Impact Analysis Tool to undertake an impact analysis of our investment portfolios in Danske Bank's Asset Management division (2022 data). Danske Bank manages assets for clients of about ~85 bn EUR. This business line represents a total of ~14% of Danske Bank's total income in 2022. Danica Pension investment data (Life Insurance and Pension) is not included in the impact analysis.
- Pursuant to the tool's methodology, we mapped Danske Bank's Asset Management portfolio holdings to PRBs asset-class universe. Danske Bank's portfolio largely consists of 'Assets managed with discretionary powers/delegated authority' (95% of Danske Bank Asset Management AuM).
- The analysis has been focused on 'assets managed with discretionary powers/delegated authority', and key impact-driving assets could be found in the equity portfolio and 'Fixed Income – Corporate Bonds' portfolio. Jointly, these portfolios contain ~EUR 44,8 billion AuM that was designated as 'in-scope' for the exercise. We focused our analysis on the equity portfolio due to lack of consistent country-sector GICS specification for the Fixed Income portfolio and thus covered 78% of 'in-scope' assets.
- Pursuant to the tool's methodology, we have been able to analyse potential impacts across business-relevant SDGs given the investment portfolio's industry exposures (GICS codes).

**b) Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries<sup>3</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

<sup>3</sup> 'Key sectors relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

*Response*

**Lending portfolio (2022 analysis)**

- For each business unit (personal banking, business banking and corporate lending within LC&I) in scope, representing ~65% of the total income, the lending portfolio composition has been determined per geographical scope and within each geographical area, per sector aligned with NACE sectors. This analysis was carried out using the PRB tool Excel templates and following the framework.
- The main sectors (NACE) that we finance across our business lending in our key geographical markets are real estate (36%); manufacturing (21%); public administration and defence (12%); electricity, gas, steam and air conditioning supply (5%); transportation and storage (5%); wholesale and retail trade (5%); a total of ~84%. The remaining ~16% is spread across a number of sectors, all individually representing less than 5%.
- The analysed portfolio is largest in Denmark (64%), second largest in Sweden (16%) and evenly distributed across Finland (10%) and Norway (10%).

**Investments**

- Danske Bank's equity portfolio consists of exposures across multiple countries and sectors.
- Danske Bank's top 5 exposures by sectors are pharmaceuticals (10% of equity portfolio), capital goods (9% of equity portfolio), banks (8% of equity portfolio), software and services (7% of equity portfolio), materials (6% of equity portfolio).
- Danske Bank's portfolio has a tilt towards developed markets, notably USA and the Nordic markets. Danske Bank's top 5 countries by exposure are: United States of America (46% of equities), Denmark (6% of equities), Norway (6% of equities), Finland (6% of equities), and Sweden (5% of equities).

*Links and references*

Information about the [PRB tool](#) used for mapping portfolio impact is publicly available on the PRB's website.

**c) Context:** What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?<sup>4</sup> Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

*This step aims to put your bank's portfolio impacts into the context of society's needs.*

*Response*

**Lending portfolio (2022 analysis)**

Completion of the Context module of the PRB assessment tool, supporting our impact analysis, revealed that key societal needs in key geographical markets were the following: Biodiversity and healthy ecosystems ("Biodiversity"); Circularity; Climate stability ("Climate change"); and Availability, accessibility, affordability and quality of resources and services.

The results from the analysis were discussed with key internal stakeholders, including our Sustainable Finance Council and the bank's Business Integrity Committee, and with the external consultant from the Impact Institute, which supported us with the analysis.

**Investments**

Completion of the analysis of Danske Bank Asset Management's equity portfolio shows that key impacts arise in environmental topics spanning sustainable development goals related to Natural capital. These include potential impacts on water bodies, air quality, soil quality, and resource consumption as well as climate. The analysis also shows relatively large needs in the countries where Danske Bank invests in relation to these areas. We understand these multiple impacts to belong to the broader umbrella of Biodiversity & Ecosystems, for which Danske Bank has placed an emphasis on taking action in future. We note that many standard-setting bodies such as PRB, IPBES and PBAF also note that biodiversity and ecosystem loss are driven by multiple factors.

*Links and references*

[Sustainability Report 2022](#) – the results from the 2022 impact assessment of our lending portfolio are presented on pp. 16-19.

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)<sup>5</sup>? Please disclose.

<sup>4</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

<sup>5</sup> To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

*Response*

The 2022 impact analysis of our lending portfolio shows that the largest potential positive social impact is Availability, accessibility, affordability and quality of resources and services as Danske Bank is creating access to finance for customers, which stimulates the real economy and increases people’s welfare. At the same time, this access can potentially have negative effects due to the risk of over-indebtedness, for example. Climate change, Biodiversity and Circularity stand out as the most relevant areas for Danske Bank to address due to a combination of potential negative environmental impacts of our lending exposures. These areas are also prioritised politically in all the key geographic markets.

The impact analysis of our investments shows that the largest potential positive social impact is Livelihood, Food, and Integrity & Security of person. The analysis also shows that key negative impacts arise in environmental topics spanning sustainable development goals related to Natural capital. These include potential impacts on water bodies, air quality, soil quality, and resource consumption as well as climate. We understand these multiple impacts to belong to the broader umbrella of Biodiversity & Ecosystems.

We selected climate change as our first impact area for lending, investments, and life insurance and pension, and over the past couple of years we have assessed our financed carbon emissions to form a basis for setting targets. All our intermediate emission reduction targets can be found in our Climate Action Plan Progress Report 2023.

We have decided to focus on biodiversity as our second major impact area for lending and investments, and we have committed to the Finance Pledge for Biodiversity and the Partnership for Biodiversity Accounting Financials. In addition to our PRB impact analysis, we in 2023 conducted a biodiversity impact assessment for our lending and investment activities, and we set engagement targets for high-risk sectors.

We regard Circularity as being a method of achieving sustainability and as an integral part of our climate and biodiversity efforts.

*Links and references*

[Sustainability Report 2022](#) – the results from the impact analysis for our lending portfolio are presented on p. 16.

[Climate Action Plan Progress Report 2023](#) – an overview of our intermediate emission reduction targets is presented on p. 16.

[Annual Report 2023](#) – our reporting on Nature and Biodiversity is presented on p. 19.

**d) For these (min. two prioritized impact areas): Performance measurement.** Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank’s context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank’s current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank’s activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex 1.

If your bank has taken another approach to assess the intensity of impact resulting from the bank’s activities and provision of products and services, please describe this.

*The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.*

*Response*

**Climate change – lending portfolio**

Danske Bank has a broad and diverse exposure across our key geographical markets of Denmark, Finland, Norway and Sweden. While we do engage with heavy-emitting sectors such as oil and gas, shipping and utilities, these represent a very small share of our total loan portfolio. In total, we estimate that the financed emissions from our carbon-mapped corporate and private lending portfolios by year-end 2020 (baseline year) accounted for around 11.2 million tonnes of CO<sub>2</sub>e (2022: 9.6 tonnes of CO<sub>2</sub>e)

In 2022, oil and gas, accounted for 24% (2020: 25%) of our financed emissions, with an on-balance exposure of only DKK 6.6 billion, while shipping accounted for 12% (2020: 18%), with an on-balance exposure of only DKK 15 billion. In contrast, personal mortgages make up DKK 786 billion of on-balance exposure in 2022 while only accounting for 6% of our measured financed emissions.

Our sector scope is aligned with the list of priority sectors included in the Science Based Targets initiative, the Net-Zero Banking Alliance and the Guidelines for Climate Target Setting for Banks developed by the UNEP FI.

As a result of improved data and methodologies, including amendment of our models used to calculate financed emissions, our 2020 baseline of measured total financed emissions has been reduced from the previously reported 18.8 million tCO<sub>2</sub>e to 11.2 million tCO<sub>2</sub>e. The main driver of this reduction has been a change in accounted financed emissions in the shipping sector due to adjustment in relation to syndicated lending pledged on vessels. Previously, we accounted for all emissions from these types of vessels, but in alignment with the PCAF methodology we now account only for the part of these emissions that reflects our share of the vessel financing.

**Climate change – investments**

Our total assets under management (AuM) amounted to DKK 860 billion as of year-end 2020 (baseline year) (2023: DKK 961 bn). The measured financed emissions (scope 1 and 2) in 2020 from investee companies amounted to 3.7 million tCO<sub>2</sub>e (2023: 2.2 million tCO<sub>2</sub>e), covering around 68% of total AuM (2023: 71%).

*Links and references*

[Climate Action Plan Progress Report 2023](#) – and an overview of all our climate targets is presented on p.16 and a financed emissions overview for lending, asset management and life insurance and pension is presented on p. 8.

Carbon mapped portfolio distribution for all sectors in scope is presented on p. 19.

An overview of carbon mapped in the lending portfolio is presented on p. 21. Each specific sector target for our lending portfolio and methodology is detailed on pp. 22-32 and pp. 64-73.

Information on baseline updates is presented on p. 7.

An overview of our Asset Management targets is presented on p. 39 and sector contributions to emissions on p. 40. Methodology is detailed on pp. 74-76.

For 2023, financed emissions in Asset Management, the materials (35%), utilities (17%), energy (16%), and industrials sectors (14%) are the main contributing sectors, collectively accounting for 82% of total measured financed emissions in (2020: 81%).

**Life Insurance and Pension:** Our total assets under management (AuM) in Danica Pension's (Life Insurance and Pension) portfolios amounted to DKK 454 billion as of year-end 2020 - baseline year (2023: DKK 461 bn).

The measured financed emissions (scope 1 and 2) in 2020 from investee companies amounted to 1.3 million tCO<sub>2</sub>e (2023: 1.3 million tCO<sub>2</sub>e), covering around 64% of total AuM (2023: 58%). For Life Insurance and Pension, the sectors that contribute most to our financed emissions in 2023 are the materials (18%), industrials (17%), utilities (26%), and energy sectors (17%), collectively accounting for about 78% of our financed emissions 2020: 74%).

### Biodiversity

Danske Bank has analysed its lending and investment portfolio regarding potential negative nature and biodiversity impacts using the Bioscope and ENCORE tools. This analysis has formed the basis to identify the sectors and companies that have the highest priority to be in scope for the initial target-setting and subsequent engagement efforts of the Group. As a result, for lending, engagement targets have been set covering the sectors 1) agriculture including food products and fisheries, 2) forestry, pulp and paper and 3) shipping. For investments, 30 large and global investee companies that all have a significant impact on nature and biodiversity were selected to engage with before the end of 2025. The engagement targets have been published externally and progress towards these targets will be reported.

An overview of our Life Insurance and Pension targets (Danica Pension) is presented on p. 42 and sector contributions to emissions on p. 44. Methodology is detailed on pp. 77-78.

[Annual Report 2023](#) – our target-setting for biodiversity is presented on p. 19.

**Self-assessment summary:**

**Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?<sup>6</sup>**

- |                          |   |                                      |                             |
|--------------------------|---|--------------------------------------|-----------------------------|
| Scope:                   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Portfolio composition:   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Context:                 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Performance measurement: | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |

**Which most significant impact areas have you identified for your bank, as a result of the impact analysis?**

*Climate change and biodiversity*

**How recent is the data used for and disclosed in the impact analysis?**

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

<sup>6</sup> You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

## 2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**a) *Alignment:*** which international, regional or national policy frameworks to align your bank's portfolio with<sup>7</sup> have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

*You can build upon the context items under 2.1.*

### *Response*

#### **Climate change (lending and investments)**

Our climate target setting has taken the following aspects into consideration:

- the overall objectives of the Paris Agreement – near-term (2030) and long-term (2050)
- recommendations and methodologies from leading industry associations and scientific research such as the Partnership for Carbon Accounting Financials (PCAF) standard.
- Danske Bank's overall strategic direction and Group-wide net-zero ambition

At Danske Bank, we want to be a leading financial partner when it comes to helping our customers succeed in their green transition. The net-zero transition requires major amounts of financing for companies to invest in new technologies and solutions, transform business operations and achieve net-zero supply chains. Therefore, the targets support SDG 13: Climate Action.

To ensure alignment with the latest scientific research, we in January 2023 submitted our climate targets for validation by the Science Based Targets initiative (SBTi). We still await SBTi validation of the targets, see 6.3

#### **Biodiversity:**

The initial biodiversity target-setting has taken the following aspects into consideration:

- The Kunming-Montreal Global Biodiversity Framework
- Recommendations and methodologies from leading industry associations and scientific research such as the Partnership for Biodiversity Accounting Financials (PBAF) or the Finance for Biodiversity

### *Links and references*

[Annual Report 2023](#) – our net-zero commitments are briefly presented on pp.18.

[Climate Action Plan](#) – information about our target-setting and SBTi commitment is presented on pp. 9-10

[Climate Action Plan Progress Report 2023](#) – on p. 9 we present information on progress with the SBTi validation.

Pledge. Danske Bank has analysed its lending and investment portfolio regarding potential negative nature and biodiversity impacts using the Bioscope and ENCORE tools.

- Danske Bank’s overall strategic direction and Group-wide sustainability ambitions

The targets also support SDG 14:Life below water and SDG 15: Life on land.

**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

*You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.*

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex 1 of this self-assessment.

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

*Response*

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Climate change mitigation</i>	<b>A.1.1</b>	<i>Yes – climate strategy is in place – see Climate Action Plan</i>
	<b>A.2.1</b>	<i>Yes – for all sectors in scope</i>
	<b>A.3.1</b>	<i>In 2023, DKK 69 billion in green loans granted to customers (Danske Bank and Realkredit Danmark)</i>
	<b>A 4.1</b>	<i>In 2022, we reduced our financed GHG emissions by 2,9 million tCO<sub>2</sub>e in relation to the 2020 baseline (only including scope 1 and 2 from investments).</i>
	<b>A.1.2</b>	<i>Yes – net zero by 2050 or sooner. Intermediate 2030 targets set for both lending and investment.</i>
	<b>A.2.2</b>	<i>Our 2020 baselines are 11.2 million tCO<sub>2</sub>e mapped in our lending portfolio and about 5 million tCO<sub>2</sub>e from our investment activities (scope 1 and 2 emissions). In total 16.2 million tCO<sub>2</sub>e financed emissions.</i>

*Links and references*

[Annual Report 2023](#) – our net-zero commitments are briefly presented p. 18. Our sustainable finance volume targets are presented on p. 12 Sustainable finance data, including green loans, is presented on p. 14.

[Climate Action Plan Progress Report 2023](#) – an overview of all our climate targets is presented on p. 16. Baselines for the lending targets are presented on p. 21. Baselines for asset management targets are presented on p. 39. Baseline for life insurance and pension targets are presented on p. 42.

On p. 8 we present status on our total financed emissions

<sup>7</sup> Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank’s targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

	A.3.2	See on-balance exposure per lending sector in scope for target-setting.
	A.4.2	Indicator is currently not calculated Our Paris-aligned lending portfolio targets covers around 45% of our financed emissions on the balance sheet. For our investment activities in asset management, temperature rating targets cover 63% of AuM. For Danica Pension, temperature rating targets cover 50% of AuM
	A.1.3	Yes – see our Sustainable Finance Policy
	A.2.3	Yes – see sector-specific emission intensity
	A.1.4	Yes – see results of lending and investment portfolio analysis
	A.2.4	Indicator is currently not calculated
	A.1.5	Yes – see selected business opportunities in 3.2

We assessed the indicator codes for climate change to support the target-setting process. See Annex 1 for an explanation of indicator codes.

### Climate change – lending portfolio

For our loan portfolio, we have set climate targets for high-emitting sectors based on analysis of our loan exposure, our total financed emissions, customer analysis, and the quality of GHG emission data. Our sector scope is aligned with the list of priority sectors included in the SBTi, the Net-Zero Banking Alliance and the Guidelines for Climate Target Setting for Banks developed by the UNEP FI. Please see our Climate Action Plan Progress Report 2023 for all details about our climate targets, including scope, baseline, on-balance exposure and methodological considerations.

Sector	Metric	2030 target CO <sub>2</sub> reduction	2020 baseline	2022 status	On-balance exposure 2022 (DKK bn)
Shipping	Alignment data as in Poseidon Principles (%)	0 (50%)	25.8 (3.8*)	33.7	15
Oil and gas (exploration and production)	Financed emissions million tCO <sub>2</sub> e	2.5 (50% reduction)	5.0 (3.3*)	2.8	0.8
Oil and gas (downstream refining)	Financed emissions thousand tCO <sub>2</sub> e	84 (25% reduction)	117 (73.1*)	84	1.9
Oil and gas (downstream refining)	gCO <sub>2</sub> e/MJ	53.3 (25% reduction)	71	61	4.0

Our [Sustainable Finance Policy](#) is available on our website.

[Climate Action Plan Progress Report 2023](#) – an overview of our carbon-mapped lending portfolio overview is presented on p. 21. On pp. 22-32, we present details of our lending targets for each sector in scope. On p. 64-73, we present the scope of our carbon-mapped portfolio and methodological considerations.

Power generation	kgCO <sub>2e</sub> /MWh	38 (50% reduction)	77 (72*)	67	10
Steel	tCO <sub>2</sub> /t	0.82 (30% reduction)	1.17	1.00	0.0
Cement	tCO <sub>2</sub> /t	0.48 (25% reduction)	0.64	0.62	0.4
Personal mortgages – Nordic countries	kgCO <sub>2</sub> /m <sup>2</sup>	7.3 (55% reduction)	16.3 (14.3*)	14.9	786
Commercial real estate – Nordic (residential and non-residential)	kgCO <sub>2</sub> /m <sup>2</sup>	6.0 (55% reduction)	13.5	13.0	239

\* 2020 baselines for some sectors have been updated in relation to 2022 disclosures due to improved data and methodologies.

### Climate change – investments

Danske Bank Asset Management joined the global Net Zero Asset Managers Initiative in March 2021, committing to reaching net-zero emissions by 2050 or sooner across all assets under management, in line with the Paris Agreement. To support this commitment, we in 2022 set an emission intensity reduction target for our investment products (investment funds, managed accounts and pooled investment vehicles). In 2023, we have also set temperature rating targets for listed equities and credits within our investment products to further guide our efforts and enhance transparency on our progress. We have started with these products with the explicit aim of increasing the proportion of AuM covered, until 100% of our assets are included.

### Asset Management targets

Coverage	2030 target	2020 baseline	2023 status
Investment products	Align portfolio temperature score by invested value from 2.7°C to 2.1°	2.7°C	2.3°C
Investment products	Align portfolio temperature score by invested value from 2.9°C to 2.2°C	2.9°C	2.6°C
Investment products	50% reduction of the weighted average carbon intensity	14.3 tCO <sub>2e</sub> /mEUR revenue	7.7 (46% reduction from baseline)

[Climate Action Plan Progress Report 2023](#) – an overview of our asset management targets is presented on p. 39. On p. 74-76, we present methodological considerations.

Investment products	Engagement with the 100 largest emitters	0	47
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**Life Insurance and Pension targets**

Danica Pension data was not included in the impact analysis for investments. However, through our membership of the UN convened global investor initiative Net-Zero Asset Owner Alliance, Danica Pension has committed to achieving a net-zero investment portfolio by 2050 or sooner in line with the Paris Agreement and to limiting global temperature increase to a maximum of 1.5°C. We have set a number of climate targets to support this commitment, in alignment with guidelines from the Science Based Targets initiative and the Net-Zero Asset Owner Alliance.

[Climate Action Plan Progress Report 2023](#) – an overview of our Life Insurance and Pension targets is presented on p. 42. On p. 77-78, we present methodological considerations.

Coverage	Target	Target year	Baseline year	Baseline status	2023 status
Equities and corporate bonds	Align portfolio temperature score by invested value from 2.5°C to 2.0°C	2030	2020	2.5°C	2.5°C
Equities and corporate bonds	Align portfolio temperature score by invested value from 2.8°C to 2.2°C	2030	2020	2.8°C	2.7°C
Energy	Reduce carbon emission intensity in our investments in the energy sector by 15%	2025	2019	72.6	69,4°C
Utilities	Reduce carbon emission intensity in our investments in the utilities sector by 35%	2025	2019	0.37	0.31°C
Transportation	Reduce carbon emission intensity in	2025	2019	Shipping: 7.0 Automotive: 144.6	Shipping: 6.2 Automotive: 130.0

	our investments in the transportation sector by 20%			Aviation: 885.6	Aviation: 929.4
Steel	Reduce carbon emission intensity from our investments in the steel sector by 20%	2025	2019	2.0	1.3°C
Cement	Reduce carbon emission intensity in our investments in the cement sector by 20%	2025	2019	0.8	0.6°C
Real estate portfolio	Reduce carbon emission intensity in Danish real estate portfolio by 69%	2030	2019	11.0	7.3°C

**Biodiversity**

Engagement targets have been set for both our lending and investment portfolio. For our lending portfolio, we have committed to engage with customers in identified high-priority sectors about identified nature and biodiversity indicators before the end of 2024. The engagements will help to define the baseline regarding the selected indicators. For our investment portfolio, we have committed to engage with 30 large, global investee companies that all have a significant impact on nature and biodiversity before the end of 2025.

[Annual Report 2023](#) – our biodiversity engagement targets are presented on p. 19.

**c) SMART targets** (incl. key performance indicators (KPIs)<sup>8</sup>): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

*Response*

**Climate change**

In January 2023, Danske Bank committed to the Science Based Targets initiative (SBTi). In advance of our commitment, we developed our intermediate 2030 climate targets for our impact areas of lending, asset management, life insurance and pension and our own operations. We consider these to be in adherence with the SMART principles. We developed the targets based on the latest scientific research, and we have submitted them for SBTi validation, which is still pending, see 6.3.

**Lending portfolio**

For lending, we have set climate targets for key sectors of our portfolio. We have chosen individual sectoral decarbonisation approaches, as recommended by the SBTi, to most accurately steer our impact, facilitate engagement and measure progress. We will continuously work to improve our financed emissions coverage and set targets for further sectors, as recognised guidelines are developed for more sectors. See details on our targets in 2.b.

**Investments**

Danske Bank Asset Management joined the global Net Zero Asset Managers Initiative in March 2021, committing to reaching net-zero emissions by 2050 or sooner across all assets under management, in line with the Paris Agreement. To support this commitment, we in 2021 set a concrete emission intensity reduction target for our investment products (investment funds, managed accounts and pooled investment vehicles). In 2022, we also set temperature rating targets for listed equities and credits within our investment products to further guide our efforts and enhance transparency on our progress. We have started with these products with the explicit aim of increasing the proportion of AuM covered, until 100% of our assets are included. See details on targets in 2.b.

**Life Insurance and Pension:** Through our membership of the UN-convened global investor initiative Net-Zero Asset Owner Alliance, Danica Pension has committed to achieving a net-zero investment portfolio by 2050 or sooner in line with the Paris Agreement and to limiting global temperature increase to a maximum of 1.5°C.

*Links and references*

[Annual Report 2023](#) – our net-zero commitments are presented on pp. 18.

[Climate Action Plan Progress Report 2023](#) – an overview of all our climate targets is presented on p. 16.

<sup>8</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

We have set a number of climate targets to support this commitment, in alignment with guidelines from the Science Based Targets initiative and the Net-Zero Asset Owner Alliance. See details on targets in 2.b.

All climate targets are presented in detail in our Climate Action Plan Progress Report 2023.

**Biodiversity**

A first set of targets has been developed in 2023 covering both the lending and investment portfolio and published in September 2023. For our lending portfolio, we have committed to engage with customers in identified high priority sectors on identified nature and biodiversity indicators before the end of 2024.

- At our Business Customers business unit, we will engage with 300+ customers in the agriculture sector, which covers more than one-third of our lending exposure.
- At our Large Corporations & Institutions business unit, we will engage with 50+ customers across the food products and fisheries sector, the forestry, pulp and paper sector and the shipping sector, which covers at least two-thirds of our lending exposure in each respective industry.

For our investment portfolio, we have committed to engage with 30 large, global investee companies that have a significant impact on nature and biodiversity before the end of 2025.

For these targets, the number of engagements within the defined time horizon will be used to track progress towards the targets set. However, additional nature and biodiversity targets will be further developed as more data and knowledge becomes available.

[Annual Report 2023](#) – our work with biodiversity is presented on p.19.

**d) Action plan:** which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

*Response*

**Climate change**

As a financial institution, Danske Bank plays two different roles in relation to supporting the transition:

**Lending:** Danske Bank lends money to customers to enable them to finance their operations, new investments and potential acquisitions. As a lender, we provide capital for our customers and we are liable for the credit risks involved. In this role, we typically have close relations with our customers, possess in-depth information on management and strategy, and have a solid foundation for evaluating our customers’ transition efforts, which we are also able to influence. Through our facilitation of new and additional capital to customers, we influence the green transition.

*Links and references*

[Climate Action Plan Progress Report 2023](#) – on pp. 22-33, we present actions and outlooks for how we engage with lending customers within high-emitting sectors.

Within our lending activities, we focus on transition analysis and customer engagements. We continuously educate our advisers on the climate agenda to enhance our advisory capabilities and develop products to support and incentivise the transition of our customers. To guide our efforts, we are strengthening and clarifying our climate position statements; and to support the broader transition of society, we engage in international knowledge sharing and advocacy.

**Investor:** In our role as an asset manager or asset owner, we invest on behalf of our customers. As a financial institution, we must meet our fiduciary duties and cater to customers' preferences. Consequently, we manage investment products that incorporate different levels of sustainability ambitions, thereby making it possible for customers to select the products best designed to accommodate their sustainability preferences.

We engage with companies operating in sectors such as energy, steel, and shipping, all of which are crucial for the green transition. Our engagements typically focus on the company's decarbonisation strategy and how it intends to invest in climate solutions that can enable the company's transition. We focus on including ESG parameters in our investment decisions, performing active ownership and as a last resort we use exclusions. Moreover, we continuously educate our investment advisers and portfolio managers as well as engage in international forums.

In our Climate Action Plan Progress Report 2023, we present in more detail our taken and planned actions to reach our 2030 targets for lending and investments, including **life insurance and pension**.

In our sustainability efforts, we take a holistic approach and seek to avoid doing any significant harm to some sustainability objectives while pursuing others. We recognise the interconnected nature of sustainability challenges and take potential trade-offs into consideration, e.g. between climate change mitigation and the protection of nature or respect for human rights, for example in the expansion of renewable energy. While pursuing our climate targets, we aim to ensure a just transition where no one is left behind, and we remain committed to respecting internationally recognised human rights, both in our own operations and our financed activities.

### **Biodiversity**

As outlined in section 2c) above, the first set of Group-wide nature and biodiversity targets for both the lending and investment portfolio were developed and disclosed in 2023. To ensure execution of the targets set, a catalogue of required action has been defined as part of the target development process. For example, for each of the priority sectors in the lending portfolio, a threshold for the required number of engagements has been defined, serving as key milestones. To achieve the targets, engagements with targeted customers are set up by the respective business units, and monitoring of progress towards all engagement targets is

On p. 15 and pp. 45-46, we present actions and outlooks for how we engage with investees within Asset Management and Danica Pension.

On p. 59, we provide information about our journey ahead and how we seek to do no significant harm.

integrated into the quarterly reporting to the governing ELT committee and the bank's Business Integrity Committee	
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	... first area of most significant impact: <i>Climate change</i>	... second area of most significant impact: <i>Biodiversity</i>
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

## 2.3 Target implementation and monitoring (Key Step 2)

### For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

**Or, in case of changes to implementation plans (relevant for 2<sup>nd</sup> and subsequent reports only):** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

### Response

#### Climate change

In 2.2d, we briefly present how we engage with our customers and investees to progress with our climate targets.

Overall, we in 2023 observed good progress towards our intermediate climate targets – see 2023 status in tables presented in 2.2b.

Progress in the portfolios behind five of our nine science-based lending targets – oil and gas exploration and production, oil and gas downstream refining (scope 1 and 2), oil and gas downstream refining (scope 3), power generation, and steel – was faster in 2022 than the linear trajectory for our intermediate 2030 targets. For the four remaining lending-target sectors – shipping, cement, commercial real estate, and personal mortgages – we observe that our portfolios are progressing slower in relation to the linear trajectory. However, linear development trajectories in these sectors are not expected because progress for the shipping sector and the cement sector is subject to at-scale technology breakthroughs in relation to fuels and carbon capture, for example. The green transition of the real estate sector's is largely dependent on the green transition of the utilities sector. This will be reflected in emission factors published by the Danish Energy Agency, which have not been updated since 2019.

Within our investment activities, we observe good progress on our temperature-rating targets for Danske Bank Asset Management. This is due to improved coverage of company climate targets. There is still need for more investee companies to publish official climate targets. We also observe a 46% reduction in our weighted average carbon intensity can be observed, which indicates that the investee companies in our portfolio are aligning with the needed carbon reductions.

### Links and references

[Climate Action Plan Progress Report 2023](#) – we report on progress with all our climate targets on pp. 8-9. On pp. 10-13 we present graphs showing development for each target.

**Life Insurance and Pension:** For our life insurance and pension activities, some of the short-term 2025 sector targets are challenged because the transition of the transportation, steel and energy sectors is progressing slower than expected. For the cement and utilities sectors, progress until 2022 has been faster in relation to the linear trajectory towards our respective targets.

We report in detail on progress with all targets in our Climate Action Plan Progress Report 2023.

**Biodiversity**

In 2023, we completed a mapping of negative impact driver on nature and biodiversity loss in our lending and investment portfolios, revealing the hotspot sectors that served as the basis for targeting-setting, as outlined in section 2 c). The implementation of the targets is conducted by the respective business units and the monitoring by the Business Integrity Committee. The Business Integrity Committee is the relevant governing committee at ELT level and receives quarterly progress reporting ensuring that it maintains oversight of the progress towards the targets set.

[Annual Report 2023](#) – our work with biodiversity is presented on p. 19.

## Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

### 3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers<sup>9</sup> in place to encourage sustainable practices?

Yes       In progress       No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes       In progress       No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities<sup>10</sup>). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

*This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank.*

#### Response

To achieve our climate targets, we collaborate closely with our customers and actively provide financial advice and solutions. The transition to a low-carbon economy requires significant new investments in low-carbon production facilities, infrastructure and transportation as well as energy-efficiency improvements. At the same time, it requires limiting investments in technologies that lock our societies into high-carbon economies. These investment decisions are made by companies, private individuals and the public sector, namely our customers. At Danske Bank, we can influence our customers' investment decisions by managing access to capital and the cost of capital and by providing customers with sound financial advice. As part of our commitment to protect nature and biodiversity, we have identified high-risk sectors in our lending and investment portfolios, and we have set engagement targets for customers and investees within those sectors.

#### Links and references

[Annual Report 2023](#) – we present briefly how we engage with clients/customers and investees to reduce financed emissions on p. 15. Our sustainable finance volume targets are presented on p. 12.

[Climate Action Plan Progress Report 2023](#) – on pp. 22-33, we present actions and outlooks for how we engage with lending customers within high-emitting sectors.

<p>We use active ownership as a measure to protect the value of our customers' investments, generate attractive returns and manage societal impacts of our investments. Please also see 2.2d.</p> <p>Our Sustainable Finance Policy and our Credit Policy form the basis for our investment and lending processes alongside our seven position statements. Moreover, we in 2020 set volume targets for our sustainable financing products and services and our investments. We report on target progress in the sustainability statement of the Annual Report 2023.</p> <ul style="list-style-type: none"> <li>• By 2023, DKK 300 billion in sustainable financing including granted green loans and arranged sustainable bonds</li> <li>• By 2030, DKK 150 billion invested in funds with sustainability objectives (Article 9 funds in SFDR)</li> <li>• By 2023, DKK 50 billion invested in the green transition by Danica Pension – and DKK 100 billion by 2030</li> </ul>	<p>On pp. 45-46, we present actions and outlooks for how we engage with investees within Asset Management and Danica Pension.</p> <p><a href="#">Policies and position statements</a> – our Sustainability Finance Policy and our positions statements are publicly available on our website. Our Credit Policy is not publicly available.</p>
<p><b>3.2 Business opportunities</b></p> <p>Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).</p>	
<p><i>Response</i></p> <p>Danske Bank is committed to supporting the green transition by being a trusted lender and financial adviser to our customers and by offering attractive financial products that enable customers to reach their climate targets. We report on our selected sustainable financing-related metrics in our Sustainability Report (green bonds issued, green loans granted etc.). Several of our product offerings have a positive impact on one or more of the UN Sustainable Development Goals, in particular SDG 13: Climate Action.</p>	<p><i>Links and references</i></p> <p><a href="#">Annual Report 2023</a> – we present a few examples of business solutions provided to support sustainable progress on p. 16. We report on sustainable finance-related data on p. 14. Our contribution to SDG 13 is presented in the 2023 target overview on p. 12.</p>

<sup>9</sup> A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>10</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

A few selected examples:

**Green loans**

Danske Bank and Realkredit Danmark’s green loans are aligned with our framework for green finance and are therefore earmarked for specific green projects.

**Sustainability-linked financing**

Sustainability-linked financing aims to improve business customers’ sustainability performance through the assessment of selected material ESG indicators over the term of a loan or bond.

**Sustainable bonds arranged for customers**

Sustainable bonds are green bonds, social bonds, sustainability bonds, and sustainability-linked bonds. Sustainability-linked bonds are used to finance the sustainability strategy of the issuer, and the other bond types are use-of-proceed bonds that exclusively finance projects that have a positive environmental and/or social impact.

**Green fleet**

Via leasing, Danske Bank aims to reduce customers’ carbon emissions from road transportation. The GreenFleet70 concept is offered to businesses in Denmark and Sweden and includes an extensive selection of electric vehicle models.

**Responsible investment**

We launched the alternative investment fund Global Future. This fund promotes positive climate impacts by investing, directly or indirectly, in companies that produce or develop renewable energy solutions or otherwise have activities that contribute to the reduction of carbon emissions.

[Climate Action Plan Progress Report 2023](#) – we present a lending action table on pp. 34-36 and an investments action table on pp. 48-49.

## Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

### 4.1 Stakeholder identification and consultation

*Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups<sup>11</sup>) you have identified as relevant in relation to the impact analysis and target setting process?*

Yes       In progress       No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

<sup>11</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

*Response*

At Danske Bank, we engage with a wide range of stakeholders to understand what they expect from us and to learn what we should do better. How we engage with our different stakeholders is guided by the principles outlined in Danske Bank's Stakeholder Policy. Principles that apply to all stakeholders include collaborating to reach shared goals for the benefit of our customers and society, always seeking to engage in an open and constructive dialogue and making our knowledge and expertise available to our stakeholders.

The insights we gain from engaging with our stakeholders feed into an annual materiality assessment, which identifies the sustainability issues that represent risks or opportunities for society and for our business.

*Links and references*

[Annual Report 2023](#) – we report on our stakeholder engagement and how stakeholders inform our materiality assessment on p. 13.

[Stakeholder Policy](#) – presents our main stakeholder groups.

# Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

## 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes       In progress       No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

### Response

At Danske Bank, our general approach to implementation involves embedding sustainability responsibilities and extending our competencies throughout the organisation in order to further advance the integration of sustainability across our business. The governance of our sustainability efforts, including implementation of the PRB, is anchored at the level of the Board of Directors (BoD) and the Executive Leadership Team (ELT).

The BoD is tasked with approving and overseeing execution of our Group Sustainability Strategy and related policies and targets, in which the PRB are an integrated element. The BoD reviews our sustainability strategy and execution once a year as a minimum, and it approves related policies and targets as relevant.

At the executive and operational level, we have a range of committees and councils governing various dimensions of sustainability, for which the ELT's Business Integrity Committee (BIC) chaired by our CEO is the overall governing body. The BIC has a mandate to endorse Danske Bank's strategic direction, ambition level and related policies and targets, and it also develops and monitors the implementation of the Group

### Links and references

[Annual Report 2023](#) – our sustainability governance structure and executive remuneration are presented on p. 13. Our sustainable finance policy and position statement are briefly mentioned on p. 15.

Sustainability Strategy, in which the PRB are an integrated element. The BIC meets four times per year where we, among other things, report on progress with our climate and biodiversity targets. Two sub-committees refer to the BIC – one on responsible investment and one on sustainable finance-related regulation.

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

The execution of our sustainable finance initiatives is primarily anchored in our business units and in Group Risk Management, and our Group-wide sustainable finance framework helps to ensure that we work in an effective and consistent manner as we develop our offerings and products. Both the framework and our Sustainable Finance Policy are inspired by the Principles for Responsible Banking and are subject to regular updates in line with the ongoing development and phase-in of sustainable finance regulation. Danske Bank's position statements detail our stance on material sustainability issues across sectors and themes, and they are subject to approval by our Business Integrity Committee.

[Remuneration Report 2023](#) – on pp. 12-13, we inform about the sustainability-related KPI included in the executive remuneration.

[Policies and position statements](#) can be downloaded from our website.

## 5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

### *Response*

To ensure that all employees know how we are working with sustainability and how they can use this insight when they engage in discussions with colleagues, customers and partners: All employees must complete an annual sustainability eLearning course that includes a mandatory sustainable finance module. In 2023, this module was updated to include content on biodiversity and how to avoid the risk of greenwashing. The eLearning course also includes a number of voluntary modules on other sustainability focus areas, and approximately 6,000 employees voluntarily completed these optional modules in 2023.

Supporting our customers in their green transitions also requires that our advisers are equipped with the specific skills in the areas of sustainability and sustainable finance that match their customer segments and types. In 2023, we continued to develop sustainability-related competencies among our business customer relationship managers. Frontline employees and leaders across our Nordic markets were trained in how to discuss the implications of sustainability with our business customers. We also conducted tailored sustainability training for personal customer advisers and leaders in Denmark to ensure that we integrate sustainability into customer dialogue when relevant.

### *Links and references*

[Annual Report 2023](#) – training of advisers and employees in sustainability is presented on p. 13.

## 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>12</sup> Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks as associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

### *Response*

Danske Bank's Sustainable Finance Policy lays out the principles for sustainable finance in the Group and defines how we work to integrate sustainability into financial solutions, processes, and governance. The Sustainable Finance Policy takes inspiration from the Principles for Responsible Banking and is subject to regular updates in line with the ongoing phase-in of sustainable finance regulation. Execution of our

### *Links and references*

[Annual Report 2023](#) – Our Sustainable Finance Policy is presented on p. 15. We inform briefly on sustainability in risk management on p. 13 and in our Risk Management 2023 report.

sustainable finance initiatives is primarily anchored in our business units and also in Group Risk Management.

Whereas our Sustainable Finance Policy governs our approach, we use position statements to further detail our stance on material sustainability issues across sectors and topics.

The principal risks already faced by the Group can potentially be intensified by a range of interlinked sustainability risks, and such risks must therefore be managed. To do so, we identify and monitor current and forward-looking sustainability risks that can be financially material to Danske Bank. In 2023, climate risk management remained a priority, particularly in respect of credit risk management. However, given the ongoing implementation of sustainable finance regulation, risk areas in focus include practices for sustainable products and services and fair treatment of customers.

### Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes  No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes  No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes  In progress  No

<sup>12</sup> Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

## Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

### 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes       Partially       No

If applicable, please include the link or description of the assurance statement.

*Response*

Please refer to Annex 3 for the independent assurance report.

*Links and references*

### 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other: ....

*Response*

A SASB cross-reference index is included in our Sustainability Fact Book 2023.

*Links and references*

[Sustainability Fact Book 2023](#) – includes a separate sheet for the SASB cross-reference index and a TCFD reference index.

Danske Bank reports annually to the CDP.

[CDP](#) – our reporting is available on the CDP's website

Danske Bank has reported in line with the recommendations of the TCFD since 2019. The disclosure is included as a cross-reference index in our Sustainability Fact Book 2023.

### 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>13</sup>, target setting<sup>14</sup> and governance structure for implementing the PRB)? Please describe briefly.

#### *Response*

#### **Climate change**

We committed to setting science-based emission reduction targets in January 2023, and since then we have been in ongoing constructive dialogue with the Science Based Targets initiative (SBTi). The majority of our targets are aligned with SBTi methodologies and trajectories. For the shipping sector and the oil and gas sector, however, there is not yet alignment between industry frameworks, international frameworks and the SBTi. We will continue our ongoing dialogue with the SBTi to determine the most appropriate way to set targets that are aligned with existing standards and that can be applied by the industry, thereby encouraging our customers to set ambitious targets that result in real economic impact as they transition their businesses towards net zero.

We are committed to improving our reporting and alignment with net-zero pathways as methodologies continue to evolve and as industry standards align and data quality improves.

#### **Biodiversity**

In 2024, we will engage with those of our customers and investee companies that have an identified high negative impact on biodiversity, and we will simultaneously continue to increase our understanding of biodiversity impacts as frameworks, data and knowledge mature.

#### *Links and references*

[Climate Action Plan Progress Report 2023](#) – on p. 22-33 we present outlooks for our lending portfolio. On p. 46 we present outlooks for our investment activities.

[Annual Report 2023](#) – we report on our ambitions for the future work with biodiversity on p. 19.

<sup>13</sup> For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

<sup>14</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

## 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- |  |  |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance                               | <input type="checkbox"/> Customer engagement             |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank                           | <input type="checkbox"/> Stakeholder engagement          |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability    |
| <input type="checkbox"/> Conducting an impact analysis   | <input checked="" type="checkbox"/> Data quality         |
| <input type="checkbox"/> Assessing negative environmental and social impacts                   | <input type="checkbox"/> Access to resources             |
| <input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting                       |
| <input type="checkbox"/> Setting targets   | <input type="checkbox"/> Assurance                       |
| <input type="checkbox"/> Other: ...  | <input type="checkbox"/> Prioritizing actions internally |

**If desired, you can elaborate on challenges and how you are tackling these:**

To be able to set targets, we need data of good quality from customers and investee companies. We expect that data quality and availability will increase with the implementation of the Corporate Sustainability Reporting Directive (CSRD) and other international reporting frameworks for ESG.

## Annex 1 | Basis of preparation

The 2023 self-assessment for implementation of the Principles for Responsible Banking has been prepared in accordance with the Principles for Responsible Banking Guidance document and the Self-assessment Template, published in November 2021 and September 2022 respectively by the UNEP FI.

The purpose of this document is to provide a self-assessment summary that, as a whole, gives an accurate, balanced and transparent view of Danske Bank's stage of implementation of each of the six principles under the Principles for Responsible Banking Framework at 31 December 2023. This will allow us to measure progress on implementation in a consistent manner.

The open questions in the Self-Assessment Template, designed by the UNEP FI, allow banks the flexibility to disclose the progress they make, considering the diverse business models and various contextual differences in which banks operate. The Principles for Responsible Banking Framework aims to keep any additional reporting burden for banks to a minimum while ensuring transparency and accountability, as set out in Principle 6.

To this end, Danske Bank's 2023 self-assessment for implementation of the Principles for Responsible Banking makes use of publicly available reporting such as information on our website and in our Climate Action Plan, our Climate Action Plan Progress Report 2023, our sustainability statement in the Annual Report 2023 as well as the Sustainability Report 2022 and our Remuneration Report 2023, to which we refer throughout this document. In the Sustainability Report 2022, we present findings from the impact analysis of our lending portfolio (2.1 c) and in the Climate Action Plan we inform about our climate target-setting and SBTi commitment (2.2 a)

To provide enhanced clarity and understandability of the self-assessment, we provide supplementary information below detailing the basis and methodologies used to prepare selected responses, for which the provision of such information is deemed appropriate.

### Principle 2.1 | Impact analysis

#### Principle 2.1a | Scope

The scope forms the basis for our impact analysis on lending and investments.

When selecting the scope for lending, we considered the portfolio for our key business units across our key geographical markets as defined in our annual report. In preparing the impact analysis, we applied 2021 data reconciled with the Annual Report. The revenue streams 'Net Interest Income' and 'Net fee Income' were included for our key business units across our key geographical markets, making up a total of ~65% of our total income in 2021 (DKK 42,584 million).

When selecting the scope for investments, we considered the portfolios of Danske Bank Asset Management, focusing on key negative assets across different asset classes. Based on screening for key negative assets, assets in scope for the investment impact analysis cover 41% of total assets under management, representing ~14% of total income in 2022 (DKK 41,203 million).

### **Principle 2.1b | Portfolio composition**

In order to analyse our lending portfolio composition, we used 2021 data for defined scope and applied the PRB tool and methodology, including its predefined NACE codes used to categorise exposure by segments.

For analyse impact in our investment portfolio, we used 2022 data for defined scope and applied the PRB tool and methodology.

### **Principle 2.1c | Context**

In analysing key challenges and priorities and determining our most significant impact areas, we applied the PRB tool and methodology, including its context module with guidance on key local societal needs. Climate change, biodiversity and circularity stand out as the most relevant areas for Danske Bank to address due to a combination of potential negative environmental impacts. These areas are also prioritised politically in all our key geographic markets. We determined our two most significant impact areas to be climate change and biodiversity. Judgement was applied in determining the two most significant impact areas of the three. We regard circularity as being a method of achieving sustainability and as an integral part of our climate and biodiversity efforts. Furthermore, biodiversity decline is a threat to ecosystem services and the economic activities and livelihoods that depend on them, and this area attracts increasingly attention from policymakers and regulators, also climate change is regarded a matter of global urgency and is a major impact area for Danske Bank, and this area attracts significant stakeholder and regulatory attention as well as policymaker priority, as reflected in the evolving European ESG regulation.

### **Principle 2.1d | Performance measurement**

The measurement of the financed emissions is subject to significant estimates and judgements related to the data quality, which varies from sector to sector. Please refer to our [Climate Action Plan Progress Report 2023](#) pp. 64-78 for sector-specific methodology and descriptions of estimates and judgements related to the data quality.

In autumn 2023, we set engagement targets for our lending and investment portfolios, and we will report externally on progress toward these targets.

## Principle 2.2 | Target setting

### Principle 2.2b | Baseline

Establishing the 2020 baseline for financed emissions is subject to significant estimates and judgements related to the data quality, which varies from sector to sector and from external data suppliers. Please refer to our [Climate Action Plan Progress Report 2023](#) pp. 64-78 for sector-specific methodology and descriptions of estimates and judgements related to the data quality.

#### *Pathway to impact (indicator codes) provided by PRB*

A set of indicators has been produced for the impact areas of climate mitigation and financial health & inclusion. These indicators will support you in your reporting and in showing progress against PRB implementation. Banks are expected to set targets that address minimum two areas of most significant impact within the first four years after signing the PRB. That means that Banks should ultimately set targets using impact indicators. Acknowledging the fact that banks are in different stages of implementation and on different levels of maturity and therefore might not be able to report on impact from the beginning, a Theory of Change approach has been used to develop the set of indicators below.<sup>15</sup> The Theory of Change shows the **pathway to impact** and considers the relationship between inputs, actions, outputs, and outcomes in order to achieve impact. The Theory of Change for climate mitigation can be found [here](#), the Theory of Change for financial health & inclusion can be found [here](#).

**How to use:** Both practice (action, outcome and output) and impact performance need to be understood because practice is the conduit for achieving desired impacts (including targets). The Theory of Change allows to identify metrics and set targets which align with a bank's maturity. The indicators below are all connected to a bank's impact and can be considered as steps towards measuring impact. Some of the practice indicators (on the action, output, and outcome levels respectively) are connected to portfolio composition and financial targets<sup>16</sup> (highlighted in **green**) or to client engagement<sup>17</sup> targets (highlighted in **blue**), which enable your overall target. If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in this Annex to measure your performance and baseline.<sup>18</sup> Once you have set the target, you can use the indicators as guidance for your action plan as well as defining Key Performance Indicators (KPIs) which you can then use to measure progress against the set targets.

<sup>15</sup> It is not required from banks to work with the Theory of Change concept internally. In fact, the Theory of Change has been used to structure the requirements of setting SMART targets using relevant indicators.

<sup>16</sup> Financial targets also aim for real economy outcomes but are not directly expressed as such. Instead, they are expressed with financial indicators and metrics, e.g., to redirect flows of lending and investments to sectors, activities or projects aligned with SDGs and/or related to the selected impact area. Banks can also set financial targets related to specific types of customers e.g., low-income customers or female entrepreneurs.

<sup>17</sup> Client engagement targets involve engaging relevant clients and customers to enable your overall target. The purpose of client engagement is to support clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>18</sup> You might not be able to report on all indicators and/or levels of practice (i.e. from left to right), in which case you should report on all applicable indicators on the respective level of practice no matter if it is an action, output or outcome indicator.

→ **For Signatories of the Net-Zero Banking Alliance:** please report on the climate targets set as required in the [Guidelines for Climate Target Setting](#). As a member of the Alliance, you are required to publish first 2030 targets for priority sectors within 18 months and further sectoral targets within 36 months after signing. You can use the PRB template to disclose the required climate target information if its publication date is in line with the committed NZBA timeframe.

Impact area	Practice <sup>19</sup> (pathway to impact)									Impact <sup>20</sup>		
	1. Action indicators			2. Output indicators			3. Outcome indicators			4. Impact indicators		
	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
A. Climate change mitigation	A.1.1	<b>Climate strategy:</b> Does your bank have a climate strategy in place?	Yes / In progress / No	A.2.1	<b>Client engagement process:</b> Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (for business clients), or towards low(er)-carbon practices (for retail clients)?	Yes / Setting it up / No;  <i>If yes:</i> Please specify for which clients (types of clients, sectors, geography, number of clients etc.)	A.3.1	<b>Financial volume of green assets/low-carbon technologies:</b> How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?	bln/mn USD or local currency, and/or % of portfolio; <i>please specify</i> the definition of green assets and low-carbon technologies used	A.4.1	<b>Reduction of GHG emissions:</b> how much have the GHG emissions financed been reduced?	% over time; baseline and tracking GHG emissions in kg of CO <sub>2</sub> e (or applicable metrics) <sup>21</sup>
	A.1.2	<b>Paris alignment target:</b> Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	Yes / In progress / No;  <i>If yes:</i> - please specify: to become <b>net zero by when?</b> - <b>Emissions baseline / base</b>	A.2.2	<b>Absolute financed emissions:</b> What are your absolute emissions (financed emissions = scope 3,	Total GHG emissions or CO <sub>2</sub> e (please also disclose what is excluded for now and why)	A.3.2	<b>Financial volume lent to / invested in carbon intensive sectors and activities and transition finance:</b> How	bln/mn USD or local currency, and/or % of portfolio	A.4.2	<b>Portfolio alignment:</b> How much of your bank's portfolio is aligned with Paris (depending on the target set	% of portfolio (please specify which portfolio; for corporate and business clients: % of sectors financed)

<sup>19</sup> Practice: the bank's portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices

<sup>20</sup> Impact: the actual impact of the bank's portfolio

<sup>21</sup> If possible and/or necessary, please contextualize the progress: Greenhouse gas emissions might even increase initially because the scope of measurements is extended and financed emissions from a growing proportion of the portfolio are measured, emission factors are updated etc. Emission reductions made by the clients should over time lead to a decrease in GHG emissions financed.

		<p><b>year:</b> What is the emissions baseline / base year for your target?</p> <p><b>- Climate scenario used:</b> What climate scenario(s) aligned with the Paris climate goals has your bank used?</p>		<p>category 15) in your lending and/or investment portfolio?</p>		<p>much does your bank lend to / invest in carbon-intensive sectors and activities<sup>22</sup>? How much does your bank invest in transition finance<sup>23</sup>?</p>		<p>[A.1.2] either 1.5 or 2 degrees)?</p>
<b>A.1.3</b>	<p><b>Policy and process for client relationships:</b> has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?</p>	<p>Yes / In progress / No</p>	<b>A.2.3</b>	<p><b>Sector-specific emission intensity</b> (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?</p>	<p>Please specify which sector (<i>depending on the sector and/or chosen metric</i>): kg of CO<sub>2</sub>e/ kWh, CO<sub>2</sub>e / m<sup>2</sup>; kg of CO<sub>2</sub>e/USD invested, or kg of CO<sub>2</sub>e/revenue or profit</p>			
<b>A.1.4</b>	<p><b>Portfolio analysis:</b> Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?</p>	<p>Yes / In progress / No;</p> <p><i>If yes:</i> please specify which parts of the lending and investment portfolio you have analyzed</p>	<b>A.2.4</b>	<p><b>Proportion of financed emissions covered by a decarbonization target:</b> What proportion of your bank's financed emissions is covered by a decarbonization target, i.e. stem from clients with</p>	<p>% (<i>denominator: financed emissions in scope of the target set</i>)</p>			

<sup>22</sup> A list of carbon-intensive sectors can be found in the [Guidelines for Climate Target Setting](#).

<sup>23</sup> Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.

	<p><b>A.1.5</b></p>	<p><b>Business opportunities and financial products:</b> Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?</p>	<p>Yes / In progress / No; Please specify which ones, and what financial volume and/or % of the portfolio they account for</p>		<p>a transition plan in place?</p>			
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**Principle 2.2c | Target-setting**

For most of our lending sector targets, we have set a physical intensity metric (emissions per economic output, e.g. kgCO<sub>2</sub>/MWh) instead of an absolute emission metric. This allows us to take into account the different decarbonisation paces of different sector and helps us to understand and contextualise the reduction causes in a given sector. Examples of this include emission reductions achieved due to a decrease in production, as happened during the COVID-19 pandemic; or emission reductions achieved by our customers due to efficiency gains in the production of, for example, power, cement and steel. Please refer to our [Climate Action Plan Progress Report 2023](#) pp. 64-73 for additional considerations related to lending target metrics.

Within investments, we have set temperature rating targets evaluating the 1.5°C alignment of investee company decarbonisation plans, and actual intensity targets. We have set a weighted average carbon intensity reduction target for our Asset Management portfolio, while sector specific intensity targets have been set for our life insurance and pension portfolio. To support the transition we have also set an engagement target. Please refer to our [Climate Action Plan Progress Report 2023](#) pp. 74-78 for additional considerations related to lending target metrics and methodologies.

For biodiversity, we have set engagement targets for our lending and our investment portfolios.

## Annex 2 | Statement by the Management

On behalf of the management of the Danske Bank Group and Danske Bank Group Sustainability, we have considered and approved Danske Bank's 2023 self-assessment report on the implementation of the Principles for Responsible Banking Framework, developed by the United Nations.

Danske Bank's 2023 self-assessment report has been prepared in accordance with the Principles for Responsible Banking Guidance document and the Self-assessment Template, published in November 2021 and September 2022 respectively by the United Nations Environment Programme Finance Initiative ('UNEP FI').

In our opinion, the 2023 self-assessment report, as a whole, provides an accurate, balanced and transparent view of the Danske Bank Group's stage of implementation of each of the six principles under the Principles for Responsible Banking Framework at 31 December 2023.

Copenhagen, 2 February 2024

Chief Executive Officer

Carsten Egeriis

Kristin Parello-Plesner  
Head of Group Sustainability

## Annex 3 | Independent Assurance Report

### **Independent Auditor's Assurance Report over selected responses within Reporting and Self-Assessment under Principles for Responsible Banking**

#### **To stakeholders of Danske Bank A/S**

Management of Danske Bank A/S has engaged us to provide limited assurance on responses to principles: 2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target Implementation and Monitoring and 5.1 Governance Structure for Implementation of the Principles ("the selected responses"), included within their Self-assessment for implementation of the Principles for Responsible Banking ("the PRB Reporting and Self-Assessment") for the year ended 31 December 2023, presented on pages 4 to 23 and on pages 29 to 30 in the 2023 PRB Reporting and Self-Assessment of Danske Bank A/S. Our procedures were informed by the Guidance for assurance providers – Providing Limited Assurance for Reporting - Version 2 (October 2022) published by the United Nations Environment Programme Finance Initiative ("UNEP FI") in November 2022.

However, we have performed the procedures as outlined in the "Work performed" section below which do not necessarily obtain the confidence level as outlined by UNEP FI's Guidance for assurance providers, but what is normally obtained by a practitioner in a limited assurance engagement under ISAE 3000 (Revised). Danica Pension investment data ("Life Insurance and Pension") is not included in 2.1 Impact Analysis and thus our procedures with respect to the selected responses does not include life insurance and pension.

#### **Management's responsibility**

Management of Danske Bank A/S is responsible for designing, implementing, and maintaining internal processes and controls over information relevant to data and information in the PRB Reporting and Self-Assessment, ensuring it is free from material misstatement, whether due to fraud or error. Furthermore, Management is responsible for establishing an objective basis of preparation for the PRB Reporting and Self-Assessment, for the overall content of the PRB Reporting and Self-Assessment, and for measuring and reporting data and information in accordance with the Principles for Responsible Banking Guidance Document, published by UNEP FI in November 2021, the PRB Reporting and Self-Assessment Template, published by UNEP FI in September 2022 and the Basis of preparation included on pages 36 to 41 (collectively "the applicable criteria").

#### **Auditor's responsibility**

Our responsibility is to express a limited assurance conclusion based on our engagement with Management and in accordance with the agreed scope of work. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and additional requirements under Danish audit regulation, to obtain limited assurance about our conclusion.

We are responsible for:

- planning and performing the engagement to obtain sufficient appropriate evidence about whether the selected responses included in the PRB Reporting and Self-Assessment are free from material misstatement, whether due to fraud or error, and prepared, in all material respects, in accordance with the applicable criteria;
- forming an independent limited assurance conclusion, based on the procedures we performed and the evidence we obtained; and
- reporting our conclusion to stakeholders of Danske Bank A/S.

Deloitte Statsautoriseret Revisionspartnerselskab applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the requirements for independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

### **Work performed**

We are required to plan and perform our work to consider the risk of material misstatement in the PRB Reporting and Self-Assessment. To do so, based on our professional judgement and acknowledging the fact that banks are at different stages of implementation of the Principles for Responsible Banking, we have:

- Planned our procedures informed by the Guidance for assurance providers – Providing Limited Assurance for Reporting - Version 2 (October 2022) published by UNEP FI in November 2022, considering the Bank's stage of implementation of the Principles for Responsible Banking;
- Conducted interviews with process owners and internal stakeholders to understand the processes and control activities for measuring, reporting, and presenting information in the PRB Reporting and Self-Assessment, in accordance with the applicable criteria;
- Made inquiries with process owners and internal stakeholders, obtained and reviewed supporting evidence to assess whether disclosures within the selected responses in the PRB Reporting and Self-Assessment reflect the Bank's assessment of the stage of implementation of the Principles;
- In respect of Principle 2.1 (Impact Analysis), based on inquiries made and information obtained and reviewed, checked that the Bank's business areas and scope are clearly described, reconciled portfolio composition to management information and checked that challenges and priorities have been analysed, including the rationale for business areas where the analysis was not performed. Furthermore, we checked that the method for determining its impact areas are disclosed and that what was determined as the two most significant areas of impact (Climate change and Biodiversity), were selected. For both impact areas, checked that performance has been measured and reconciled this to published information referenced in the response and to supporting management

information. Finally, we checked to supporting evidence, including meeting minutes, that the stated governance process was followed;

- In respect of Principle 2.2 (Target Setting), based on inquiries made and information obtained and reviewed, checked that the Bank has set targets for its two significant impact areas and that the targets are linked to those impact areas. We checked that the Bank has identified frameworks to align with and explained how targets contribute to relevant goals. Further, for the one impact area where targets have been set and where an actual baseline exists (Climate change), we checked that the base year for targets (2020) is no more than two full reporting years prior to the year when the targets have been set (2022). Finally, for the impact areas where targets have been set (Climate change and Biodiversity), we checked that the targets are Specific, Measurable, Achievable, Relevant and Time-bound;
- In respect of Principle 2.3 (Target Implementation and Monitoring), based on inquiries made with process owners and internal stakeholders, obtained and reviewed supporting evidence to assess whether disclosures within the selected responses in the PRB Reporting and Self-Assessment reflect the Bank's assessment of the stage of implementation of the Principle;
- In respect of Principle 5.1 (Governance Structure for Implementation of the Principles), based on inquiries made and information obtained and reviewed, checked consistency with supporting evidence, including organisation charts and meeting minutes with that of the disclosures of the Bank's Governance Structure for Implementation of the Principles, that there is oversight over the implementation and monitoring, and that the structure is in line with existing governance structures as defined by the Bank. Further, we checked that the Board of Directors obtained information on the Bank's stage of implementation of the Principles for Responsible Banking on an annual basis.

### **Our conclusion**

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us not to believe that the selected responses presented on pages 4 to 23 and 29 to 30 in the published PRB Reporting and Self-Assessment for the year ended 31 December 2023, have been prepared, in all material respects, in accordance with the applicable criteria presented on pages 36 to 41.

Copenhagen, 2 February 2024

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No. 33 96 35 56

Kasper Bruhn Udam  
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Mads Stærdahl Rosenfeldt  
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