Statement of Carbon Neutrality 2020

Danske Bank has achieved carbon neutrality for eleven consecutive years since 2009. In 2020, the Group remained carbon neutral by investing in carbon credit projects and buying renewable electricity.

Our carbon-neutral status helps us better understand the implications and impact of an increasingly carbon-constrained economy, for both the Group and our stakeholders. Carbon neutrality also acts as a catalyst for organisational efficiency. The cost of offsetting emissions gives us an extra incentive to keep energy consumption and emissions to a minimum.

This is our equation for carbon neutrality in 2020:

CO_2 emissions (tonnes)	**2020**	**2019**	**Change**
CO_2 emissions from electricity*	0	0	0%
CO_2 emissions from heating	3,724	4,911	-24%
CO_2 emissions from travel by car	1,424	2,274	-37%
CO_2 emissions from travel by air	2,369	7,307	-68%
CO_2 emissions from paper use	272	376	-28%
Total registered CO_2 emissions	7,789	14,868	-48%
Estimated CO_2 emissions from operations without registered data	82	362	-77%
Total CO_2 emissions for neutralisation	**7,871**	**15,230**	**-48%**
Neutralised by carbon credits from projects	7,871	15,230	
Result	**CO_2 neutral**	**CO_2 neutral**	

* Danske Bank is purchasing renewable electricity through Guarantees of Origin and International Renewable Energy Certificates.

Carbon neutrality is part of the Group´s Societal Impact & Sustainability Strategy. Besides reducing our own CO_2 emissions, we endeavour to take climate risks and opportunities into consideration in our business. We also work to share knowledge about climate issues with customers, employees and other stakeholders.

In this statement of carbon neutrality you can read about the accounting principles for GHG emissions on which the carbon neutrality equation is based, the scope of our emissions and the way we define our operational and organisational boundaries regarding CO_2 emissions.

You can read more about our investments in renewable energy projects on the Group website at https://danskebank.com/societal-impact.

1.1. Comment on developments in 2020

Our total CO_2 emissions declined 48% from 2019 to 2020. During 2020 our operations were significantly impacted by the global pandemic, COVID-19. Consequently, our CO_2 emissions saw a large decline. The emissions from electricity was eliminated completely by sourcing renewable electricity certified by Guarantees of Origin for the markets in Europe and International Renewable Energy Certificates for India.

Despite the expansion of our offices in Lithuania and thus generating a greater consumption, the overall emissions from heat consumption still decreased with 24%. This was mainly caused by mayority of our employees working from from due to restrictions imposed to limit the spread of COVID-19.

Not surprisingly, as a consequence of COVID-19 and the following travel restrictions, our emissions from air travel also saw a drastic decline of 68% during 2020. In particular, our flight emissions saw the largest decrease in the period from April to September that represented a decline of 98% compared to the same period in 2019.

As part of our continued focus on digitialisation and implementation of initiatives like "Follow-Me-Print", 2020 saw a decrease in emissions from paper consumption. This decline was further enhanced by most of our employees working from home, leading to a reduction of 28% in emissions from paper consumption.

Organisational boundaries

We measure and calculate CO_2 emissions for all of the Group's operations in Denmark, Finland, Sweden, Norway, Ireland, Northern Ireland, Lithuania and India.

All the data from these countries are gathered in our reporting system. For our operations outside these countries, we use extrapolations to calculate the emissions. These operations account for 1% of our total CO_2 consumption.

The Greenhouse Gas Accounts consolidate GHG emissions from all facilities over which the Group has operational control.

The data cover investment property only if it is used for the Group's own activities. Leasing activities, franchises and outsourced activities are not included.

Companies that are under the operational control of the Group temporarily because of financial hardship are not included.

1.2. Accounting principles

In order to document our efforts to become carbon-neutral, we need to register the Group's emissions systematically. We have therefore created a greenhouse gas inventory and set forth our methodology for quantifying and reporting GHG emissions according to the ISO 14064-1 standard.

The work of measuring and reducing GHG emissions is integrated in the Group's environmental management. GHG emissions fall into three categories:

Scope 1) direct GHG emissions
Scope 2) energy indirect GHG emissions
Scope 3) other indirect GHG emissions

1.3. Operational boundaries

The operational boundaries delimit the types of GHG emissions produced by the Group's operations.

In order to define the emissions to include in the scope of the GHG calculation, we assessed each possible source of emission. These were the assessment parameters:

1. Volume/impact of the emissions (high/medium/low): A high impact or large volume equals great significance.
2. Sphere of influence (high/medium/low): The more Dansk Bank is able to influence the emissions, the more significant.
3. Measurability (high/medium/low): In order to register emissions data consistently, they must be measurable.

The table below gives an overview of the activities that generate GHG emissions according to a uniform assessment with the three parameters and shows whether the emissions are included in the accounts.

Sources of GHG emissions	Parameters			Included
	1	2	3	
Direct GHG emissions				
Own use of oil and gas for heat and electricity	L	H	H	Yes
Company cars (vans)	L	H	H	Yes
Ozone-depleting substances from air-conditioning devices	L	H	L/H	No
Energy indirect GHG emissions				
Electricity	H	H	H	Yes
Heat	H	H	M	Yes
Other indirect GHG emissions				
Business travel by air	H	H	H	Yes
Business travel in own staff cars	M	M	L	Yes
Paper consumption	M	H	M	Yes
Business travel by train	L	H	L	No
Waste generated by the organisation but managed by another organisation	H/M	M	L	No
Purchased products and services	H	M	L	No
Outsourced activities, contract manufacturing and franchises	H/M	M	L	No
Commuting by employees	M	M/L	L	No
Travel by taxi for business	L	M	L	No

L = low, M = medium, H = high.

On the basis of the parameters above, we can now define the Group's GHG emitting activities.

1.4. Carbon register

In order to offset the CO_2 emissions that the Group cannot eliminate, we have invested in renewable energy projects. In the period 2009-20, we invested in eight projects located in India, Lithuania, Turkey and Uganda: five wind power energy projects, one biomass energy project, two biogas energy projects and one cookstove project.

All the projects have been verified by an independent third party, guaranteeing that the projects create actual reductions in CO_2 emissions.

Here is an overview of the projects from which we bought CO_2 credits:

Danske Bank's carbon credits, 2019

Project	Verification standard	Retired (tonnes CO_2)
Wind project – India, purchased in 2020	Gold standard	+ 30,000
Excess credits, 2012-19 (tonnes CO_2)		+ 40,287
Danske Bank's CO_2 emissions, 2020 (tonnes CO_2)		- 7,871
Total excess credits transferred to 2021 (tonnes CO_2)		**62,416**

You can read more about our investment in renewable energy projects on the Group website at https://danskebank.com/societal-impact.

1.5. Quantification of GHG emissions

We seek to standardise the methodology for quantifying the GHG emissions across the Group, but there are still regional differences.

In 2009, we implemented a new reporting system to improve the registration and control of the data. In 2020, we used this reporting system for collecting and calculating all of the Group's environmental data.

We report the GHG emissions in the CO_2-equivalent amounts. But since the vast majority of greenhouse gases are CO_2 emissions, we have generally chosen to use the term CO_2 emissions without specifying equivalents.

The reporting period for the year 2020 extends from 1 October 2019 to 30 September 2020. The reporting period ends before the end of the calendar year in order for us to report environmental data in Dansk Bank's annual Sustainability Report.

1.6.1. Energy consumption

Energy consumption from electricity and heat is either based on automatic data transfers from smart meters or quarterly meter readings or calculated on the basis of statements from energy companies and lessors received regularly during the year. Electricity consumption is calculated

mainly on the basis of statements from energy companies, and heat consumption figures for our head offices are similarly based on actual readings by the energy companies. If no reading or statement is available, we estimate the consumption on the basis of the average electricity or heat consumption at the country unit in relation to the floor space occupied. Data on floor space cover all properties, including Danske Bank's own premises and leased premises, that Danske Bank and its subsidiaries use for their own operations in various countries.

In Sweden, heat consumption is calculated on the basis of information from www.boverket.se (energy labelling of buildings). The consumption figure is calculated on the basis of the Group's share of floor space in the various buildings in Sweden. According to this method, the heat consumption at properties without actual consumption in Finland is calculated by using the key figures for Sweden because of similar consumption patterns in the branches.

1.6.2. Transportation and travel

Road transport includes transport in both company vehicles and employees' cars for business purposes. Transport in company cars is measured on the basis of odometer readings from drivers. Transport in employees' cars is calculated in kilometres as paid mileage allowance divided by mileage allowance payable according to current government tariffs.

Air transport is calculated in kilometres on the basis of quarterly statements from our travel agency, American Express.

1.6.3. Paper consumption

Paper consumption is calculated on the basis of volumes purchased and registered in the Group's Dynamics AX system or on the basis of statements from external suppliers. In India, Lithuania and Sweden, paper is mainly sourced from external suppliers, whereas for all other markets this only applies to a minor part of total consumption. Paper consumption is defined as copying and printing paper, letterhead and envelopes with logos, printed matter (internal and external publications) as well as miscellaneous (cards and books).

1.6.4. Emissions

CO_2 emissions (tonnes) are calculated on the basis of energy and paper consumption as well as data on travel by car and air. The quality of CO_2 emission factors may vary, depending on the availability of specific factors. We monitor emission factors to identify the most recent and specific ones available.

For emissions from heat consumption, we use specific emission factors from energy companies whenever possible. Otherwise, we use average emission factors for heating for the country or region.

In accordance with the market-based methodology from GHG Protocol Guidance, the emissions from electricity consumption were omitted owing to the purchase of renewable electricity

certified by Guarantees by Origin and International Renewable Energy Certificates. For location-specific reporting, which is necessary for CDP reporting, we use region- or country-specific factors from either electricity companies or the International Energy Agency.

For transport by car – both employee and company cars – we use emission factors from the Department of Environment, Food and Rural Affairs.

Emissions from air travel are reported directly by our travel agency, American Express, which provides data on the distance travelled, the number of trips, as well as emissions emitted.

Emissions from paper consumption are based on average emission factors from the Department of Environment, Food and Rural Affairs.

1.6.5. Estimated CO_2 emissions from operations without registered data

For operations that do not have any measured consumption, we estimate CO_2 emissions based on the average number of full-time employees (FTE) provided by Group Finance from Q4 2019-Q3 2020 and the average emissions per employee in the Group. These estimates represent 1% of the total CO_2 emissions in 2020.