

Sustainable Finance Policy

February 2022

1. Objective

The Sustainable Finance Policy (the Policy) governs Danske Bank Group's approach to sustainable finance, and confirms our commitment to responsible banking practices. The Policy governs our efforts to meet the strategic ambitions on sustainability laid out in Danske Bank's 2023 plan and the 2023 Group Sustainability Strategy, and supports our Purpose and Culture Commitments as stipulated in the Group Code of Conduct Policy.

In Danske Bank, we are committed to using the power of finance to create sustainable progress, and we believe that including relevant sustainability considerations in all aspects of our business is fundamental to creating lasting value for all our stakeholders. To this end, we integrate sustainability factors into financial solutions, processes and governance.

As a bank, the most significant impact we have in society is through the financial services - infrastructure, expertise and products - that we provide, and the customers, companies and activities we finance and invest in. This is why the indirect impact created by our financing and investing activities are at the core of our efforts to create sustainable progress.

2. Definitions

The below definitions apply to the terms used throughout the Policy.

1st line	Business Units and group functions except Group Risk Management and Group Compliance
2nd line	Group Risk Management and Group Compliance
The Bank	Danske Bank A/S
BIC	Business Integrity Committee. BIC consists of all ELT members and Head of Group Sustainability.
BoD	The Board of Directors of Danske Bank A/S
Business Units (BUs)	Large Corporates & Institutions and Personal & Business Customers
Danske Bank Group (the Group)	Danske Bank A/S and its Subsidiaries
ELT	Executive Leadership Team of Danske Bank A/S
ESG	Environment, Social & Governance
Impact	Positive and negative externalities of Danske Bank's activities
Management Body	An organisation's body, which is appointed in accordance with national law, which are empowered to set the strategy, objectives and overall direction of the organisation, and which oversee and monitor management decision-making.

Position Statements	Danske Bank's public stances on sustainability related matters (eg. Climate change and agriculture).
Responsible Banking Restriction	Banking practices to align with the Principles for Responsible Banking Restrictive criteria or thresholds relating to certain sectors, products or companies
Subsidiary	Any undertaking over which Danske Bank A/S exercises control. For the purpose of this definition "control" means any of the following: (i) direct or indirect ownership of more than fifty per cent (50%) of the share capital or other ownership interest in any other person; (ii) the direct or indirect right to exercise more than fifty per cent (50%) of the votes in any other person; (iii) the direct or indirect contractual right to designate more than half of the members of such person's board of directors or similar executive body, (iv) direct or indirect ownership of fifty per cent (50%) or less of the share capital or other ownership interest in any other person, where such minority ownership according to local law is considered controlling interest.
Sustainability	Is about meeting the current needs of society without compromising those needs of future generations by keeping economic, social and environmental factors in balance
Sustainability risk	An environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on a company
Sustainable Finance	Financial activities to support economic growth while reducing negative impacts and increasing positive impacts on environmental, social and governance factors.

3. Scope

The Policy lays out the principles for sustainable finance throughout Danske Bank Group.

3.1. Target group

The Policy applies to all Danske Bank employees, who through their job function have an influence on our sustainable finance efforts.

The Management Body of a subsidiary may approve this Policy with deviations to ensure the policy is fit for purpose for the subsidiary. The policy administrator in the subsidiary should justify the rationale behind the deviation and ensure that the administrator of the Group Policy is consulted and endorses any deviation.

The administrator of this Policy must document and report any deviations from the Policy to the Business Integrity Committee of Danske Bank A/S. The Business Integrity Committee shall report all material deviations from Group Policies to the Board of Directors of Danske Bank A/S.

4. Policy Content

Principle 1: We will strive to 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

We believe that the creation of business value and societal value can and must go hand in hand. We are committed to creating sustainable progress in the societies we are part of, and we believe that including sustainability in all aspects of our business is fundamental to create lasting value for our stakeholders.

In addition to ensuring compliance to regulatory requirements on sustainability, Danske Bank is a signatory to several voluntary initiatives aimed at advancing the financial sector's integration of environmental and social considerations as well as driving transparency on sustainability performance.

Principle 2: We will continuously strive to 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.

Danske Bank is committed to a fact-based approach to understanding and being transparent on both the positive and negative impact of our activities, products and services. Based on this understanding, clear targets are set, which are calibrated regularly to ensure relevance.

Danske Bank recognises the need to channel more capital towards sustainable activities – and less towards activities that are not compatible with a sustainable future. This will both strengthen the societies that Danske Bank operates in, and ensure that Danske Bank's core business is future-proofed as its core markets transition to a more sustainable future. In this regard, Danske Bank takes stances on sectors and themes where it has a relevant impact and where there are elevated sustainability risks. These stances are published externally in Danske Bank's Position Statements.

The Position Statements contain Danske Bank's stances on sustainability related matters which are material from both a financial and societal perspective, and centre on sectors and themes where the Bank either: 1) has exposures and additional guidance on how to handle the related ESG risks is needed, or 2) has chosen not to have exposures, and needs to communicate the rationale for such a decision. We aim to align our stances across the Group, however, if strictly relevant and needed, individual business units can be allowed to take deviating positions. All Position Statements are approved by the BIC.

Principle 3: We will work responsibly with our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations

We are committed to actively supporting our customers to achieve their sustainability ambitions and helping them navigate their transition by providing relevant products and advice.

Delivering financial solutions and advice is at the core of our business, and we recognise that our most significant impact as a bank is through the business activities we have with our customers. In that regard we recognise our responsibility and ability to enable sustainable progress by delivering leading sustainable finance solutions and advice that support and incentivise our customers in achieving their sustainability priorities.

Notwithstanding customers' sustainability priorities and preferences, we take account of sustainability risks in the selection process of investment products and pension products that we advise customers to invest into. We believe that it forms an integral part of providing good and trusted advice to identify sustainability factors which may pose a sustainability risk and thereby affect the financial performance of an investment and/or pension product and therefore to assess such risks on similar terms as other relevant risk types in the selection process.

As part of our ambitions to be a responsible bank, we have ongoing dialogue with relevant companies we invest in and lend to. We set clear expectations and standards to our corporate customers and investment companies. If these expectations are not met, we will engage with the company on the issues we see. We believe that positive societal impact is better achieved through engagement than restrictions.

Principle 4: We strive to proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

We strive to proactively consult and engage with relevant stakeholders such as customers, investors, rating agencies, NGOs, and the general public when relevant. We aim to engage in relevant strategic and commercial partnerships to enable both our partners and Danske Bank to contribute to society's goals.

As a universal bank we have internal sustainability expertise in several areas and we strive to make our expertise available for stakeholders to the benefit of both stakeholders and society. We recognise that our external stakeholders might have different needs and we therefore seek to ensure relevant experts from across the Group are included in dialogues where needed.

Principle 5: We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Managing risks and being compliant are at the core of how we do business. We want to do the right thing and conduct our business in a way that lives up to legal requirements as well as our own strategies, standards and values. Integrating sustainability into everything we do is at the core of our responsible banking efforts, and we strive to embed sustainability in our governance documents, processes, procedures, product development, advice and training.

Our efforts to embed sustainability naturally also extend to employee & leadership training and awareness programmes, as well as our Group-level remuneration KPIs, which include sustainability-related targets and sustainability risks related considerations. Collectively, these efforts aim to support employees in driving a culture of sustainable and responsible banking across the Group.

Principle 6: We will periodically review our implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

We hold ourselves to the same standards as we expect of our customers and business partners, and we are transparent about our approach, our progress and the positive and negative impact of our business activities. We regularly review both our results and the generated impact in order to calibrate and improve our approach.

Danske Bank's Board of Directors review the strategy for and execution of our sustainability efforts on an annual basis.