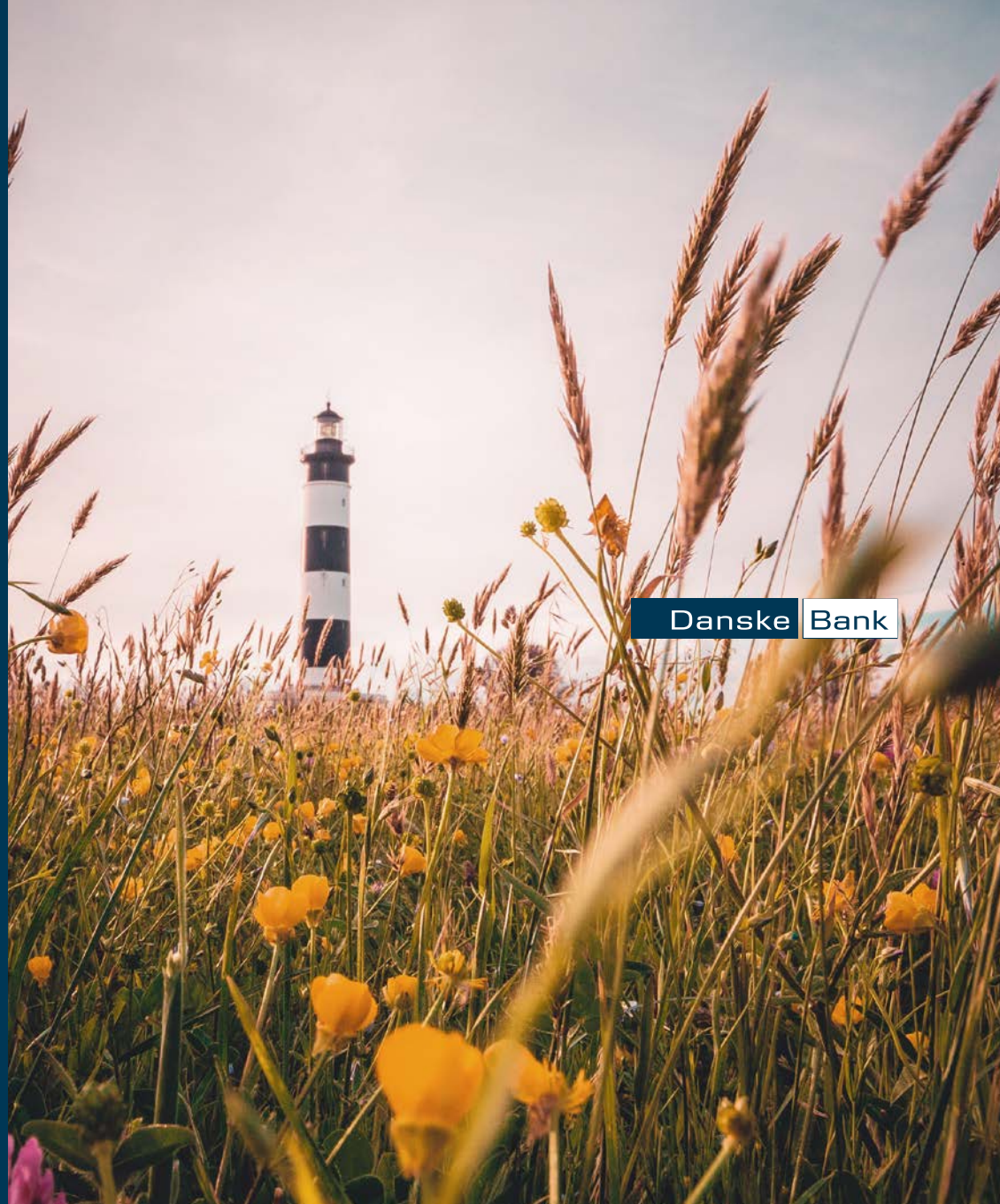
Climate Action Plan Progress Report 2023

Danske Bank Group
2 February 2024



About the Climate Action Plan Progress Report 2023

The Climate Action Plan Progress Report 2023 is a standalone report and serves as an update to Danske Bank's Climate Action Plan published in January 2023. This progress report covers activities of the Danske Bank Group[1], and it provides an overview of our targets, actions and progress achieved in relation to the Group's climate efforts. Progress communicated in this update is reported from our baseline year 2019/2020 using the latest available information. For our investment targets, the latest available data is from year-end 2023, whereas for our lending targets, the most recently available company data is from year-end 2022. Detailed information – including specific methodologies, timeframes and data sources – is provided in the individual target sections of this update and in the accompanying appendices. Reporting on actions includes 2023 progress. Due to limitations in data quality, the data used in this update has not been made subject to third-party assurance. Consequently, there remains a degree of uncertainty regarding the reliability of the information in the report.

The main changes since the launch of our Climate Action Plan in January 2023 include an update of our 2020 baseline emissions for our lending portfolio due to methodological changes and improved data.[2] Our reporting of absolute financed emissions from investee companies covers scope 1 and 2 but not scope 3 as we observe large fluctuations in scope 3 emissions data that challenge the comparability of historical data.[3]

This progress report includes information that is subject to uncertainties arising from limitations in underlying methodologies and data. In our analysis and target-setting, we have used estimates based on various recognised frameworks and methodologies, as described in the appendices. Because methods and data availability are constantly evolving, updates to methodologies and assumptions may result in different conclusions.

In alignment with net-zero recommendations, our climate-related targets, actions and initiatives require forward-looking parameters and long time horizons in order to account for the nature of climate change. The forward-looking statements made in this update reflect our current view of future events and are based on expectations, projections and estimations. These encompass a large degree of uncertainty and risk due to, but not limited to, future market conditions, technological developments, changes in regulation and realisation of government plans and strategic objectives. The forward-looking assessments may therefore be subject to change and should not be viewed as reliable indicators of future performance or as complete or accurate accounts of actual performance. Caution must therefore be exercised when interpreting this progress report.

The achievement of our targets is dependent on the collaboration with and the initiatives of our customers, investee companies, international governing bodies and national governments.

The trajectories towards our sector-specific targets may not be linear because development in technologies and other circumstances may affect individual sectors year-on-year.

This publication has been prepared for information purposes only and is not to be relied upon as investment, legal, tax or financial advice. We expect data quality and coverage to increase over the coming years, driven by increased reporting and disclosure obligations. New and improved guidance and scientific research is also expected, and Danske Bank reserves the right to update targets, methodologies and approaches and to perform relevant restatements of baselines as relevant. A list of abbreviations used in this report, with accompanying explanations, is provided in appendix 6.

Get in touch
We welcome any comments, suggestions or questions you may have regarding this Progress Report or our performance. Please write to us at sustainability@danskebank.com.

Follow us
You can stay up to date on the most recent developments at www.danskebank.com/sustainability, and you can follow Danske Bank on X, LinkedIn and Instagram.

[1] In this report, "Danske Bank Group", "the Group", "Danske Bank" and "we" are used interchangeably indicating that our climate actions and position covers all Danske Bank Group activities unless otherwise stated in the report, with the limitations of data availability as explained in appendices.
[2] See more details on the updates to our baseline emissions in appendix 2.
[3] Previously, scope 3 emissions were included in our measured financed emissions from investment activities. Due to the observed data volatility within investee company scope 3 emissions, these are not included in this progress report. See *Methodological changes in relation to scope 3 emissions* in appendices 3 and 4 for further details.

Table of contents

Climate action

Climate change is unfolding before us, with losses and damages from heatwaves, droughts and flooding underscoring the fact that future costs of climate change will only increase unless the sustainable transition of our economy and society is accelerated. At the same time, a confluence of other macro developments – notably inflation, increased costs and higher financing expenditure – is currently challenging the business case for many green investments and threatens to slow down the green transition of many companies.

The green transition involves profound changes in how we live and do business, and such transformative change will never be a linear process. Setbacks along the way are inevitable, but with businesses, consumers and governments around the world in alignment on the long-term goals, the direction of sustainable change remains unchallenged. Fortunately, we are seeing numerous positive developments. In 2023, the roll-out of clean energy and electric vehicles increased substantially, and the outlook for emerging technologies aimed at sectors that just a few years ago were considered difficult to decarbonise is promising.

As a result, the International Energy Agency now expects the universal peak in consumption of fossil fuels to occur during the current decade, with consumption declining after that peak.[4] In developed economies, substantial investments made by the private sector coupled with major policy initiatives such as the EU Green Deal and the US Inflation Reduction Act are supporting the transition at a much higher pace.

First progress reporting on our climate targets

As a financial institution with approximately 3.2 million customers and total assets of approximately DKK 3,770 billion, Danske Bank has both the potential and a responsibility to play an important and constructive role in relation to our shared ambition of achieving a net-zero future.

Because the green transition will require changes and development at almost all levels, in all businesses and in all value and supply chains, it also offers the largest investment opportunities in our lifetime. The International Renewable Energy Agency has estimated that approximately USD 150 trillion will be needed globally towards 2050 to achieve a net-zero economy in line with the Paris Agreement.[5]

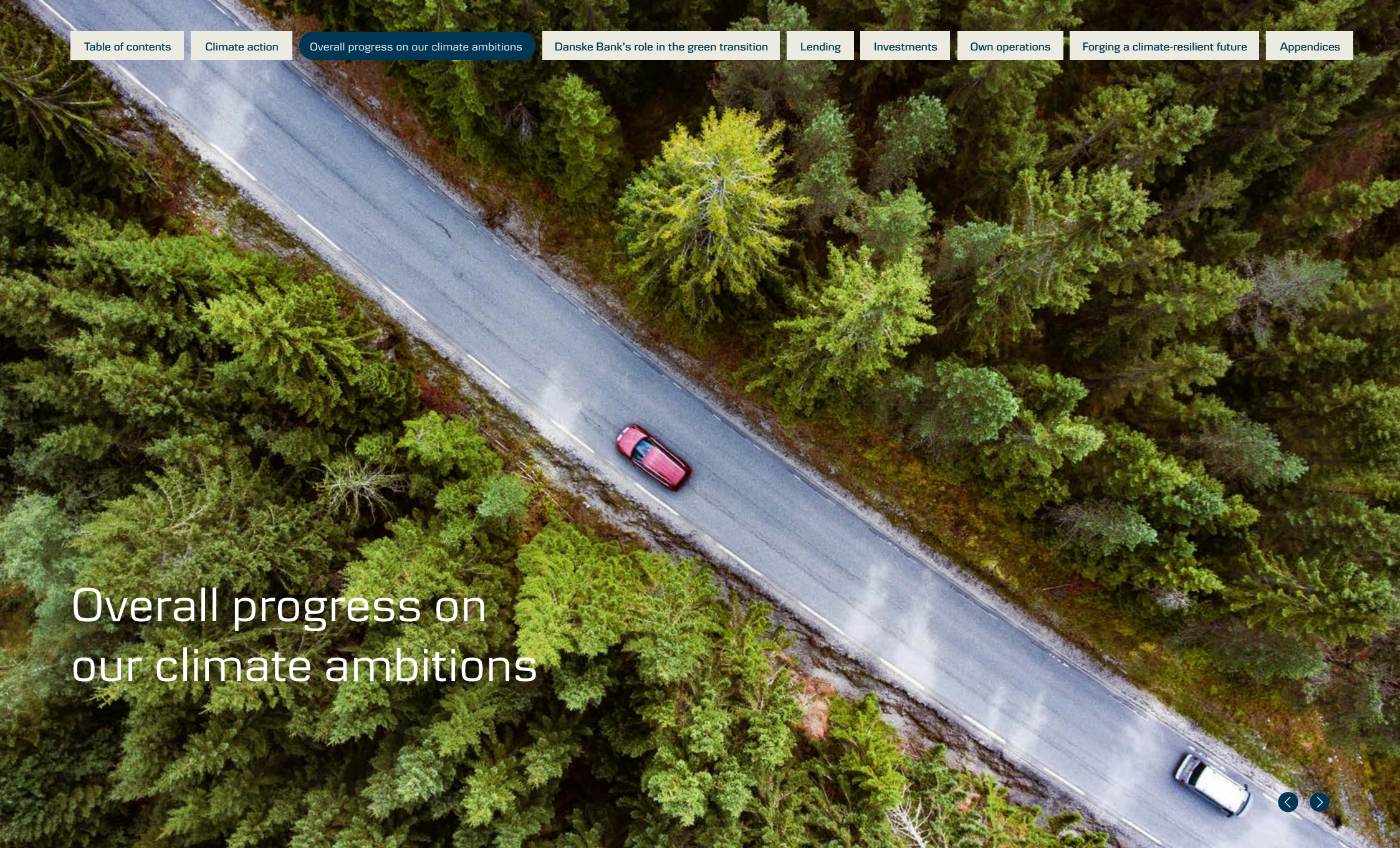
It is obvious that shifting so much capital into new and existing areas will offer enormous opportunities for growth, development, innovation and job creation. However, it should be equally clear that capital flows of this magnitude also pose significant risks in the form of failed projects and wasted resources.

Banks play an important role by bridging the gap between the enormous opportunities and the significant risks associated with the green transition. First and foremost, banks must help to ensure that the required capital is raised and channelled towards ideas and projects that are not only green but are also commercially sustainable. We believe that Danske Bank can play a significant role in enabling and accelerating the green transition, and it is our ambition to be a leading bank for sustainability in the Nordic market.

In January 2023, we launched our Climate Action Plan, which provides a comprehensive mapping of our measured greenhouse gas emissions – direct and financed – and sets intermediate targets for how we want to reduce these emissions to become net zero by 2050 or sooner. This Climate Action Plan Progress Report presents the progress achieved across our entire business and cements our commitment to reducing emissions across our financial activities and from our own operations.

Carsten Egeriis
Chief Executive Officer
Danske Bank

[4] https://www.iea.org/news/the-energy-world-is-set-to-change-significantly-by-2030-based-on-today-s-policy-settings-alone
[5] International Renewable Energy Agency: World Energy Transitions Outlook 2023



Overall progress on our climate ambitions

At Danske Bank, we continuously work to integrate our climate ambitions into our organisation.

Sustainable progress is a core element within our current Danske Bank strategic statement: our Purpose. Further to this, our new Forward'28 corporate strategy, launched in June 2023, fully integrates sustainability into our commercial strategy as one of its four key strategic pillars.

Within the sustainability pillar of our commercial strategy, the climate agenda is an area in which Danske Bank as a financial institution has an extraordinary role to play – both in terms of fulfilling our societal obligation and in relation to business opportunities.

We aspire to be a leading Nordic bank when it comes to supporting the sustainable transition of customers, businesses and the Nordic societies, and senior management remuneration is now linked to progress achieved on our climate targets.

Our Purpose

"Release the potential in people and businesses by using the power of finance to create sustainable progress today and for generations to come"

Updated baseline emissions

As a result of improved data and methodologies, including amendment of our models used to calculate financed emissions, our 2020 baseline of measured financed emissions in our lending portfolio has been reduced from the previously reported 18.8 million tCO_2e to 11.2 million tCO_2e. 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. As a consequence, our 2020 financed emissions in the shipping sector decreased significantly to around 2 million tCO_2e from the previously reported 7.9 million tCO_2e.[6]

Absolute financed emissions

Looking at our total measured absolute emissions, we can see from figure 1.1 that our financed emissions from lending activities have decreased from 11.2 million tCO_2e in 2020 to 9.6 million tCO_2e in 2022, which is a reduction of approximately 14%. We also see that the scope 1 and 2 emissions from our investment activities have decreased from 5.0 million tCO_2e in 2020 to 3.7 million tCO_2e in 2022, equivalent to a reduction of 26%.[7] We observe that our absolute emissions are declining at a pace that supports the ambitions of the Paris Agreement.[8]

Progress on our climate targets

Overall, we observe solid progress towards our intermediate climate targets, as can be seen from our climate transition dashboard on pages 10-13.

[6] See more details on changes to methodologies, emission factors and more affecting our 2020 baseline emissions in appendix 2.
[7] Previously, scope 3 emissions were included in our measured financed emissions from investment activities. Due to the observed data volatility within investee company scope 3 emissions, these are not included in this progress report. See *Methodological changes in relation to scope 3 emissions* in appendices 3 and 4 for further details.
[8] A ~45% reduction in absolute emissions by 2030 https://unfccc.int/news/climate-plans-remain-insufficient-more-ambitious-action-needed-now

Lending – 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 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. More frequent updates to these emission factors would provide a more accurate picture, and we expect to see more progress with the next update.

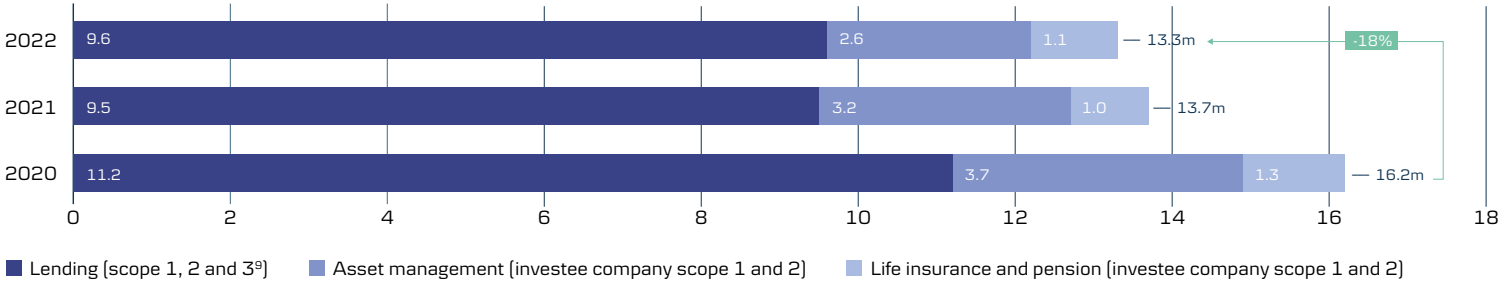
Investments – Within our investment activities, we observe good progress on our temperature rating targets for Danske Bank Asset Management. This is due to improved coverage of company climate targets, although there is still a need for more investee companies to publish official climate targets.

For our weighted average carbon intensity, a 46% reduction can be observed, which indicates that the investee companies in our portfolio are aligning with the needed carbon reductions.

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

Own operations – For our scope 1 and 2 and for our scope 1, 2 and 3 targets, our emissions declined more than the respective linear trajectory. The extraordinary conditions prevalent during the COVID-19 pandemic, including the economic slowdown, contributed to the decline in our own emissions during the period 2020 to 2022. Despite returning to more normalised operations in 2023, we remain on track with our emission reduction targets in this area.

Figure 1.1: Financed emissions (million tonnes CO_2e)



[9] Scope 3 is only included for oil and gas.

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.

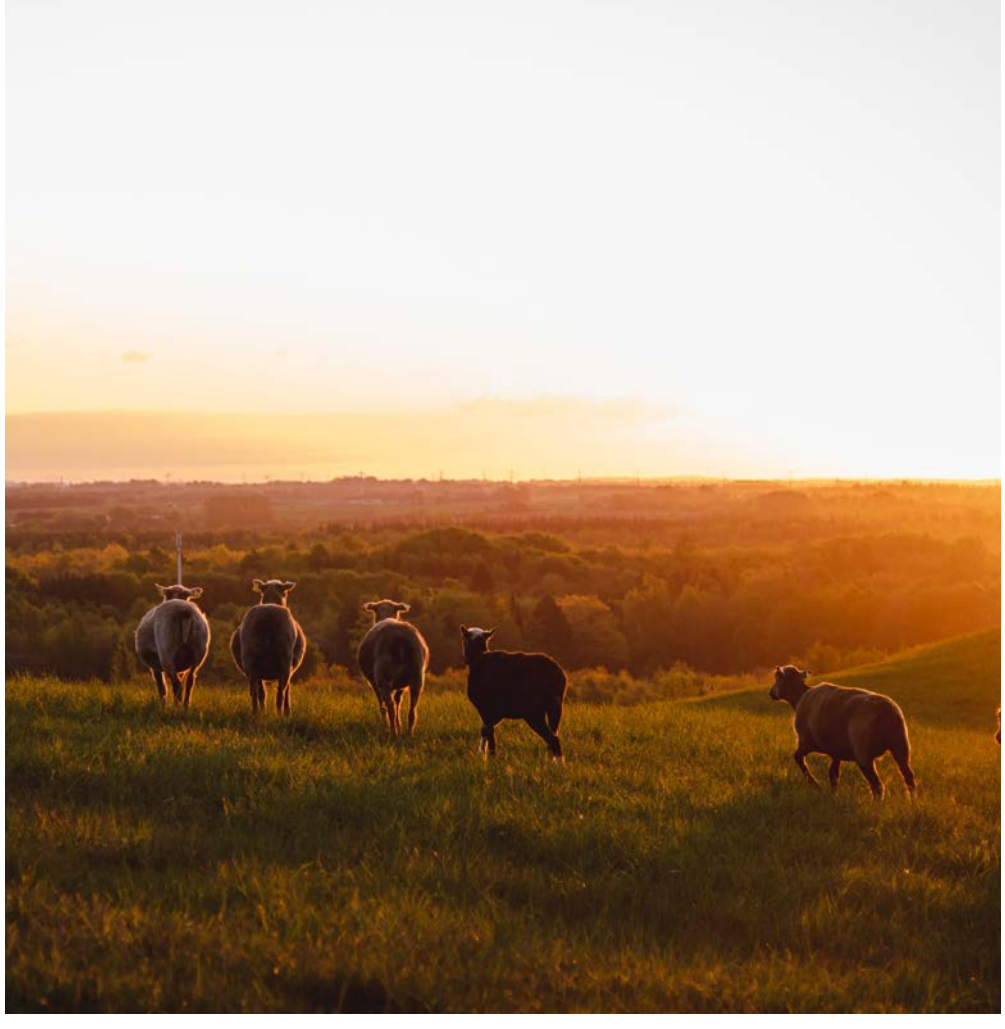
In the following section, we present an overview of our progress on our climate ambitions for each target set.

Scope 1, 2 and 3 explained

The GHG Protocol Corporate Standard classifies a company's greenhouse gas (GHG) emissions into three scopes:

- **Scope 1** emissions are emissions from company owned or controlled sources and therefore known as direct emissions, e.g. from vehicles.
- **Scope 2** emissions are emissions from the generation of purchased energy and are therefore known as indirect emissions, e.g. from electricity.
- **Scope 3** emissions occur in the company value chain, including both upstream and downstream emissions, and are therefore known as indirect emissions (not included in scope 2), e.g. from the supply chain. For financial institutions, the largest source of scope 3 emissions is financed emissions, which are generated as a result of financial services, investments and lending. These emissions fall under scope 3 category 15 in the GHG Protocol.

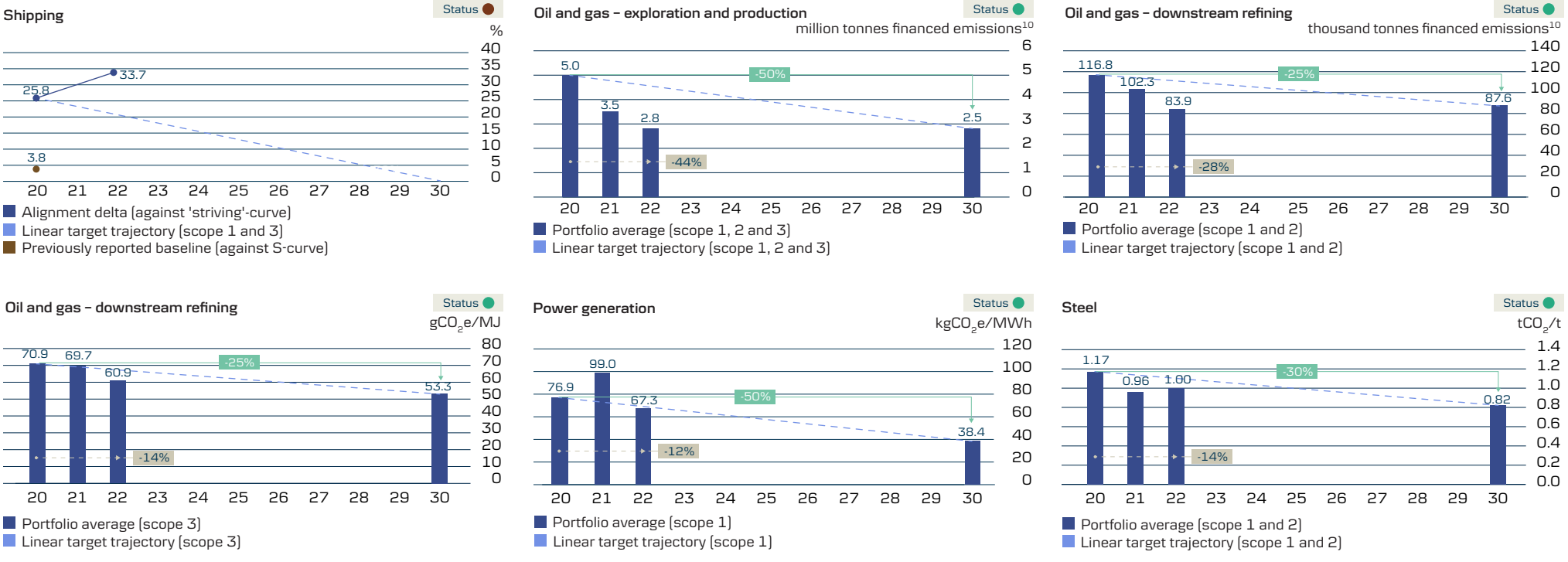
Source: Adapted from the GHG Protocol



Climate transition dashboard – Please find below an overview of our progress on our respective decarbonisation pathways across our four impact areas.

Figure 1.2 – Overview of Danske Bank's decarbonisation pathways

Lending – Danske Bank net-zero pathway



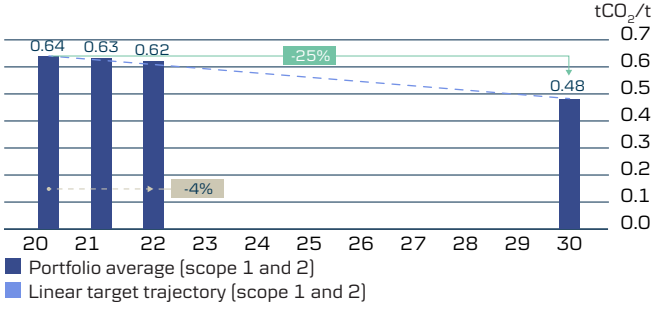
● Below or within a 5% deviation from our linear target trajectory ● 5-10% above our linear target trajectory ● More than 10% above our linear target trajectory

[10] On- and off-balance financed emissions

Lending – Danske Bank net-zero pathway – continued

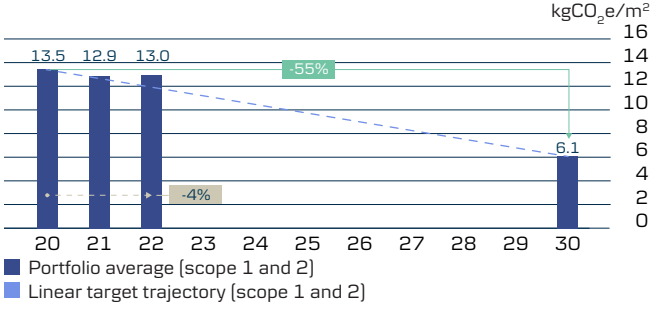
Cement

Status ●



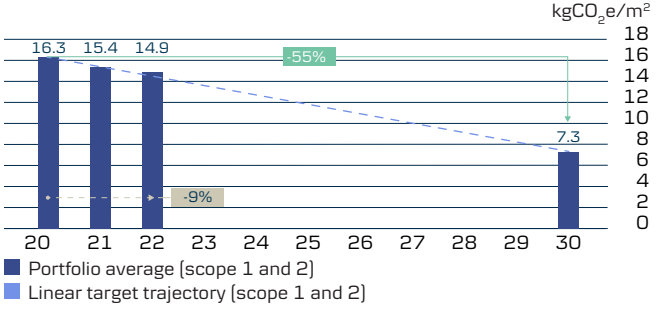
Commercial real estate – Nordic portfolio

Status ●



Personal mortgages – Nordic portfolio

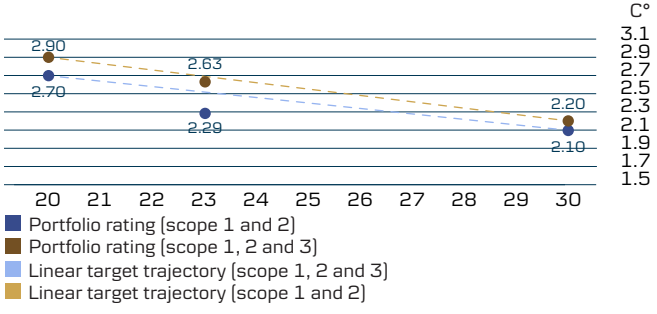
Status ●



Asset management – Danske Bank net-zero pathway

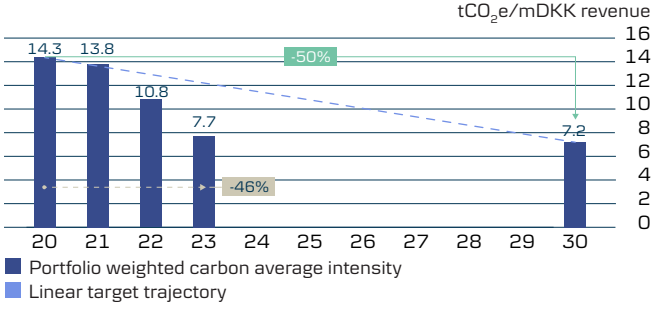
Temperature rating

Status ●



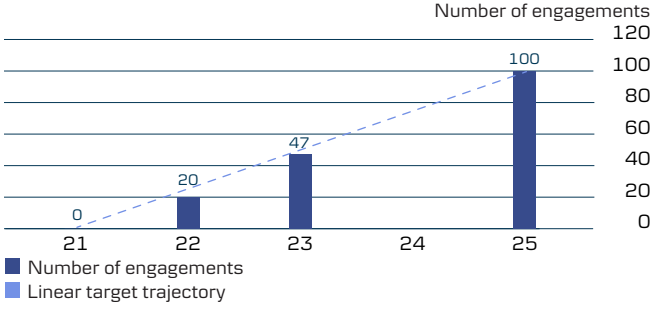
Weighted carbon average intensity

Status ●



Number of engagements with the 100 largest emitters[11]

Status ●



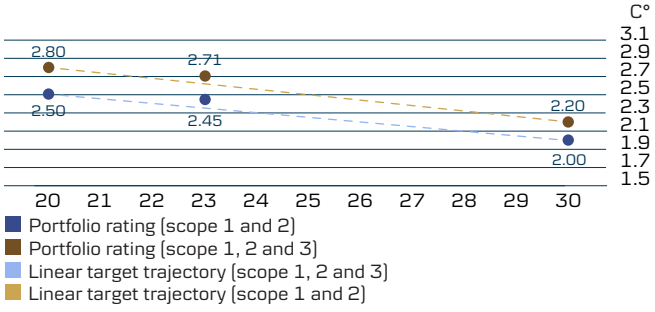
● Below or within a 5% deviation from our linear target trajectory ● 5-10% above our linear target trajectory ● More than 10% above our linear target trajectory

[11] To remain in line with the target, engagement targets require an increase in the number (rather than a decrease, which is the case for all other targets). Consequently, the logic of the RAG status is reversed, which means that the target is, for example, on track if the value is above or equal to the linear target trajectory.

Life insurance and pension – Danske Bank net-zero pathway

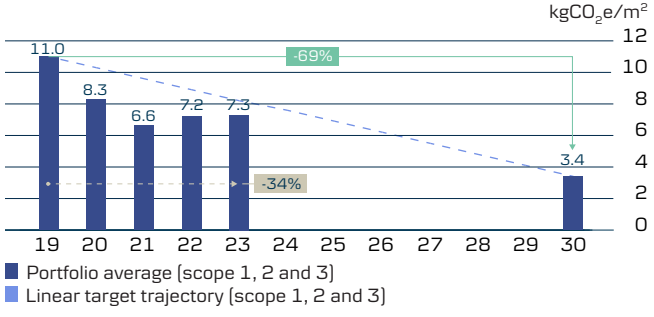
Temperature rating

Status



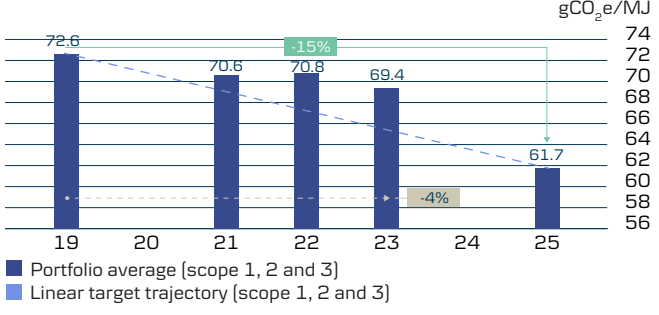
Real estate

Status



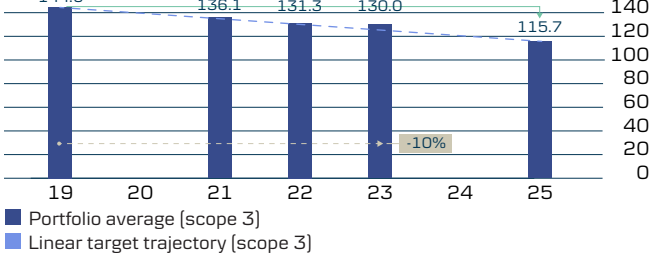
Energy

Status



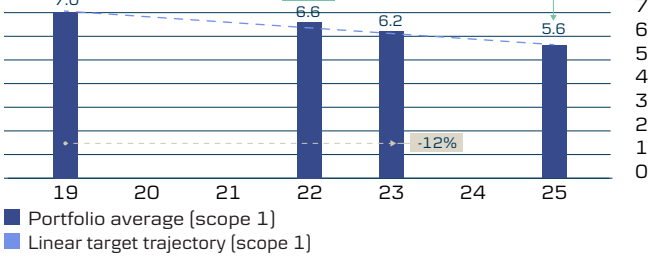
Transportation – automotive

Status



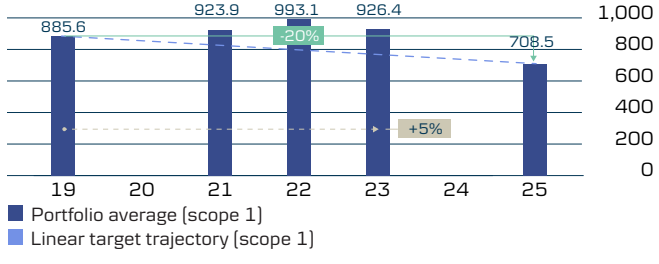
Transportation – shipping

Status



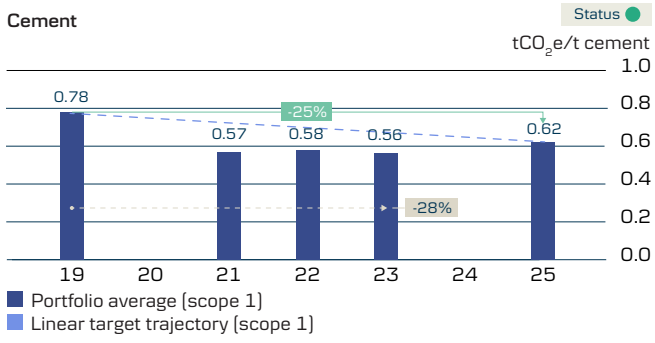
Transportation – aviation

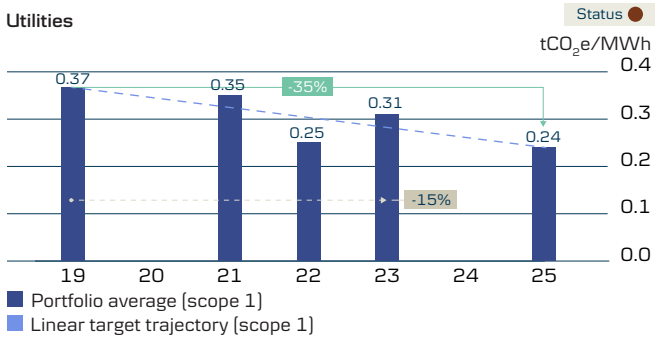
Status

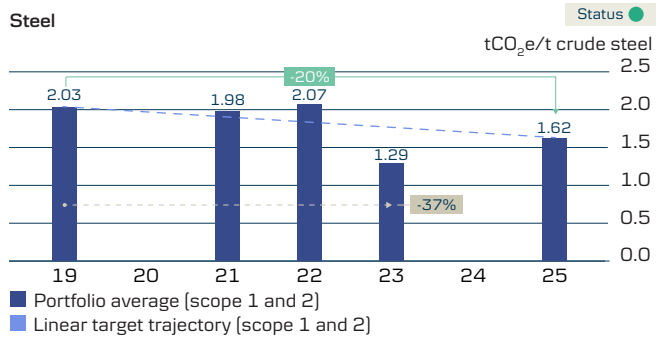


Below or within a 5% deviation from our linear target trajectory | 5-10% above our linear target trajectory | More than 10% above our linear target trajectory

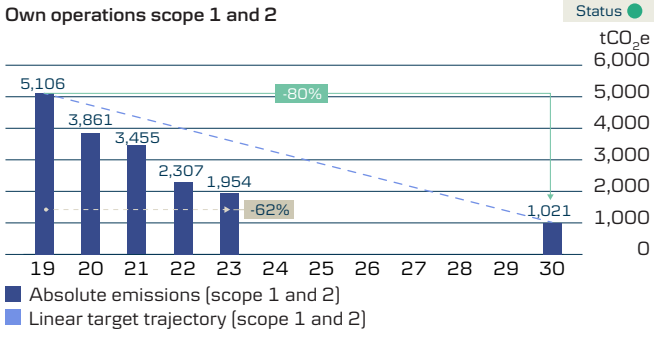
Life insurance and pension – Danske Bank net-zero pathway – continued

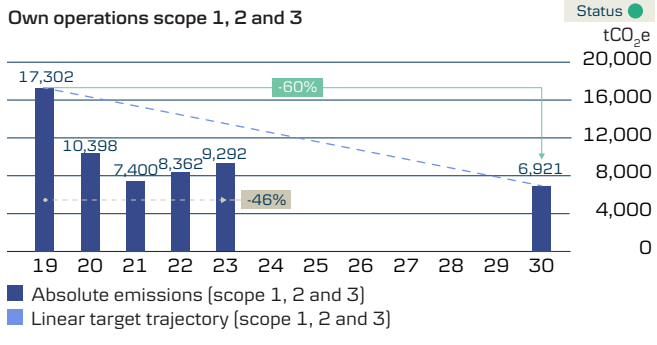




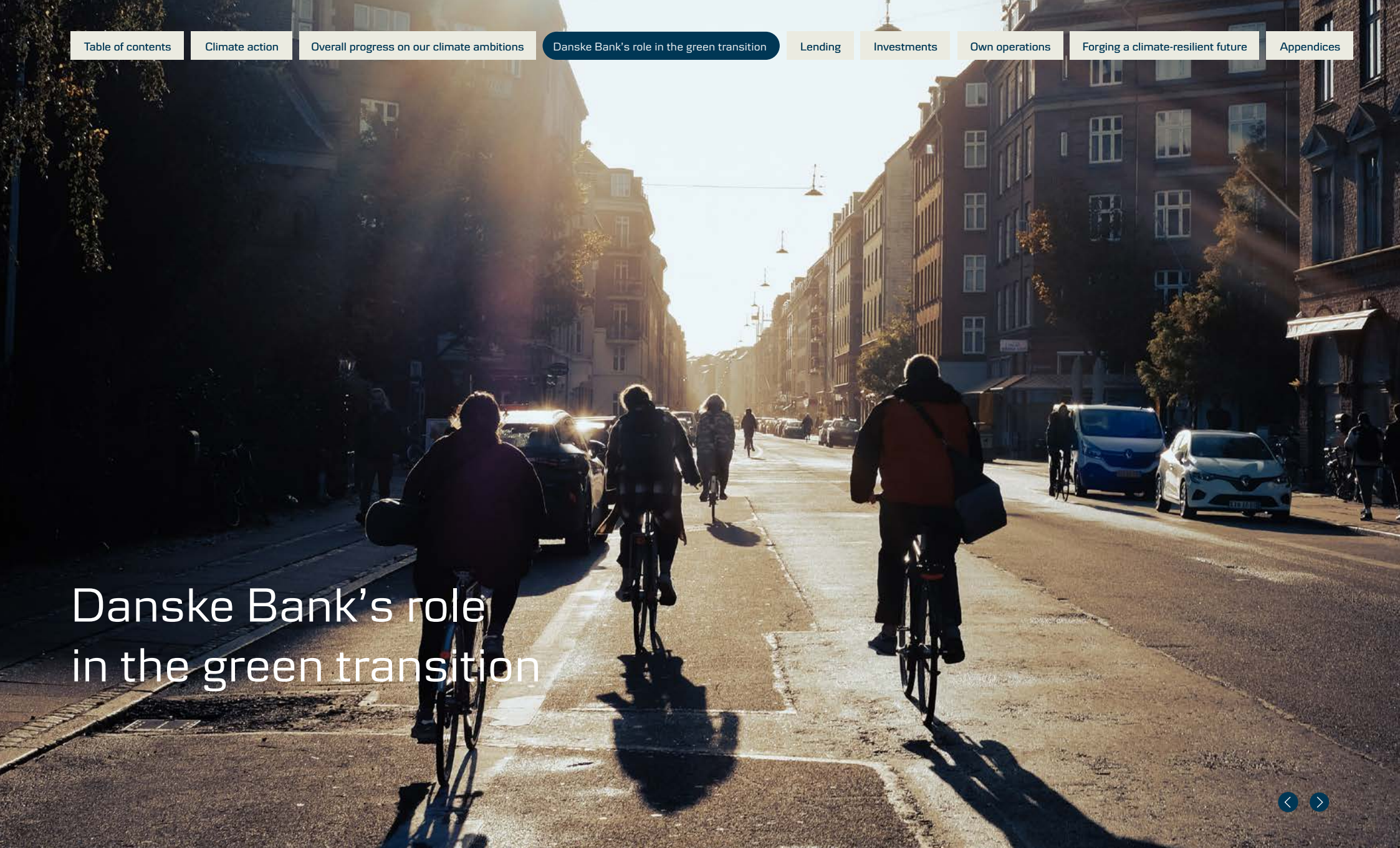


Own operations – Danske Bank net-zero pathway





Below or within a 5% deviation from our linear target trajectory | 5-10% above our linear target trajectory | More than 10% above our linear target trajectory



Danske Bank's role in the green transition

As can be seen from figure 2.1 on the next page, the vast majority of our measured emissions relate to financed emissions. Emissions from our own operations account for less than 0.01% Consequently, we are able to have the largest impact on the decarbonisation of our societies through our collaboration with our customers and investee companies. It is important to note that the financed emissions are not caused by Danske Bank and are not additional to the emissions footprint reported by the companies in our economy. Financed emissions can be seen as a mirror of the emissions created through the activities within society.

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

1. **Lender:** 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.
2. **Investor:** In our role as 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. This approach enables us to create value for customers and offer investment products that support the transition to a more sustainable society. Due to the nature of investment management activities, there are differences in relation to how criteria relating to inclusion, active ownership and exclusions might be applied based on the specific asset class investment and the specific product in scope. How these processes can be leveraged and the impact they will have in relation to the sustainability transition will differ depending on the size of the investment, asset class and liquidity.

Figure 2.1 provides an overview of our overall objectives, climate targets and the actions related to our different roles that support the realisation of our targets and objectives.

Figure 2.1 – Danske Bank's decarbonisation targets

Objective

Net zero by 2050 and Paris Agreement-aligned ~45% CO_2e reductions by 2030[12]

Decarbonisation targets by 2030[13]

Lending[14]					Asset management[14]	Life insurance and pension[15]	Own operations[15]
Shipping: 0% alignment delta	**Oil and gas – exploration and production:** -50% financed emissions **Oil and gas – downstream refining:** -25% emission intensity/absolute emissions	**Power generation:** -50% emission intensity	**Steel:** -30% emission intensity **Cement:** -25% emission intensity	**Commercial real estate:** -55% emission intensity **Personal mortgages:** -55% emission intensity	**1.5°C-aligned temperature rating targets[16]:** 2.1°C (Scope 1 and 2) and 2.2°C (Scope 1, 2 and 3) **Weighted average carbon intensity:** -50% Engagement with the 100 largest emitters by 2025	**1.5°C-aligned temperature rating targets[16]:** 2.0°C (Scope 1 and 2) and 2.2°C (Scope 1, 2 and 3)[14] **Real estate:** -69% emission intensity **5 sector targets** (energy, utilities, transportation, cement and steel): -15-35% emission intensity by 2025	**Scope 1 and 2:** -80% absolute emissions **Scope 1, 2 and 3:** -60% absolute emissions

Measured emissions and share of total emissions

9.6 million tCO_2e (2022)[17] 73.2%	2.2 million tCO_2e (2023)[18] 16.8%	1.3 million tCO_2e (2023)[18] 9.9%	0.009 million tCO_2e (2023) <0.01%

Actions to support our targets[16]

• Capital allocation decisions to support transitioning and green companies in hard-to-abate sectors • Strengthening our climate positions and policies • Climate transition analysis and advisory services • Products supporting green and transition activities • Strategic commercial integration • International knowledge sharing • Sustainability education	• Inclusion of ESG parameters in investment decisions • Active ownership engagement with selected companies • Excluding companies with significant negative climate impact • Knowledge sharing through international initiatives	• Supplier engagement • More energy-efficient solutions • Switch to electric vehicles • Development of tools to promote lower-carbon travel

[12] https://unfccc.int/news/climate-plans-remain-insufficient-more-ambitious-action-needed-now
[13] Targets have a 2030 time horizon unless otherwise specified. See appendix 1 for a full overview of all Danske Bank climate targets, including scopes, methods and metrics
[14] Baseline year 2020
[15] Baseline year 2019 unless otherwise specified
[16] Interim temperature rating targets are dependent on the starting score of the portfolios and can therefore have a different 2030 target score when aligning towards the 1.5°C trajectory
[17] For the lending portfolio, the latest available data is from 2022 due to the fact that emission data is based on customers' own reporting, and customers first disclose their 2023 data during 2024.
[18] Previously, scope 3 emissions were included in our measured financed emissions from investment activities. Due to the observed data volatility within investee company scope 3 emissions, these are not included in this progress report. See *Methodological changes in relation to scope 3 emissions* in appendices 3 and 4 for further details.
[19] See relevant sections for a more detailed list of actions and initiatives within each business activity

Governance of the Climate Action Plan

To govern the realisation of the targets and ambitions set out in our Climate Action Plan, we have put in place policies supplemented by position statements to guide our efforts. We have also established a governance structure with clearly defined roles and responsibilities, oversight from our Executive Leadership Team (ELT) and annual updates to the Board of Directors (BoD) to ensure execution and swift escalation in the event that material climate-related risks or issues arise.

Danske Bank Group policies and position statements guide us in achieving our ambition of supporting a Paris-aligned transition. For example, our updated Position Statement on Fossil Fuels stipulates that we will not offer long-term financing to any exploration and production oil and gas company that does not set a credible transition plan in line with the Paris Agreement. This requirement will help us drive society towards a more carbon-efficient net-zero economy by 2050 or sooner.[20]

The responsibility for the execution of the Climate Action Plan is placed within our business units to ensure that actions on sustainability are embedded within our core business. Accordingly, sustainability has been fully integrated as a key pillar of our Forward '28 corporate strategy, launched in June 2023, and senior management remuneration is linked to progress achieved on our climate targets.

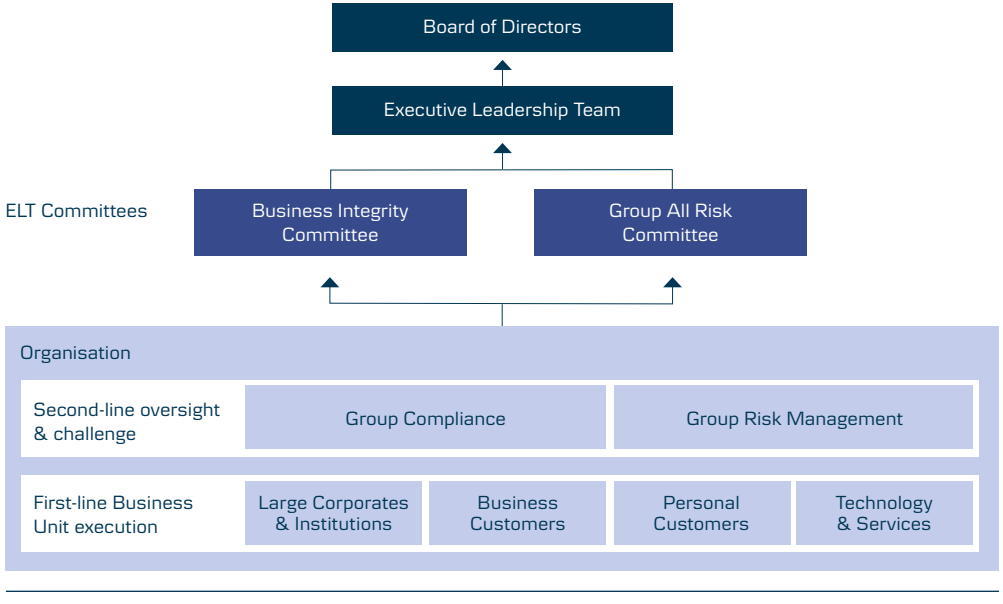
Our *Group Risk Management and Group Compliance* functions are responsible for challenging our first-line execution. This challenge happens through these functions, both of which are represented in our *Business Integrity Committee* and *Group All Risk Committee*, as described below.

Strategic execution oversight lies with our *Executive Leadership Team's Business Integrity Committee,* which is chaired by our CEO. The *Business Integrity Committee* is provided with quarterly updates on progress towards our climate targets and roadmap-execution updates. Centring our governance setup around the *Business Integrity Committee* ensures senior management engagement in the realisation of the plan and anchors the executive power to steer and take action.

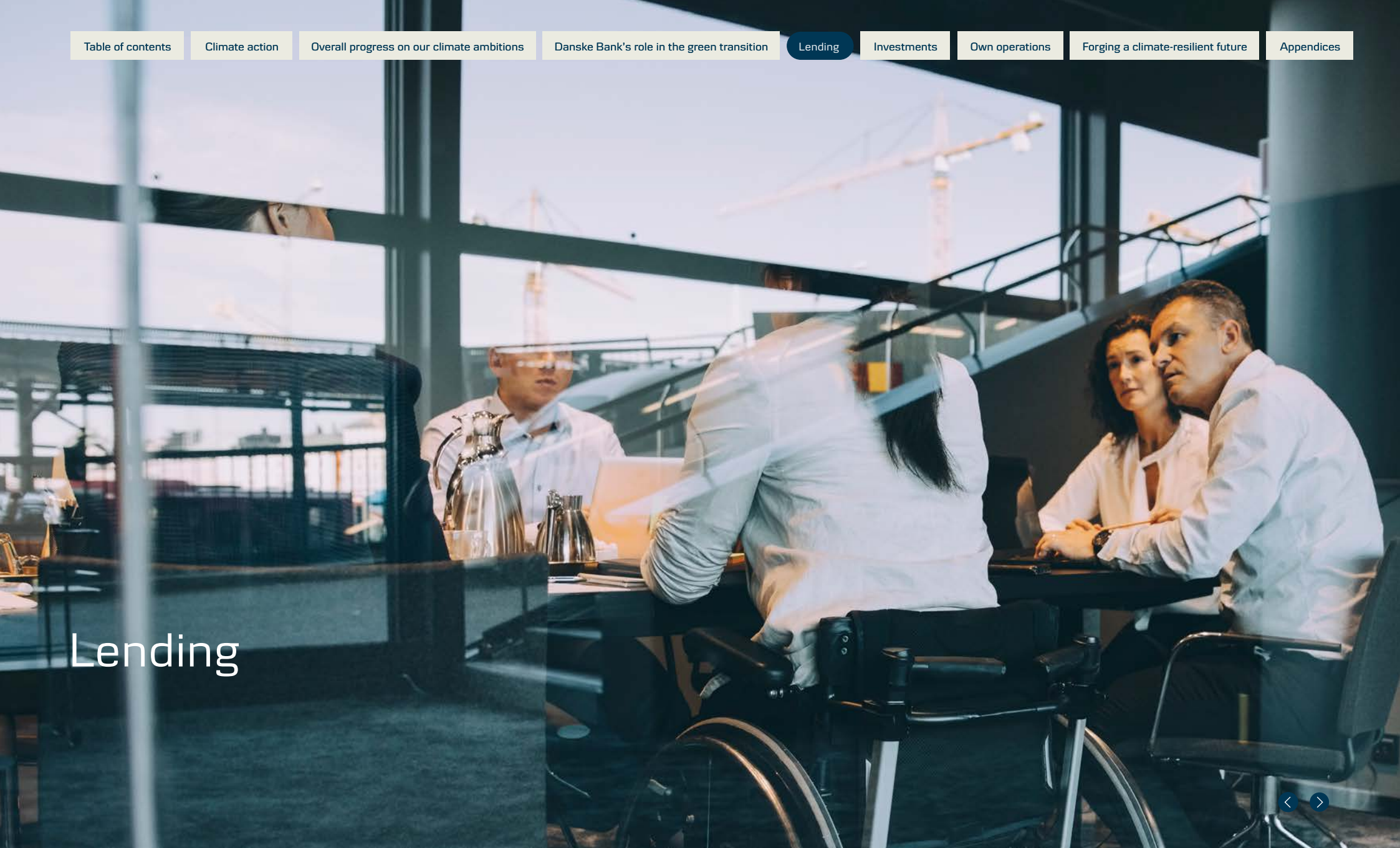
Our *Group All Risk Committee* receives execution updates on risk-mitigating actions relating to our Climate Action Plan. This is a natural continuation of the second-line oversight of sustainability-related risks, which is specified in our *Enterprise Risk Management Framework.*

The Board of Directors holds overall responsibility for the strategic direction of the Group; sustainability risks, including the Group's risk management of lending, are covered by the Board of Directors Risk Committee.

Figure 2.2: Governance overview



[20] https://danskebank.com/sustainability/publications-and-policies



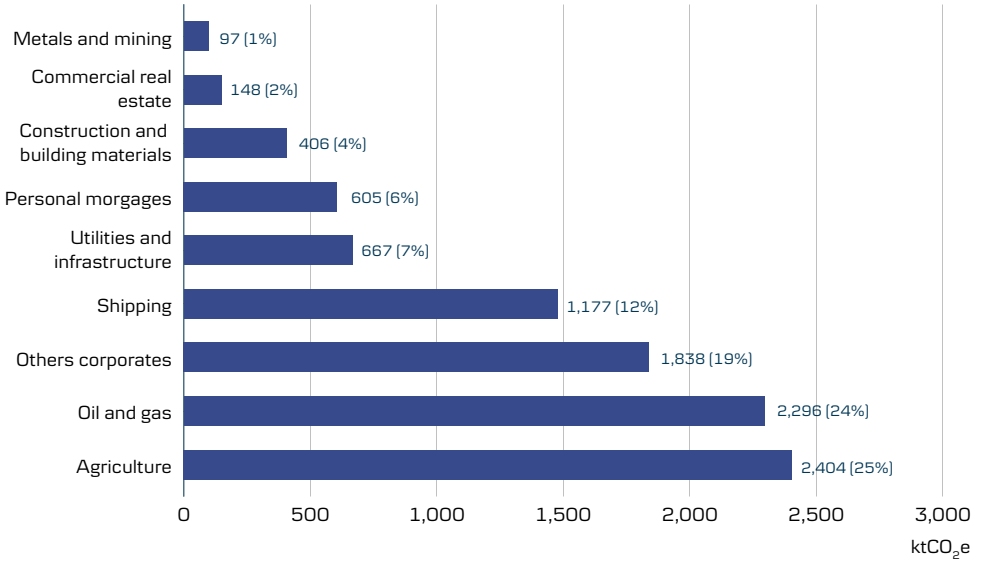
Lending

In total, we estimate that the financed emissions from our carbon-mapped corporate and private lending portfolios accounted for around 9.6 million tCO_2e per year by year-end 2022, against 11.2 million tCO_2 in 2020. This corresponds to a decrease of 14% from our baseline year.

Although our loan exposure to high-emitting sectors is limited, these sectors account for the vast majority of our total financed emissions, as is evident from the carbon-mapped portfolio overview in table 3.2 on page 21.

Lending to agriculture accounted for DKK 55 billion on-balance exposure in 2022. Agriculture represents a minor part of our total exposures but accounts for 25% of our measured financed emissions (2020: 24%) and is primarily represented by customers in Denmark. We maintain a focus on sustainable development in our dialogue with our agriculture customers and when we provide them with advisory services. In 2024, we expect that the Danish government will introduce further climate-related initiatives, and we anticipate that sector-specific guidance on target-setting within the agriculture sector will be introduced by the Net-Zero Banking Alliance. We will closely follow these developments and establish decarbonisation targets when we deem there to be a sufficiently clear path forward for the agriculture sector.

Figure 3.1 – Carbon-mapped portfolio distribution per segment in 2022



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, whereas shipping accounted for 12% (2020: 18%) with an on-balance exposure of only DKK 15 billion. In contrast, personal mortgages accounted for DKK 786 billion of on-balance exposure in 2022 while only accounting for 6% (2020: 7%) of our measured financed emissions.

As can be seen from figure 3.1, some of the material and high-emitting sectors in Danske Bank's loan portfolio – shipping, oil and gas, utilities and infrastructure – account for around 4.1 million tonnes of CO_2e per year, resulting in approximately 43% of our measured financed emissions.

We have set emission reduction targets for material and high-emitting sectors including the oil and gas, the shipping, the power generation, the commercial real estate, the cement and the steel sectors – all of which play a critical role in the decarbonisation of our society. In addition, we have set an emission reduction target for our personal mortgages as these constitute a large part of our on-balance lending exposure. In total, all our climate targets within lending cover around 45% of our measured financed emissions.

It is important to note that our measured financed emissions within our lending activities are not direct emissions from Danske Bank but in fact reflect the emissions of the customers we lend money to. Consequently, achieving our set climate targets within our lending activities is highly dependent on the collaboration we have with our customers and on our customers' own green transitions.

Table 3.2 shows that data quality is slowly improving from a score of 3.9 in 2020 (previously reported 4.1)[21] to a data quality score

[21] See p. 15 of our Climate Action Plan published in January, 2023

of 3.7 in 2022. As companies will improve their emissions reporting to comply with the coming CSRD requirements, we expect data quality to continue improving over time.

The following sections explore in more detail our progress on our climate targets for our lending activities and provide insights into the actions we have taken or plan to take to achieve our ambitions.

Table 3.2 – Carbon-mapped portfolio overview, year-end 2020, 2021 and 2022 data[22]

Business	Segment/market industry	Emission scopes covered	On-balance exposure DKK bn			Financed emissions $ktCO_2e$ (scope 3)				Share of financed emissions			Scope 1 and 2 data quality score (scope 3)[23]		
			2020[24]	2021	2022	2020 old baseline	2020[24]	2021	2022	2020[24]	2021	2022	2020[24]	2021	2022
Corporates	**Shipping**	1, 2	18	17	15	7,878	1,982	1,616	1,177	18%	17%	12%	1.9	1.4	1.5
	Oil and gas	1, 2, 3	6.4	4.8	6.6	2,834 (2,303)	2,820 (2,599)	1,520 (1,362)	2,296 (2,110)	25%	16%	24%	1.9 (1.1)	2.9 (1.4)	2.2 (1.2)
	Oil and gas – exploration and production	1, 2, 3	3.2	0.8	0.8	1,525 (1,493)	1,869 (1,765)	626 (610)	1,415 (1,374)	17%	7%	15%	1 (1.1)	1 (1.4)	1.0 (1.2)
	Oil and gas – downstream refining	1, 2, 3	0.4	0.4	1.9	837 (811)	865 (835)	784 (752)	779 (737)	8%	8%	8%	1.4 (1.1)	1.4 (1.4)	1.1 (1.2)
	Other	1, 2	2.8	3.6	4.0	471	86	111	101	1%	1%	1%	2.9	3.5	2.9
	Utilities and infrastructure	1, 2	37	42	39	2,647	599	784	667	5%	8%	7%	3.5	3.4	3.6
	Power generation	1, 2	11	13	10	949	400	519	293	4%	5%	3%	2.7	2.2	3.0
	Other	1, 2	26	30	29	1,698	200	265	375	2%	3%	4%	3.9	3.9	3.8
	Agriculture	1	59	58	55	2,145	2,673	2,623	2,404	24%	27%	25%	4.0	4.0	4.1
	Construction and building materials	1, 2	20	20	20	402	463	332	406	4%	3%	4%	4.0	4.1	4.0
	Cement	1, 2	0.4	0.2	0.4	219	206	119	174	2%	1%	2%	1.0	1.0	1.0
	Other	1, 2	19	20	20	184	257	213	232	2%	2%	2%	4.1	4.1	4.0
	Commercial real estate[25]	1, 2	260	252	239	236	199	173	148	2%	2%	2%	4.3	4.2	4.0
	Metals and mining	1, 2	3.4	3.3	3.8	145	113	110	97	1%	1%	1%	3.6	3.8	4.2
	Steel	1, 2	0.5	0.1	0.0	41	20	3	0	0%	0%	0%	1.0	1.0	1.0
	Other	1, 2	2.9	3.3	3.8	103	93	107	97	1%	1%	1%	4.0	3.9	4.2
	Other corporates	1, 2	221	224	265	1,506	1,560	1,703	1,838	14%	18%	19%	3.7	3.7	3.7
	Total – corporates		**624**	**622**	**643**	**17,792 (2,303)**	**10,410 (2,599)**	**8,861 (1,362)**	**9,033 (2,110)**	**93%**	**93%**	**94%**	**3.9**	**3.9**	**3.8**
Personal Customers	**Personal morgages**[25]	1, 2	825	855	786	1,034	777	685	605	7%	7%	6%	3.9	3.8	3.7
	Total		**1,449**	**1,478**	**1,430**	**18,826 (2,303)**	**11,187 (2,599)**	**9,546 (1,362)**	**9,638 (2,110)**	**100%**	**100%**	**100%**	**3.9**	**3.8**	**3.7**

[22] See methodologies in appendix 2
[23] See a full description of data quality scores in appendix 2
[24] Updated baseline, see further details in appendix 2
[25] Only include property-related exposure in Denmark, Sweden, Norway, Finland and Norther Ireland

Shipping

Table 3.3: Our target for the shipping sector[26]

Sector	Metric	Emission boundary	2020 baseline	2022 status	2030 target	Share of financed emissions (2022)	Share of measured loan portfolio (year-end 2022)	Target-setting method
Shipping	Alignment delta	Scope 1 and upstream scope 3[27]	25.8%[28]	33.7%	0%	10%	1%	Sectoral decarbonisation / Poseidon Principles

Shipping is a hard-to-abate sector due to the lack of scalable solutions for long freight routes. The decarbonisation efforts in the sector are largely overseen by the International Maritime Organization (IMO), which in July 2023 revised its original GHG strategy and decided to increase decarbonisation ambitions to reach net-zero greenhouse gas emissions in the shipping sector close to 2050, including indicative checkpoints in 2030 and 2040. By 2030, the IMO aims to have reduced emissions by a minimum of 20% (striving for 30%), and by 2040, it aims to have reduced emissions by a minimum of 70% (striving for 80%).

Following the IMO's decision, the Poseidon Principles (PP), an initiative developed by financial institutions seeking to assess and disclose the climate alignment of their shipping portfolios, announced a significant revision to their framework and has now begun reporting against a second and a third emission reduction trajectory developed in line with the IMO's 'minimum' and 'striving for' ambitions.

The revised strategy now also includes greenhouse gases other than carbon dioxide (CO_2) and 'well-to-wake' emissions instead of only 'tank-to-wake' emissions. That means that our target emission boundary now covers full life cycle emissions, combining emissions from fuel extraction, refining, storage and transport and emissions that occur during the operations of a vessel. Please see the Poseidon Principles for an in-depth description of methodological considerations.

The 'striving for' trajectory is not the same as the S-curve used as reference for our target stated in the first Climate Action Plan (January 2023), see figure 3.5. We chose to use this new curve to maintain our alignment with the reporting methods in the Poseidon Principles. However, this means that the new trajectory is only close to the 1.5°C trajectory but not 1.5°C aligned. We are monitoring the development of target-setting methodologies for the shipping sector and aim to improve our own methodology as these become available.

Development

- We maintain our commitment to decarbonise our shipping portfolio and aim to be fully aligned with the new 'striving for' emission trajectory, corresponding to the IMO's ambition of an 80% carbon emissions reduction by 2040.

- Our previously published baseline, 3.8% against the initial S-curve, has now been revised to 25.8%, meaning that vessels in scope are more distant from the 'striving for' curve in 2020 than they were from the S-curve. The result was expected as the S-curve allows for a greater emission intensity in first years of the sector transition but calls for a steeper rate of decarbonisation between 2030 and 2040.

[26] See appendix 2 for details on methodologies
[27] The target uses 'well-to-wake' emission, i.e. including the fuel-related upstream scope 3. However, for the financed-emission calculation, the 'tank-to-wake' emission has been used, i.e. excluding the upstream scope 3 part.
[28] In 2023, the reference curve used to calculate our alignment delta changed. The baseline was updated from 3.8% to 25.8% to make reference to this new curve.

- In 2022, our portfolio alignment against this new 'striving for' curve was 33.7%, see figure 3.4. This means that, on average, the vessels pledged to Danske Bank as part of loans or other credit facilities are 33.7% above their decarbonisation trajectory and therefore far from reaching the IMO's 'striving for' ambitions.

- The inferior results in 2022 are attributed to an increase in exposure towards LNG carriers and car carriers, both of which have high alignment deltas. Our exposure to other segments with high alignment deltas, such as oil tankers and RoPax[29] ferries, decreased, but not sufficiently to compensate for the increased exposure to LNG and car carriers.

Actions

- We are working together with other banks and organisations to develop a net-zero target-setting guide based on the fundamentals of the Poseidon Principles reporting methodology.

- In addition to engaging with our customers about their carbon emissions, we also initiated dialogues on potential biodiversity impacts related to other air emissions, ocean pollution, underwater noise and invasive species.

Outlook

- We expect that shipping companies will align with the new IMO strategy, hopefully aligning with the most ambitious configuration of the strategy. The uptake of green fuels over the next few years and our continued focus on financing modern, flexible and efficient tonnage will also help us to reach our targets.

- Other regulatory updates are also expected, such as revision of the carbon intensity indicator (CII) and CII rating to align with the revised ambition that will possibly give us additional insight into our customers' decarbonisation trajectories and help us push for greater decarbonisation among our customers.

Figure 3.4: Decarbonisation – shipping

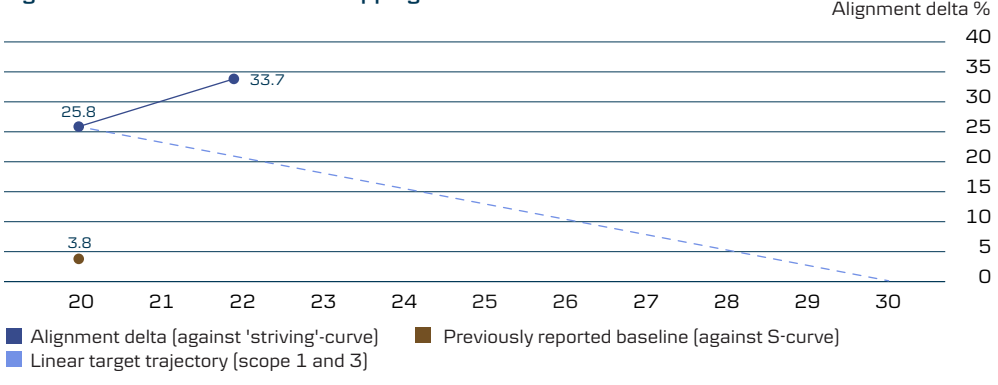
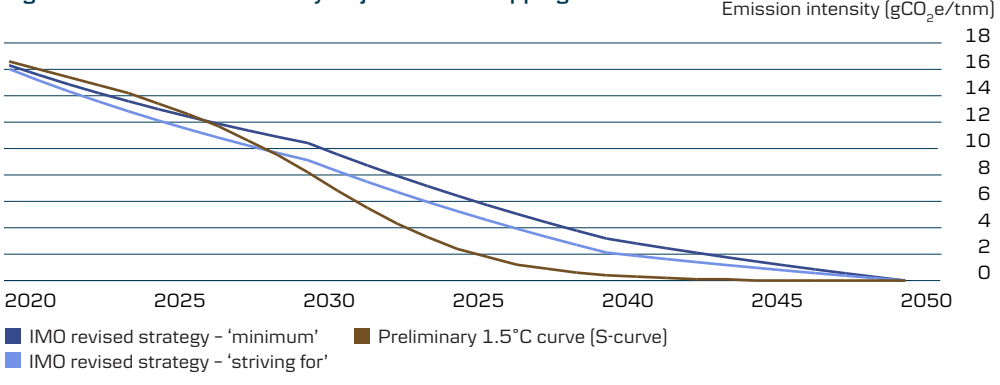


Figure 3.5: Emission intensity trajectories – shipping



[29] RoPax is an acronym for roll-on/roll-off passenger and refers to vessels that are built for vehicle transport and can also accommodate passengers

Oil and gas

Table 3.6: Our targets for the oil and gas sector[30]

Sector	Metric	Emission boundary	2020 baseline	2022 status	2030 target 2030 target [% reduction]	Share of financed emissions (2022)	Share of measured loan portfolio (year-end 2022)	Target-setting method
Oil and gas – exploration and production	Financed emissions million tCO_2e	Scope 1, 2 and 3	5.0	2.8	2.5 [50% reduction]	15%	0.05%	Sectoral decarbonisation, projection
Oil and gas – downstream refining	Financed emissions thousand tCO_2e	Scope 1, 2	116.8	83.9	87.6 [25% reduction]	8%	0.13%	Sectoral decarbonisation, projection
Oil and gas – downstream refining	gCO_2e/MJ	Scope 3	70.9	60.9	53.3 [25% reduction]	8%	0.13%	Sectoral decarbonisation, projection

By year-end 2022, our oil and gas portfolio amounted to DKK 6.6 billion on-balance exposure, which corresponds to 2.3 million tonnes of financed CO_2e emissions (see table 3.2). Financed emissions decreased from 2020 to 2021 but saw an increase in 2022. When we account for on-balance exposure only, the movement on financed emissions is very single-name driven, meaning that we see exposures moving from one customer to another with different attribution factors and emissions.

Development

- In 2022, our financed emissions from the exploration and production segment that includes both on- and off-balance exposure decreased to 2.8 million tCO_2e from 5.0 million tCO_2e in our 2020 baseline year. This corresponds to a 44% decrease. The progress has mainly been driven by a reduced exposure to exploration and production companies that lack credible transition plans and the change in attribution factor of companies in the sector.
- Our financed emissions from downstream refining that includes both on- and off-balance exposure decreased to 83.9 thousand tCO_2e in 2022 from 116.8 thousand tCO_2e in our 2020 baseline year. This represents a 28% reduction and therefore surpasses the reduction target value of 87.6 thousand tCO_2e.
- In 2023, we set a 25% reduction target for scope 3 emission intensity for the downstream refining segment. In 2022, the portfolio intensity average from the downstream refining segment decreased to 60.9 gCO_2e/MJ from 70.9 gCO_2e/MJ in our 2020 baseline year, which corresponds to a 14% decrease. The development of both targets within the downstream refining segment was driven by exposure changes since 2020 and by customers executing their transition plans and consequently decreasing their emissions.
- For all three targets that we have set for the oil and gas sector, we are tracking below linear trajectories towards our 2030 targets.

[30] See appendix 2 for details on methodologies

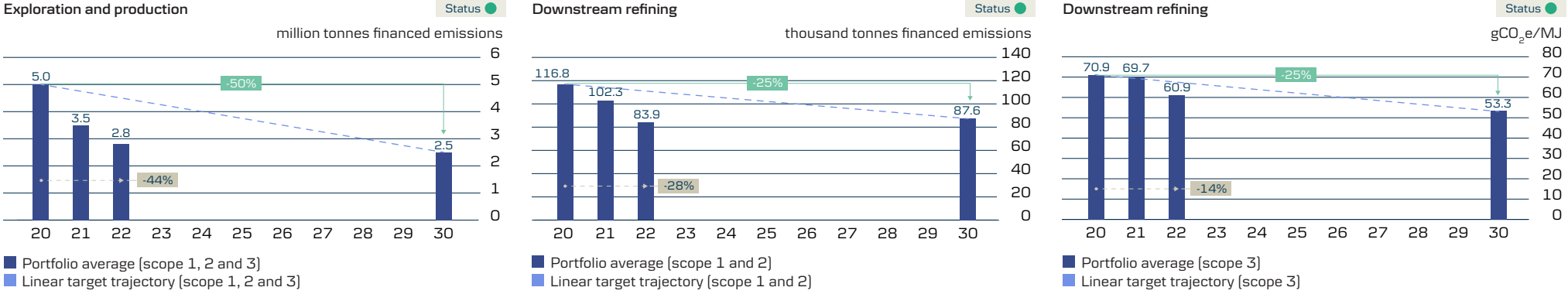
Actions

- Our involvement in the oil and gas sector, particularly in oil and gas exploration and production, is strictly governed by our Position Statement on Fossil Fuels, which stipulates that we will not offer long-term financing to any oil and gas exploration and production company that does not set a credible transition plan in line with the Paris Agreement. This includes a long-term 2050 net-zero goal, ambitious short- and medium-term reduction targets on scope 1 and 2 emissions as well as a material scope 3 emission reduction target. In addition, this includes a commitment to not expand the supply of oil and gas beyond that which had been approved for development by 31 December 2021.

Outlook

- We aim to continue to provide support to oil and gas sector companies that are transitioning towards a low-carbon future. However, because there are currently no exploration and production companies in our portfolio that are in alignment with our Position Statement on Fossil Fuels, we envisage that our lending exposure towards these customers will continue to decrease as existing loans mature. We are also following the development of financed emissions in oil service and offshore segments but have not yet set targets for these.
- We are also following the development of financed emissions in the oil service and offshore segments but have not yet set targets for these.
- Although the SBTi does not yet have a methodology in place for the oil and gas sector, we will continue to report our progress using existing metrics.

Figure 3.7: Decarbonisation – oil and gas



Power generation

Table 3.8: Our target for the power generation sector[31]

Sector	Metric	Emission boundary	2020 baseline	2022 status	2030 target [% reduction]	Share of financed emissions (2022)	Share of measured loan portfolio (year-end 2022)	Target-setting method
Power generation	$kgCO_2e/MWh$[32]	Scope 1	76.9[33]	67.3	38.4 [50% reduction]	3%	<1%	Sectoral decarbonisation approach

Development

- In 2022, the power generation portfolio intensity decreased to 67.3 $kgCO_2e/MWh$ from 76.9 $kgCO_2e/MWh$ in our baseline year 2020, which is a decrease of 12%.
- In 2021, however, the portfolio intensity increased from the baseline year by 29% to 99.0 $kgCO_2e/MWh$. This echoed the increase in financed emissions (0.52 million tonnes of financed CO_2e emissions in 2021 against 0.4 million tonnes in 2020).
- The reduction from 2021 to 2022 was a result of the reduction of emission intensities from our largest power generation customers as they execute on their transition plans.
- Tracking for 2022 is below the linear target trajectory towards our 50% emission reduction target for 2030.

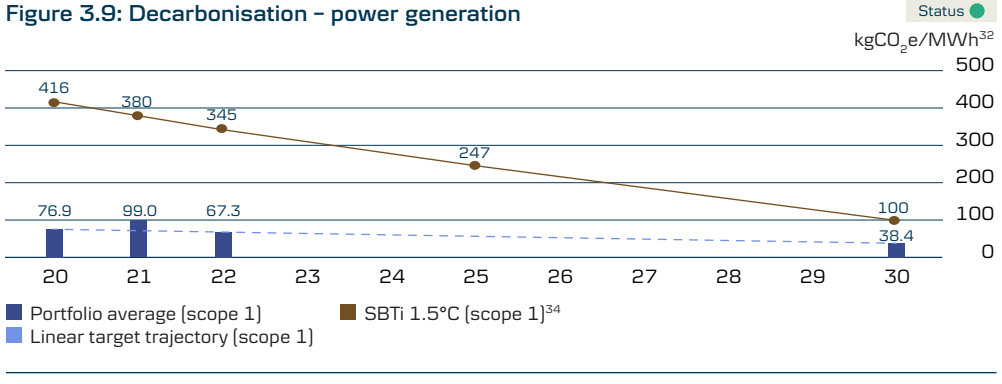
Actions

- In 2023, we strengthened our Renewable Energy and Project Finance setup. As a consequence, we expect our lending to renewable energy companies to increase, thereby potentially bringing down our intensity average further towards our 2030 target.

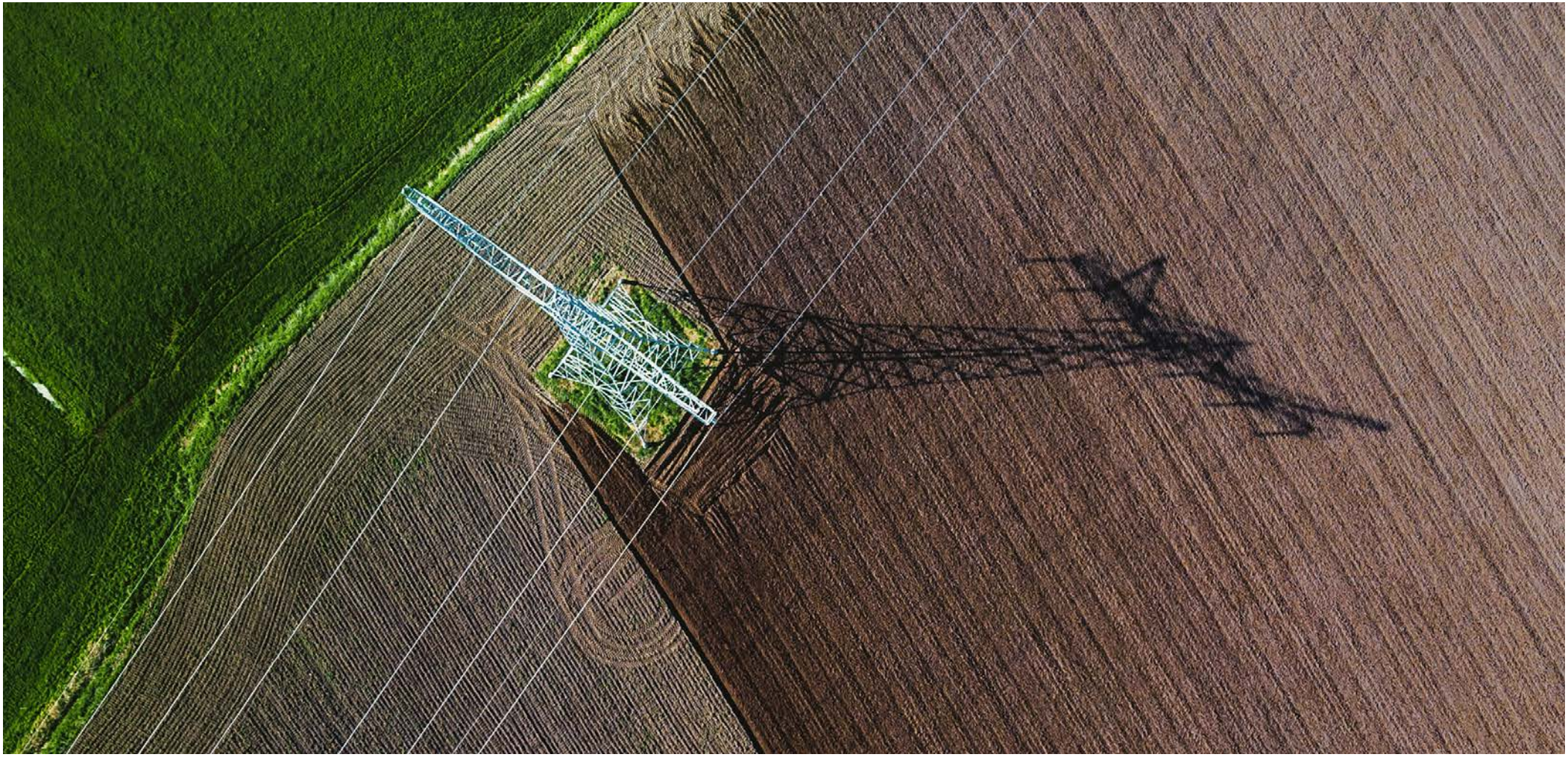
Outlook

- Our portfolio emission intensity is already well below the world's 1.5°C decarbonisation trajectory average, also for 2030. This reflects the Nordic profile of our portfolio, for which most of the decarbonisation of the power generation sector has already taken place.
- We expect that those of our customers that still rely on conventional power generation sources will continue to deliver on their climate targets and that our portfolio intensity average will follow accordingly.

Figure 3.9: Decarbonisation – power generation



[31] See appendix 2 for details on methodologies
[32] When customers do not include all greenhouse gases (CO_2e) in their emission intensity disclosure, only emissions of CO_2 have been used.
[33] Our power generation target was set in 2022, and data and methodology have since been revised, resulting in an increased 2020 baseline of 76.9 $kgCO_2e/MWh$ from the previous baseline of 72.0 $kgCO_2e/MWh$ that was communicated in our Climate Action Plan in January 2023. We maintain our reduction target of 50%, meaning that the targeted intensity has increased to 38.4 $kgCO_2/MWh$ by 2030. See appendix 2 for details on methodology.
[34] See appendix 2 for further information on the reference curves applied.



Other carbon-intensive sectors: steel and cement

Table 3.10: Our targets for the steel and cement sectors[35]

Sector	Metric	Emission boundary	2020 baseline	2022 status	2030 target [% reduction]	Share of financed emissions (2022)	Share of measured loan portfolio (year-end 2022)	Target-setting method
Steel	tCO_2e/t	Scope 1, 2	1.17	1.00	0.82 [30% reduction]	<1%	<1%	Sectoral decarbonisation, projection
Cement	tCO_2/t[36]	Scope 1, 2	0.64	0.62	0.48 [25% reduction]	2%	<1%	Sectoral decarbonisation, projection

Development

- In 2022, our emission intensity in the steel sector decreased to 1.00 tCO_2e/t from 1.17 tCO_2e/t in our 2020 baseline year, corresponding to a 14% decrease.
- However, between 2021 and 2022 the emission intensity in the sector increased slightly from 0.96 to 1.00 tCO_2e/t and reflects an increased exposure to customers with higher intensities. This variation is expected, and for 2022 we are still tracking below our target trajectory towards 2030.
- Emission intensity in our cement portfolio has decreased consistently from 0.64 tCO_2/t in our 2020 baseline year to 0.63 tCO_2/t in 2021 and 0.62 tCO_2/t in 2022. This represents a 4% reduction from 2020 to 2022 and is a result of our customers slightly improving their emission intensity performance.
- In spite of continuously improving the portfolio average in our cement portfolio, we track above the linear target trajectory towards our 2030 target because the improvement was at a slower pace than the linear trajectory.

Outlook

- During 2023, Danske Bank worked alongside other banks with H2 Green Steel to secure financing for the world's first large-scale green steel plant in Boliden, Sweden. In early 2024, the company announced that it had secured more than EUR 4 billion in project financing from a consortium of banks, including Danske Bank. We expect to see the impact of this transaction in our portfolio intensity average in next year's reporting.
- Larger intensity reductions are expected over the coming years once there is more clarity on the role carbon capture and storage technologies can play in the cement sector.

[35] See appendix 2 for details on methodologies
[36] Because customers do not disclose intensities based on all greenhouse gas (CO_2e) emissions, the target is currently based on emissions of CO_2 only.

Figure 3.11: Decarbonisation – steel

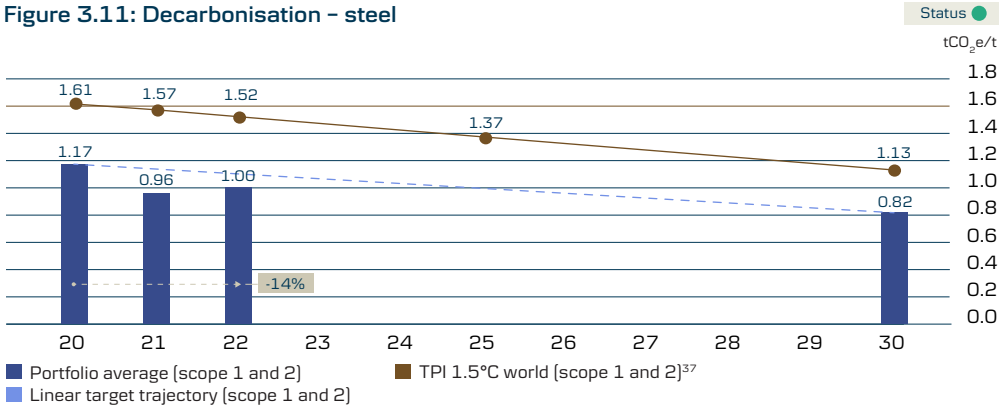
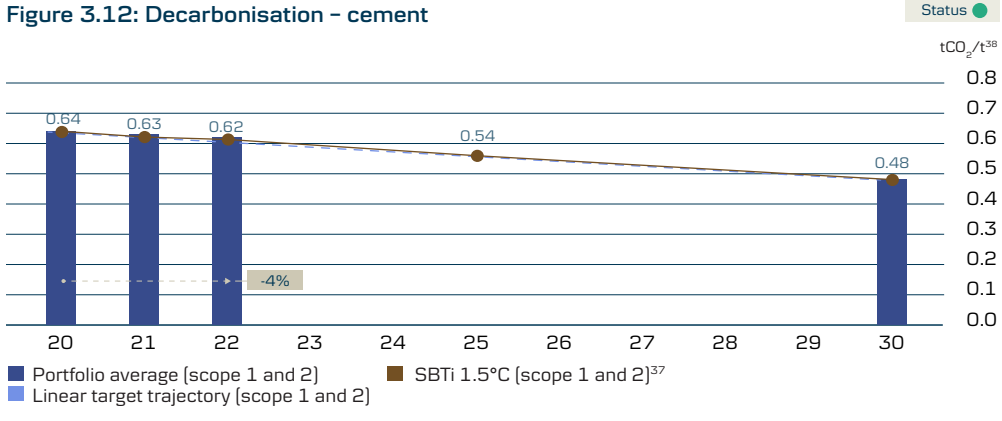


Figure 3.12: Decarbonisation – cement



[37] See appendix 2 for further information on the reference curves applied.
[38] Because customers do not disclose intensities based on all greenhouse gas (CO_2e) emissions, the target is currently based on emissions of CO_2 only.

Commercial real estate – Nordic portfolio

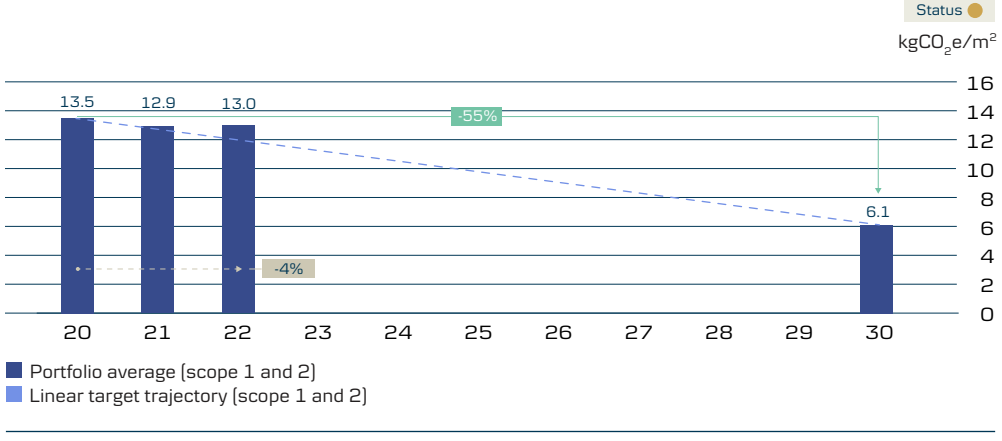
Table 3.13: Our target for the commercial real estate sector[39]

Sector	Metric	Emission boundary	2020 baseline	2022 status	2030 target [% reduction]	Share of financed emissions (2022)	Share of measured loan portfolio (year-end 2022)	Target-setting method
Commercial real estate – Nordic portfolio	$kgCO_2e/m^2$	Scope 1, 2	13.5	13.0	6.1 [55% reduction]	1.4%	16%	Sectoral decarbonisation approach

Development

- At year-end 2022, our average emission intensity per square meter in the commercial real estate portfolio decreased to 13.0 $kgCO_2e/m^2$, from 13.5 $kgCO_2e/m^2$ in 2020, a 4% decrease from our 2020 baseline. The emission intensity reduction progress is driven mainly by better energy performance of the properties we have in our commercial real estate portfolio.
- Our financed emissions from the Nordic commercial real estate portfolio amounted to approximately 139 $ktCO_2e$ (scope 1 and 2) at year-end 2022. This number corresponds to a 1.4% share of our total financed emissions in 2022. This is a decrease from 187 $ktCO_2e$ in 2020 (1.7% of our financed emissions) and is mainly a result of a decrease in our on-balance exposure. Our carbon-mapped commercial real estate on-balance exposure decreased to DKK 235 billion as at year-end 2022, against DKK 255 billion in 2020.
- We are tracking above a linear trajectory towards our target and expect that an update to the Danish emission factors, which have not been updated since 2019, will result in an improvement to our reported performance.

Figure 3.14: Decarbonisation – commercial real estate



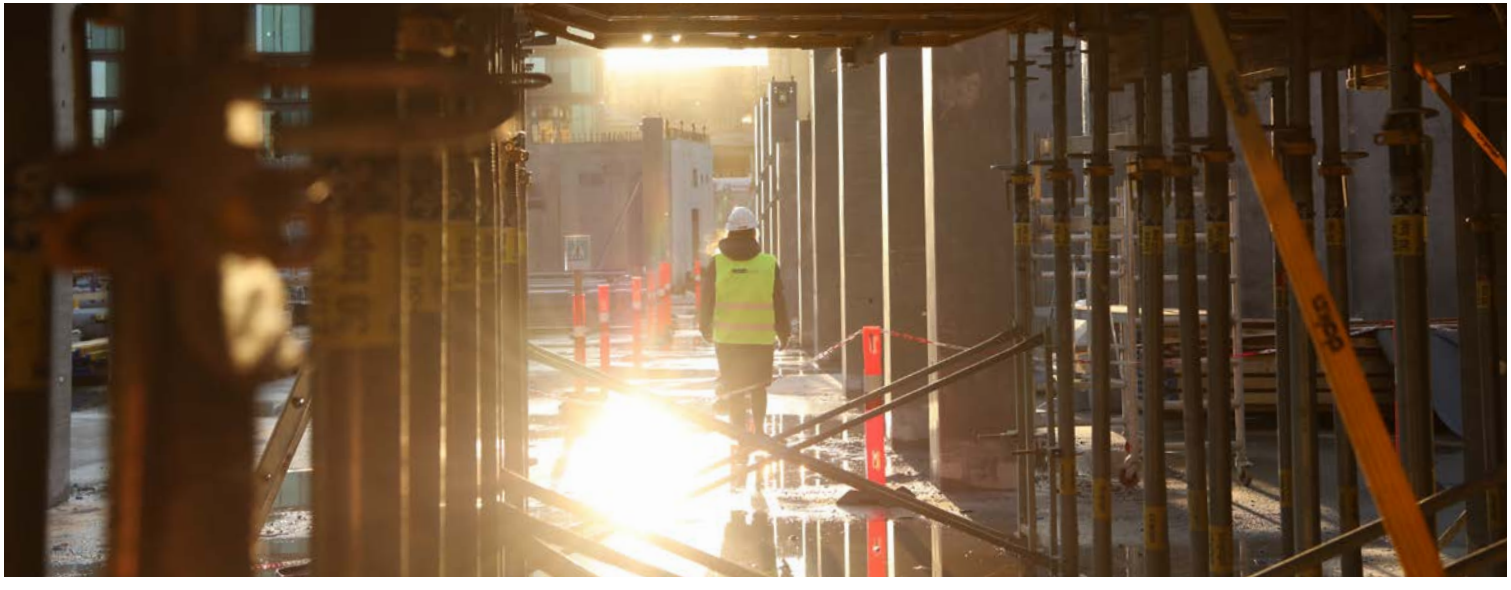
[39] See appendix 2 for details on methodologies

Actions

- Our dedicated efforts to reach the 55% reduction target consist of conducting sustainability training for all employees in our Business Customers unit, with additional specialised training for relationship managers associated with properties. The training entails an offering of value-adding advisory services to support more sustainable choices and green transition activities.
- We offer our business customers green loans to finance the construction and commissioning of new green buildings, to finance the acquisition and ownership of green buildings, and to finance energy-efficiency improvements that also reduce CO_2e emissions from our commercial real estate portfolio.
- In Denmark, we are engaged in the Real ESG – The Real Estate Reporting Framework project. This project supports sector-specific ESG reporting and enables the direct comparison of ESG- and sustainability-related data by standardising accounting and calculation methods.

Outlook

- Our ability to reach the 55% reduction target is influenced by upcoming regulation and policies and by changes in national energy infrastructures. The transition to renewable heating and power sources will directly affect buildings' operational emissions, and incoming regulation, such as the Energy Performance of Buildings Directive[40] (EPBD), has the potential to greatly improve the energy performance of buildings.
- We will continue to educate our relationship managers and customers about the potential implications of future policy and regulation for the commercial real estate sector.
- We will continue to provide advice about sustainable building offerings and about financing of energy improvements.
- We are currently exploring options to implement an asset-based evaluation of energy performance as part of our pricing and terms for loans and to set incentives for the real estate market to encourage energy optimisation of the existing building stock.
- Over the coming years, we aim to support our customers' sustainability transitions through partnerships.



[40] Energy Performance of Buildings Directive (Europa.eu)

Personal mortgages – Nordic portfolio

Table 3.15: Our target for the personal mortgages sector[41]

Sector	Metric	Emission boundary	2020 baseline	2022 status	2030 target [% reduction]	Share of financed emissions (2022)	Share of measured loan portfolio (year-end 2022)	Target-setting method
Personal mortgages – Nordic portfolio	$kgCO_2e/m^2$	Scope 1, 2	16.3[42]	14.9	7.3 [55% reduction]	5.5%	53%	Sectoral decarbonisation approach

Development

- In 2022, average emission intensity from our Nordic personal mortgage portfolio decreased to 14.9 $kgCO_2e/m^2$ from 16.3 $kgCO_2e/m^2$ in 2020, which represents a 9% decrease from our 2020 baseline.[43]
- The share of district heating as a primary heating source in our Danish mortgage portfolio increased from a 51% share in the 2020 baseline year to a 53% share at year-end 2022, and the share of electric heating increased from 10% to 13% during the same period. District heating is a cornerstone of Denmark's green and efficient energy system, and an effective roll-out is necessary to provide more households with a cleaner energy mix. Data on heating sources from our personal mortgage portfolio indicates that the transition to district heating and electric heating from heating oil and natural gas is progressing slowly.
- The on-balance exposure of our Nordic portfolio of loans secured by private properties in scope for the accounting of financed emissions decreased to DKK 761 billion at year-end 2022 from DKK 801 billion in 2020.
- According to our calculations, our financed emissions from personal mortgages decreased to 532 $ktCO_2e$ per year, which is equivalent to 5.5% of our total financed emissions[44] in 2022 (2020: 690 $ktCO_2e$ per year corresponding to 6.2% of total financed emissions).
- Based on the latest updated emission factors from the utilities sector, we were in 2022 tracking slightly above a linear trajectory towards our 2030 target.

Actions

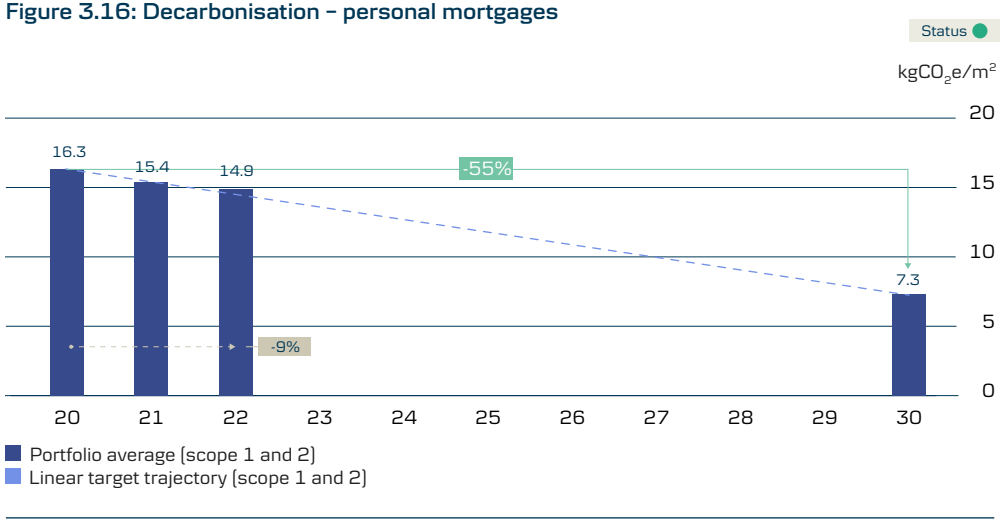
- We believe training is key to successfully offering our customers value-adding advisory services to support their green transitions, and in 2023 we conducted sustainability training for advisers and leaders within our Personal Customers business unit and for leaders and valuation specialists in Realkredit Danmark. A total of 1,700 advisers and leaders in our Personal Customers business unit and 50 leaders and valuation specialists in Realkredit Danmark received sustainability training.
- We are committed to supporting and motivating our customers on their journey to becoming net zero, and we engage with our customer across

[41] See appendix 2 for details on methodologies
[42] The 2020 baseline has changed from 14.3 $kgCO_2/m^2$ in the Climate Action Plan published in January 2023, to 16.3 $kgCO_2/m^2$ in this progress report. The main drivers of the changes are access to new and more accurate data, as well as model changes from Finance Denmark and others. Towards 2030, we expected that there will be additional model updates and data will continue to improve. We continue to expect a reduction target of 55% to be realistic in 2030, indicating an emission intensity target of 7.3 $kgCO_2/m^2$.
[43] TNorwegian mortgage portfolio will be sold to Nordea in Q3/Q4 2024, but until the transaction has closed the Norwegian exposure will be included in this progress update. After the portfolio has been sold, the data on our Norwegian mortgage exposure will be excluded and our intensities baseline will be updated.
[44] These numbers represent only the Nordic portfolio; the Northern Ireland portfolio has been excluded.

channels to highlight our sustainability offerings.

- During 2023, we implemented and adjusted a range of initiatives. In Denmark, we provided direct support to customers in the form of loans for energy-efficiency improvements, and we adjusted the pricing to make it more affordable to finance energy-efficiency upgrades.
- Our partnership offering has been expanded to include more comprehensive guidance on energy and home improvements combined. Through a partnership with a digital energy hub, we have focused on supporting customers to opt for more energy-efficient heating alternatives through the provision of specialised guidance on the process and the roll-out of district heating plans.
- In the spring of 2023, we launched our *Flyt din bolig ind i fremtiden* campaign, and together with Finance Denmark and the Danish government, we were part of the national *Fyr dit fyr* campaign in Denmark to stimulate more houseowners to make the heating of their homes more energy efficient.
- Discounted green loans are also offered in all our Nordic markets for the most energy-efficient houses.

Figure 3.16: Decarbonisation – personal mortgages



Outlook

- We will continue to expand our sustainability training activities across the organisation in 2024.
- We will continue to promote energy-efficiency improvements; however, our personal mortgages reduction target is to a large extent dependent on, and driven by, development in policy and transition in the utilities sector. Emission factors in the utilities sector have not been updated by the Danish Energy Agency since 2019. When emission factors are revised, we expect to include recent developments of the emissions in the utilities sector and report an improved trajectory towards our 2030 target.
- The upcoming Energy Performance of Buildings Directive (EPBD) is also expected to support the future energy-efficiency standards of residential properties.

Table 3.17 – List of actions that support the achievement of our climate targets[45]

Scope	Initiative/action	Development	Planned action towards 2030	Expected impact
General	Sustainability training	eLearning completed by 21,318 employees.	Developing a more comprehensive and advanced sustainability training setup including targeted specialist training.	Enabling Danske Bank employees to engage with customers and stakeholders about the climate transition.
	Emission baselines	We have revised our financed emissions mapping methodology in accordance with the most recent data and methodologies available.	We will continue to map our financed emissions in accordance with the latest best practice methodologies and standards, including facilitated emissions.	Calculating and reporting on financed and facilitated emissions is a prerequisite for setting climate targets and demonstrating our progress.
	Climate target setting	Targets set for the most material sectors in our LC&I lending portfolio: shipping, oil and gas (exploration and production and downstream refining), steel, cement, and power generation – as well as for our commercial real estate, personal mortgages, our investments and our own operations. SBTi validation process initiated, awaiting fossil fuel and shipping methodologies for financial institutions.	We will continue to expand the coverage of our climate targets as methodologies are developed and data permits. We will pursue SBTi validation of our climate targets. Once targets have been met, we will continue to set further intermediate targets towards 2050.	Climate targets enable a clear direction for Danske Bank and our customers, thereby enabling support of the transition towards net zero by 2050 or sooner.
	Updating our climate positions	In 2023, we updated our Position Statement on Fossil Fuels whereby we no longer provide long-term financing for companies involved in the expansion of fossil fuel supply beyond that which was approved by 31 December 2021.	We will continue to follow scientific developments and analysis and update our positions to align with our ambitions of supporting the transition towards net zero by 2050 or sooner.	By limiting the provision of financing to companies expanding the supply of oil and gas beyond that which was approved by 31 December 2021, we aim to support the realisation of a net-zero economy by 2050 as defined by the IEA's net-zero scenario.
	Knowledge sharing (Global Compact, UNEPFI, Copenhagen Business School, EFRAG, IMO, Poseidon Principles, PCAF, PBAF, net-zero alliances, Finance Denmark etc.)	Participation in EFRAG working groups supporting ESRS finalisation. Collaborating on the Danish financial institutions sector sustainability report. Financing of the Copenhagen Business School research programme Nordic Finance and the good society.	Co-lead Net-Zero Banking Alliance implementation track. Continuous participation in financial sector working groups. Financing of the Copenhagen Business School research programme The Future of Finance – A Nordic Corporate Governance Perspective.	By engaging in the development of frameworks, scientific research and knowledge sharing, we can help create the standards and the knowledge-base needed for substantial climate action within society.
	Commercial integration of the sustainability agenda	Sustainability is one of four key pillars in our Forward '28 corporate strategy, launched in June 2023. Senior management remuneration is linked to progress achieved on our climate targets.	Executing on our Forward '28 commercial strategy. Integrating climate targets into the remuneration of further parts of our organisation.	Ensuring strategic prioritisation of the climate agenda and that senior management incentives are aligned with our purpose and climate ambitions.
	Climate progress tracking	Progress on our Climate Action Plan targets is reported to our Business Integrity Committee on a quarterly basis.	Additional climate targets will be included in the Business Integrity Committee reporting. Management reporting on climate targets will be activated more widely in the organisation.	Ensuring senior management attention and oversight, facilitating strategic execution.

[45] The list is non-exhaustive.

Table 3.17 – List of actions that support the achievement of our climate targets – continued

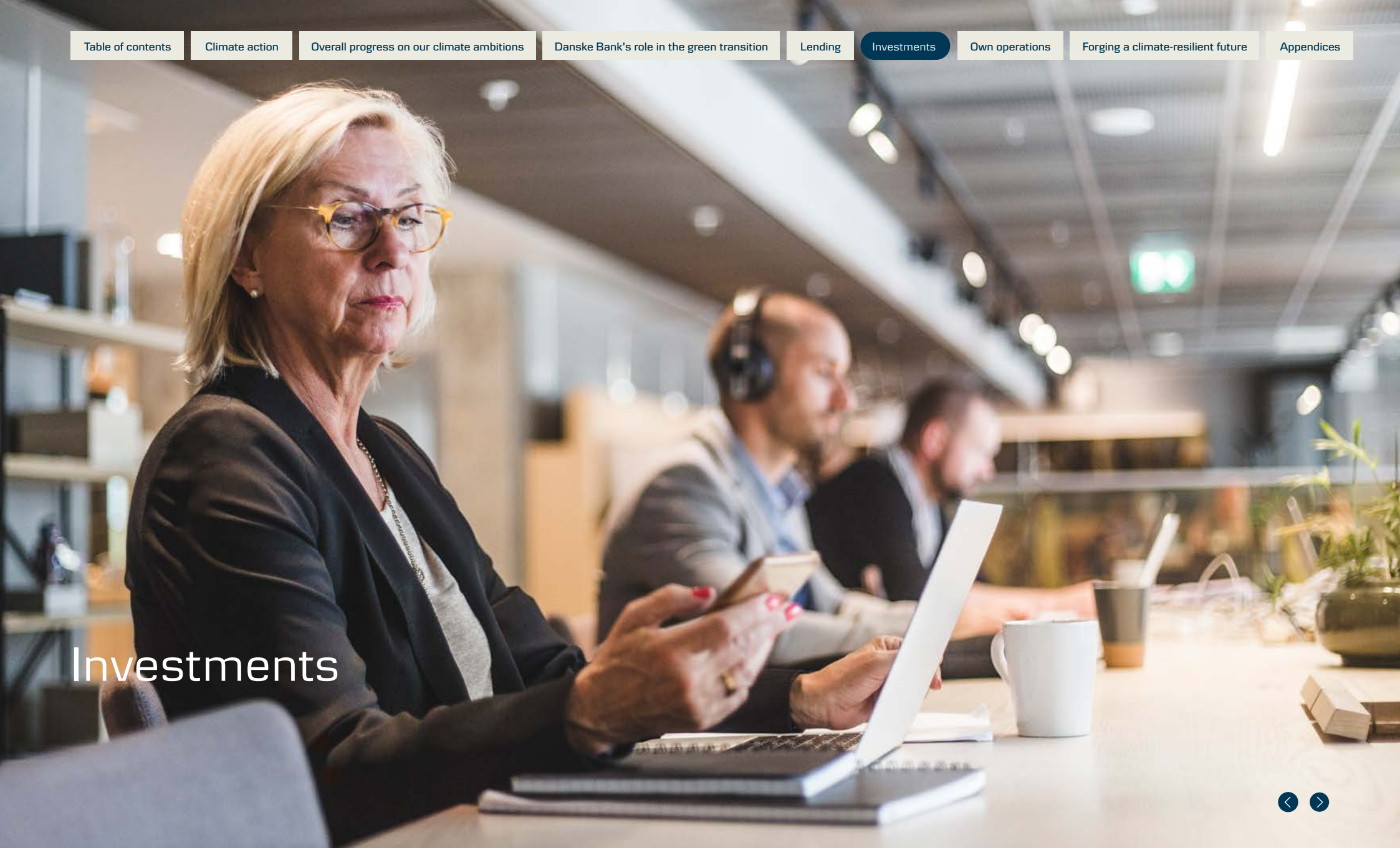
Scope	Initiative/action	Development	Planned action towards 2030	Expected impact
Large Corporates & Institutions	LC&I training	Building on training held for employees since 2019, client executives put their sustainability knowledge into practice in 2023 as a form of 'learning-on-the-job' capacity-building.	LC&I-wide sustainability training planning in progress.	We aim to build capacity among employees so they can better engage with customers about sustainable finance and ensure our client executives meet our customers' sustainability needs and thereby support the customer's climate transitions.
	Evaluate our customers' transition plans and steer our portfolio accordingly	In 2023, we continued developing our approach to assessing companies' transition plans, 92% of high-emitting companies in the LC&I portfolio evaluated (as at year-end 2023 and measured by limit exposure).	Finalise initial assessments of high emitting companies in scope by year-end 2024.	Our Transition Assessment methodology helps us understand if our customers are aligned to a net-zero pathway and the execution risk of their ambitions. We can then identify transition 'leaders' and 'laggards' and use this information in credit-decision processes.
	Complete the ESG Risk Assessment of our LC&I lending portfolio	88% of LC&I's portfolio has been assessed (as at year-end 2023 and measured by limit exposure).	Above 95% assessment rate of LC&I's relevant corporate lending exposure by year-end 2024.	With the ESG risk assessment of our customers, we aim to define where we accept credit risk in relation to sustainability risk and the associated ESG events and/or conditions that drive them. This allows us to better understand the ESG profile of our customers and use this information in credit-decision processes.
	Sustainable Finance Volumes (green loans, green, social and sustainability bonds)	In 2023, our sustainable financing increased to DKK 365 billion and we exceed our 2023 target of DKK 300 billion.	Our goal is to continue to be a leading Nordic arranger of green, social and sustainability bonds.	The use-of-proceed of such bonds is to exclusively finance projects that have a positive environmental and/or social impact.
	Sustainability-linked loans	We have supported our customers with sustainability-linked loans, in which interest rates are linked to the customer's progress in meeting climate-related key performance indicators.	Continue to help customers to develop sustainability-linked loan frameworks that best match their needs.	Sustainability-linked loans support customers by linking their financing costs to their sustainability targets. By providing these loans, we help customers to demonstrate their commitment to their sustainability ambitions towards both internal and external stakeholders.
	Project & Renewable Energy Finance	During 2023, we strengthened the Project & Renewable Energy Finance team with three additional FTEs to further be able to cover and penetrate the Danish and other core markets.	We will continue to develop our Project & Renewable Energy Finance offering to best serve our customers and with the aim of building a leading Nordic franchise.	Through focused advisory services and targeted financing, we support the development of a more sustainable energy supply through financing of renewable energy projects and bespoke financing of green transitional projects, for example within hard-to-abate sectors.
	Develop ESG product offering further	N/A	We will continue to develop our ESG-labelled product offering to best match our customers' needs.	We hope that by developing our ESG product offering we can further incentivise and support more sustainable business models, technologies and practices among our customers.
	Customer engagements	We engage with customers on a ongoing basis. With regard to climate, our main engagement topics are our targets, our transition towards net zero and our assessment of customers' ESG risks.	We will continue to engage with our customers about their climate and transition performance and always aim to excel in our third-party customer satisfaction survey on sustainable finance advisory services.	We continuously seek to identify where our financial solutions may play a pivotal role in fostering sustainable progress and aim to engage with our customers to enable credible climate transition action plans, not least in high-impact sectors.

Table 3.17 – List of actions that support the achievement of our climate targets – continued

Scope	Initiative/action	Development	Planned action towards 2030	Expected impact
Business Customers	Training of relationship managers in our Business Customers unit	Completed sustainability training for 800 advisers and leaders across Denmark, Sweden, Norway and Finland in 2023.	Continuous training of advisers and leaders in our Business Customers unit to ensure value-creating dialogue about sustainability transition with our customers.	By educating our relationship managers, we will become more relevant sparring partners in relation to our customer's transitions.
	Real ESG – The Real Estate Reporting Framework	Engagement and completion of a framework standardising ESG reporting within commercial real estate.	Release standards in January 2024 followed by a consultation period. Expected expansion to the other Nordic countries.	Secure transparency and comparability on ESG reporting in the commercial real estate sector.
	Collecting relevant data on operational factors relevant to climate and nature	Agriculture transition risk assessment launched to start collecting operational data from the estimated largest emitters in the Danish agriculture portfolio.	Data gathering is the first step towards strong advisory capabilities, transition dialogues and potential target setting.	By establishing reporting on key sustainability metrics within agriculture, we can enable targeted advisory services and start the transition of the sector.
	Launch of ESG Profilen in collaboration with Lederne and Deloitte	Launch in Denmark of ESG Profilen: a strategic ESG tool for SMEs to get an overview of their ESG initiatives, stakeholder expectations, focus areas and key figures.	We will continue to support the development of tools supporting our customer's transition.	We expect that the availability of easy-to-use tools and processes will help companies understand their starting point and embark on their transitions.
	Green loans	37% volume growth from DKK 22.8 billion end-of-year 2022 to DKK 31.3 billion as at year-end 2023.	We will continue to extend and expand our green loan offerings to grow our cumulative volumes.	Green loans can be used to fuel the green bond market and incentivise green activities that support the transition.
	Asset-based evaluation of energy performance as a part of pricing and terms in property financing	Public engagement and internal initiation of the project in 2023.	Rollout of asset-based evaluation of energy performance.	Incentivise the real estate market to energy-optimise the existing building stock towards the end-goal of a net-zero building stock.
	Partnerships	Testing several partnerships to support our customers' sustainability transition.	Ambition to support our customers' sustainability transition through partnerships.	By entering into partnerships, we believe we can support even further our customers' transitions towards net zero.

Table 3.17 – List of actions that support the achievement of our climate targets – continued

Scope	Initiative/action	Development	Planned action towards 2030	Expected impact
Personal Customers	Training of advisers in our Personal Customers business unit and in Realkredit Danmark	In 2023, we conducted sustainability training for 1,700 advisers and leaders in our Personal Customers business unit in Denmark. In Realkredit Danmark, 50 leaders and valuation specialists who perform 30-35,000 physical valuations each year have also received sustainability training.	Focus on continuous training for relevant Personal Customer advisers and employees across our Nordic markets and for Realkredit Danmark towards 2030.	Offer our customers value-adding advisory services to support their green transition.
	Green loans and loans for energy-efficiency improvements	*Flyt din bolig ind i fremtiden* campaign and part of the national campaign *Fyr dit fyr* together with Finance Denmark and the Danish Government to inspire more homeowners to perform energy-efficiency renovations of their homes.	Continuous development of core sustainability offering throughout the housing journey, including expanding our services to support for retrofitting and expert advisory services on sustainable housing including different financing options.	Support the transition by providing sustainable financing options for energy upgrades and for energy-efficiency houses.
	Partnerships	Upgraded partnership offering to include a more comprehensive expert guidance on energy and home improvements combined. Supporting customers to opt for green heating alternatives with special guidance on the process and the roll out of district heating plans through a digital energy hub.	Develop a diverse ecosystem of sustainability-related partnerships via subsidiaries and external third parties. New partnership enabling simulation of EPC labels and suggestion of energy-efficiency improvements in Sweden, due to be launched 2024.	Bring down complexity barriers for our customers, making sustainable solutions the easy choice across different core customer journeys and experiences.



Investments

Asset management target progress

Table 4.1 – Overview of asset management targets[46]

Coverage	Target	Metric	Emission boundary	2020 baseline	2023 status	Target year	Target-setting method
Investment products[47]	Align portfolio temperature score by invested value from 2.7°C to 2.1°C	°C	Scope 1, 2	2.70°C	2.29°C	2030	Temperature rating methodology
Investment products[47]	Align portfolio temperature score by invested value from 2.9°C to 2.2°C	°C	Scope 1, 2, 3	2.90°C	2.63°C	2030	Temperature rating methodology
Investment products[47]	50% reduction of the weighted average carbon intensity	Weighted average carbon intensity (tCO_2e/mDKK revenue)	Scope 1, 2	14.3 tCO_2e/ mEUR revenue	7.7 (46% reduction from baseline)	2030	Net Zero Investment Framework and the Net-Zero Asset Owner Alliance's Target-Setting Protocol
Investment products[47]	Engagement with the 100 largest emitters	Engage with all 100 companies	Scope 1, 2, 3	0 (2021 baseline)	47	2025	Net Zero Investment Framework and the Net-Zero Asset Owner Alliance's Target-Setting Protocol

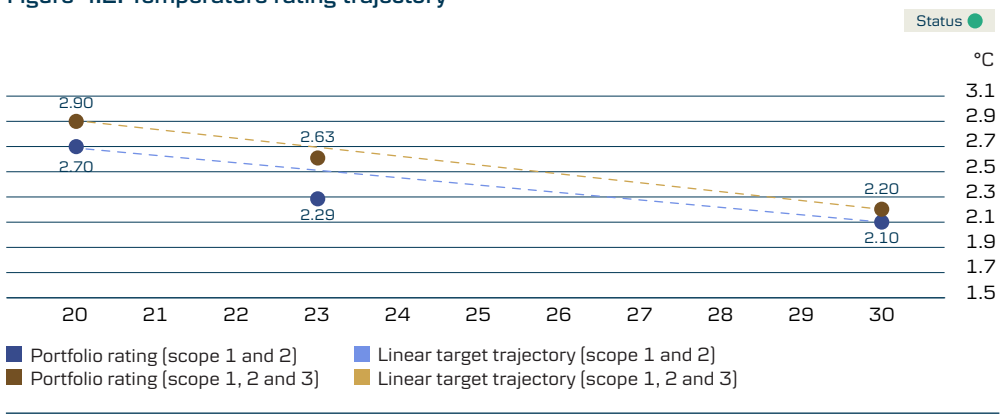
Development

- In 2023, both our SBTi-based temperature rating scores for our portfolios decreased. The target covering scope 1 and 2 decreased to 2.29°C (from 2.70°C in the 2020 baseline year) and the target covering scope 1, 2 and 3 decreased to 2.63°C (from 2.90°C in the 2020 baseline year).

- The improvement is driven by an increase in coverage. There has been an increase in disclosures and ambitions from our investee companies, but there is still a need for more investee companies to publish official climate targets. We remain dedicated to aligning our portfolio with our 2030 temperature rating targets.

- Our weighted carbon intensity was reduced to 7.7 tCO_2e/mDKK revenue in 2023 from 14.3 tCO_2e/mDKK revenue in our 2020 baseline year, which is a reduction of 46%. Two main drivers for the positive developments have been allocation changes within our portfolios and exclusions of certain companies with high carbon intensity. We believe that the decrease in our weighted average carbon intensity may be partly attributed to re-

Figure 4.2: Temperature rating trajectory



[46] See appendix 3 for details on methodologies
[47] Funds, Managed Accounts, Pulje

duced global business activities resulting from the shutdowns during the COVID-19 pandemic.

- In 2023, Danske Bank Asset Management engaged with 27 of our 100 largest emitters, leading to a total of 47 company engagements since the target was set in 2021.
- At year-end 2023, our measured financed emissions stemming from investee companies' scope 1 and 2 within our asset management activities amounted to around 2.2 million tCO_2e, with a data coverage of 71% of our total assets under management (AuM)[48] (2020: 3.7 million tCO_2e with a data coverage of 68%).
- As can be seen from figure 4.5 displaying sector contributions to emissions, the materials, utilities, energy, and industrials sectors are the main contributing sectors, collectively accounting for 82% of total measured financed emissions in 2023 (2020: 81%).

Figure 4.4: Number of engagements with the 100 largest emitters

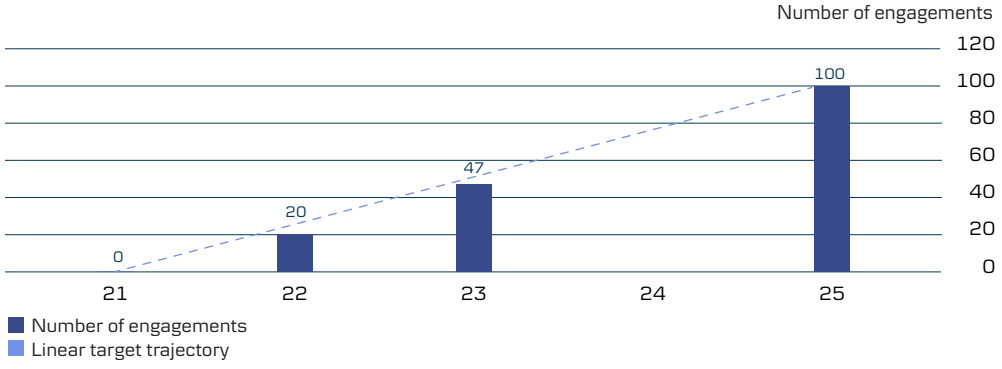


Figure 4.3: Weighted average carbon intensity trajectory

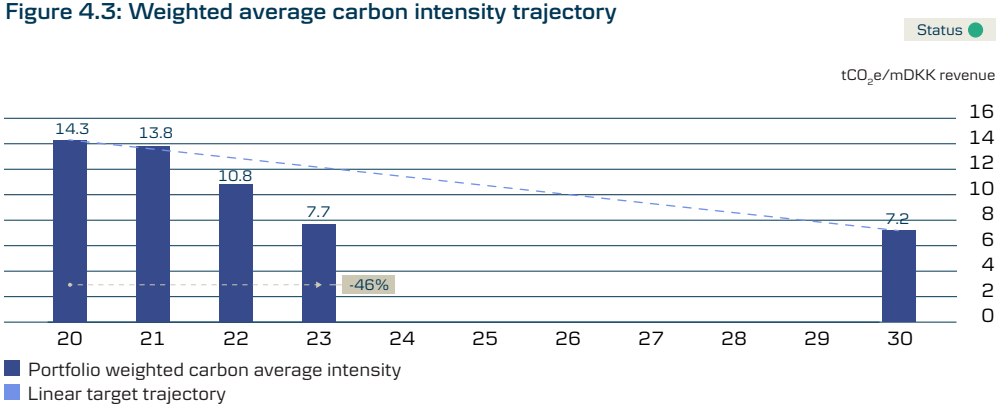
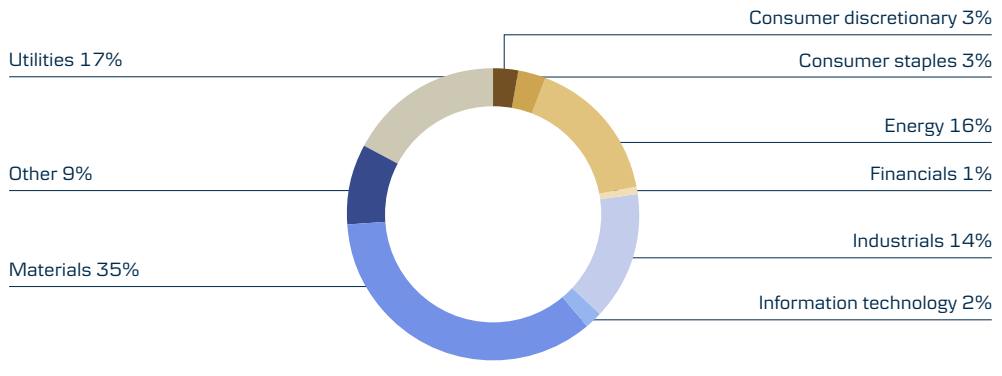
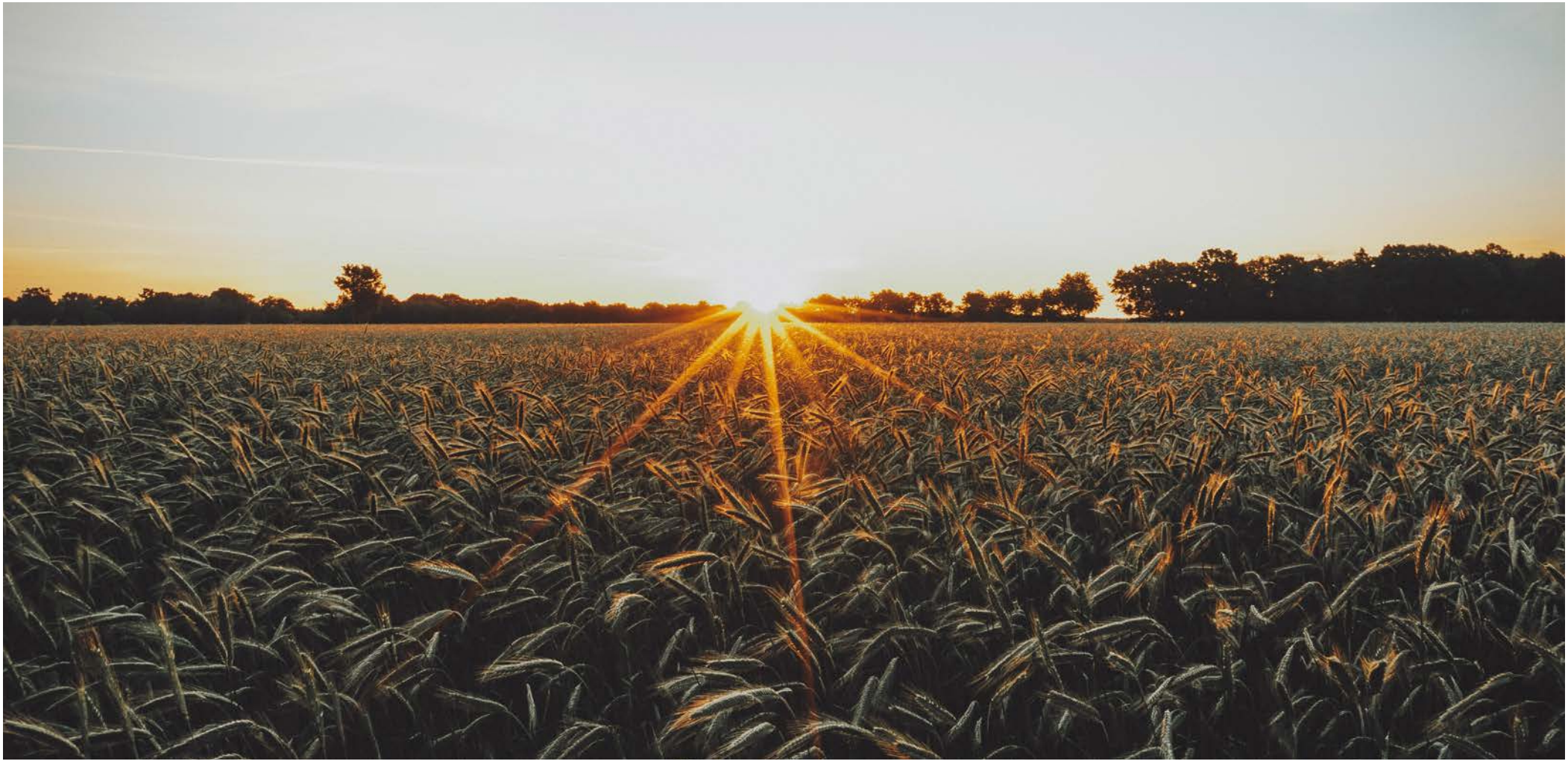


Figure 4.5: Sector contributions to emissions



[48] See more details on data coverage in appendix 3 on page 74



Life insurance and pension target progress

Table 4.6: Overview of life insurance and pension targets[49]

Coverage	Target	Metric	Emission boundary	Baseline year	Baseline status	2023 status	Target year	Target-setting method
Equities and corporate bonds	Align portfolio temperature score by invested value from 2.5°C to 2.0°C	°C	Scope 1, 2	2020	2.50	2.45	2030	Temperature rating methodology
Equities and corporate bonds	Align portfolio temperature score by invested value from 2.8°C to 2.2°C	°C	Scope 1, 2, 3	2020	2.80	2.71	2030	Temperature rating methodology
Energy	Reduce carbon emission intensity in our investments in the energy sector by 15%	gCO_2e/MJ	Scope 1, 2, 3	2019	72.6	69.4	2025	Sector target
Utilities	Reduce carbon emission intensity in our investments in the utilities sector by 35%	tCO_2e/MWh	Scope 1	2019	0.37	0.31	2025	Sector target
Transportation	Reduce carbon emission intensity in our investments in the transportation sector by 20%	Shipping: gCO_2e/tKM Automotive: gCO_2e/km Aviation: gCO_2e/RTK	Shipping/ Aviation: scope 1 Automotive: scope 3	2019	Shipping: 7.0 Automotive: 144.6 Aviation: 885.6	Shipping: 6.2 Automotive: 130.0 Aviation: 926.4	2025	Sector target
Steel	Reduce carbon emission intensity from our investments in the steel sector by 20%	tCO_2e/t crude steel	Scope 1, 2	2019	2.03	1.29	2025	Sector target
Cement	Reduce carbon emission intensity in our investments in the cement sector by 20%	tCO_2e/t cement	Scope 1	2019	0.78	0.56	2025	Sector target
Real estate portfolio	Reduce carbon emission intensity in our Danish real estate portfolio by 69%	$kgCO_2e/m^2$	Scope 1, 2, 3	2019	11	7.3	2030	Portfolio target

[49] See appendix 4 for details on methodologies

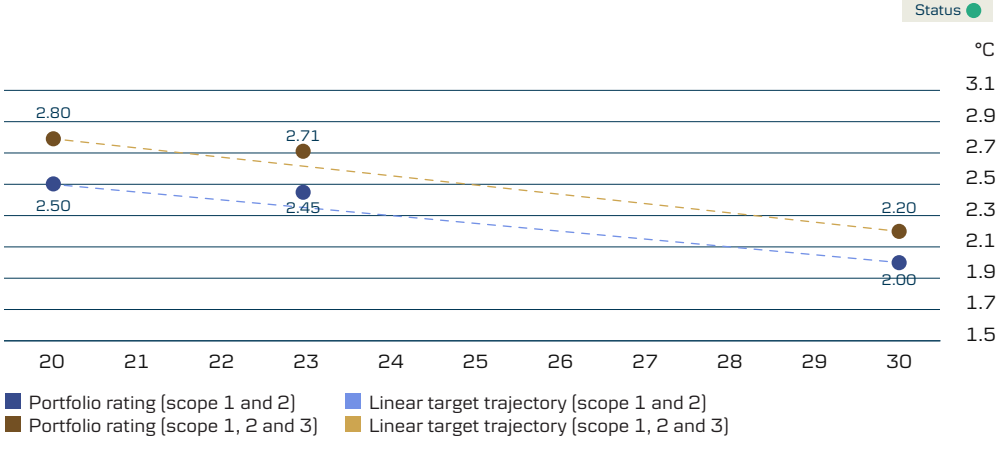
Development

- In 2023, our SBTi-based temperature rating scores of our portfolio decreased slightly. The target covering scope 1 and 2 decreased to 2.45°C from 2.50°C in the 2020 baseline year, while the target covering scope 1, 2 and 3 decreased to 2.71°C from 2.80°C in the 2020 baseline year.

- In 2023, we experienced an increase in coverage. There has been an increase in disclosures and ambitions from our investee companies, but there is still a need for more investee companies to publish official climate targets. We remain dedicated to aligning our portfolio with our 2030 temperature rating targets.

- The aim of our 2025 sector-decarbonisation targets is to reduce the carbon intensity of our listed equities and corporate bonds in the five key sectors between 15 to 35%.[50]

Figure 4.7: Danica Pension – Temperature rating trajectory



- Energy: In 2023, the emission intensity decreased to 69.4 gCO_2e/MJ from 72.6 gCO_2e/MJ in the baseline year 2019, which corresponds to a decrease of 4% and results in tracking above the linear target trajectory.

- Utilities: In 2023, the emission intensity decreased to 0.31 tCO_2e/MWh from 0.37 tCO_2e/MWh in the baseline year 2019, which corresponds to a decrease of 15% and results in tracking above the linear target trajectory.

- Transportation – shipping: In 2023, the emission intensity decreased to 6.2 gCO_2e/tKM from 7.0 gCO_2e/tKM in the baseline year 2019, which corresponds to a decrease of 12% and results in tracking slightly above the linear target trajectory.

- Transportation – automotive: In 2023, the emission intensity decreased to 130.0 gCO_2e/km from 144.6 gCO_2e/km in the baseline year 2019, which corresponds to a decrease of 10% and results in tracking above the linear target trajectory.

- Transportation – aviation: In 2023, the emission intensity increased to 929.4 gCO_2e/RTK from 885.6 gCO_2e/RTK in the baseline year 2019, which corresponds to an increase of 5% and results in tracking above the linear target trajectory.

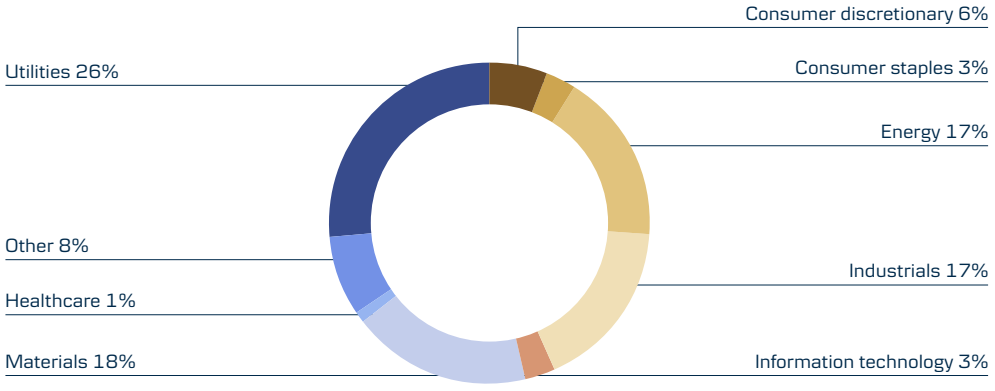
- Steel: In 2023, the emission intensity decreased to 1.29 tCO_2e/t crude steel from 2.03 tCO_2e/t crude steel in the baseline year 2019, which corresponds to a decrease of 37% and results in tracking below the linear target trajectory.

- Cement: In 2023, the emission intensity decreased to 0.56 tCO_2e/t cement from 0.78 tCO_2e/t cement in the baseline year 2019, which corresponds to a decrease of 28% and results in tracking below the linear target trajectory and below the targeted intensity of 0.62 tCO_2e/t cement in 2025.

- There are positive developments and momentum in the steel, shipping and cement sectors; however, the green transition has also become more complex in recent years. Many sectors are facing multiple challenges that are impacting their ability to reduce emissions. Such challenges include include the aftermath of the energy crisis, supply chain challenges, immature and costly climate technologies, and increased inflation levels and interest rates. Despite these challenges, we continue to focus on achieving our

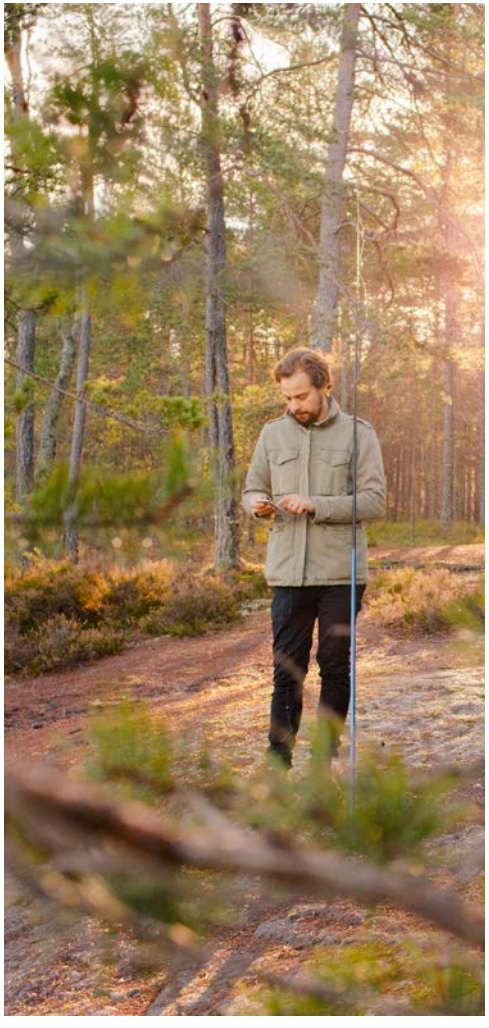
[50] See graphs on target progress for all sectors in the climate target dashboard on page 12-13.

Figure 4.8: Sector contributions to emissions



sector decarbonisation targets through a combination of reallocating investments, exercising active ownership, and applying exclusions.

- Real estate portfolio: As at October 2023, Danica Ejendomme had reduced its emission intensity from its Danish real estate portfolio to 7.3 $kgCO_2e/m^2$ from the 11 $kgCO_2e/m^2$ in the baseline year 2019, which corresponds to an approximate reduction of 34% since 2019. This results in tracking below the target trajectory, and the overall decline since 2019 is primarily the result of a decrease in the CO_2 emission factor on heating in the main area of Copenhagen.
- Total assets under management (AuM) in our life insurance and pension business amounted to DKK 461 billion at year-end 2023. Our measured financed emissions stemming from investee companies' scope 1 and 2 amounted to 1.3 million tCO_2e, covering around 58% of our total AuM (2020: 291 total AuM and covering 64% of total AuM). There is good data coverage for listed equities and corporate credits, but data coverage for sovereign debt and the majority of unlisted equities remains a challenge.[51]
- As can be seen from figure 4.8, the materials, utilities, energy, and industrials sectors are the main contributing sectors, collectively accounting for 78% of total measured financed emissions in 2023 (2020: 74%).



[51] See more details on data coverage in appendix 4 on page 77

Actions and outlook for investment activities

Actions

- We have integrated additional climate-related data into our proprietary ESG analysis tool mDASH®, which enables investment teams to follow individual company net-zero alignment through their carbon emissions, carbon footprint and carbon intensity, as well as through temperature rating and low-carbon transition management quality based on the Transition Pathway Initiative (TPI) framework. The mDASH® tool also enables investment teams to understand industry-specific exposure to climate-related financial and operational risks and opportunities, in accordance with guidance from the Task Force on Climate-related Financial Disclosures (TCFD).

- 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 also engage with a number of major global banks that are involved in supporting the expansion of activities by financing oil and gas corporations that have not demonstrated a credible transition strategy. Danske Bank and Danica Pension's joint efforts with other investors successfully led certain banks to discontinue direct financing of new oil and gas projects. Our engagement and voting activities are described in more detail in our Active Ownership Report.

- We updated our voting guidelines in relation to climate and implemented more specific guidelines for companies' climate action plans, board accountability and the financial sector. This was reflected throughout the 2023 voting season, during which we supported many ambitious climate plans. For companies with a substantial greenhouse gas emissions footprint, we voted against certain boards when we believed that oversight of climate risk and opportunities was too weak in the company or where the needed transparency was lacking. Our approach extends to voting against incumbent directors who bear the responsibility for climate-related decisions. In some cases, we also voted against remuneration reports or amendments to the remuneration policy and climate action reports if climate change considerations were not sufficiently addressed.

- Through our enhanced sustainability standards screening, we excluded 98 companies that had demonstrated weak climate practices. Currently, 386 companies are excluded due to their having activities with significant negative climate impact.

- Danske Bank Asset Management launched a new fund that invests in alternatives with a focus on climate. The fund has the dual purpose of promoting positive climate impact while seeking to generate attractive returns through private markets The fund is initially being launched in Denmark.

- As part of our continuous effort to improve the overall level of knowledge about responsible investments, we offer employees the opportunity to participate in the EFFAS Certified ESG Analyst® training programme.[52] 84 Danske Bank employees have completed the programme and passed the exam, making Danske Bank the number one in the Nordic countries in terms of certified ESG analysts.[53] Additionally, we have conducted 110 ESG Education sessions for the investment organisation since 2018 and expanded our education offerings, which now include offering additional certifications to our organisation.

- We continued to work with the implementation and integration of principal adverse impacts (PAI). The PAI framework, which is part of the Sustainable Finance Disclosure Regulation (SFDR), consists of adverse impact indicators, called PAI indicators, which focus on environmental and employee matters, respect for human rights, and anti-corruption and anti-bribery matters. Notably, several of the mandatory PAI indicators relate directly to climate change: scope 1 GHG emissions, scope 2 GHG emissions, scope 3 GHG emissions, total scope 1|2 emissions, total scope 1|2|3 emissions, GHG intensity of investee companies, share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable

[52] European Federation of Financial Analysts Societies
[53] https://www.sustainax.com/index.php/2023/08/24/nordic-certified-esg-analysts-4-danske-bank-still-in-pole-position-in-front-of-nordea-alandsbanken-in-a-strong-third-position-and-norway-still-lagging/

energy sources compared to renewable energy sources, and energy consumption intensity.

- In relation to PAI, we have implemented some safeguards in our trading system, so-called pre-trade warnings, aimed at companies with significant emissions or emission intensity, for example.

- We enhanced our internal management climate reporting within Danske Bank Asset Management, which means we are now able to follow and track climate emissions and climate intensity on a month-to-month basis. We will continue to enhance the management climate reporting during 2024.

- In 2023, Danica Pension increased its investments in the green transition to DKK 55.4 billion, thereby reaching the DKK 50 billion interim target for 2023.

- In 2020, Danica Pension launched Danica Balance Responsible Choice, an alternative pension investment solution to its main investment product, Danica Balance. The underlying investments in Danica Balance Responsible Choice have a more targeted focus on promoting sustainable progress. The total assets under management (AuM) in Danica Balance Responsible Choice amounted to DKK 4.9 billion at year-end 2023, which is an increase of 46% in relation to 2022. In 2023, the number of policies with Danica Balance Responsible Choice increased 52%.

Outlook

- To reach our climate targets, we are dependent on companies transitioning. As we move forward, we may encounter obstacles along the way that curtail the green transition, as already seen in 2023. Several factors such as a potential energy crisis, inflation, and lack of affordable and scalable climate solutions may continue to affect investee companies' ability to cut emissions. Potential lack of sufficient improvement will underscore the need for more ambitious actions, and we will urge companies to prepare plans for how they can speed up their transition efforts over the long term.

- We firmly believe that active ownership is the most effective way to ensure transition. Ongoing engagements with energy-intensive companies and voting at general meetings remain our focal points when it comes to supporting corporates in accelerating climate action. Given the scale of the challenge, we recognise the importance of addressing the dependence on and demand for fossil fuels across industries and stakeholder groups. Our next steps involve continued dialogue with companies within energy-intensive sectors driving fossil fuel demand, such as the automotive, utilities, cement and steel sectors.

- We will also continue to encourage investee companies to set climate targets and make these public in order to further align our implied temperature rating towards a 1.5°C trajectory. We expect this ambition to be supported by upcoming CSRD requirements.

- We remain steadfast in delivering on our climate commitments and targets through continuously developing the three levers of inclusion of climate considerations in company analysis and portfolio construction, active ownership, and exclusions. Furthermore, we will continue to enhance our product offerings, thereby enabling our customers to invest in the green transition.

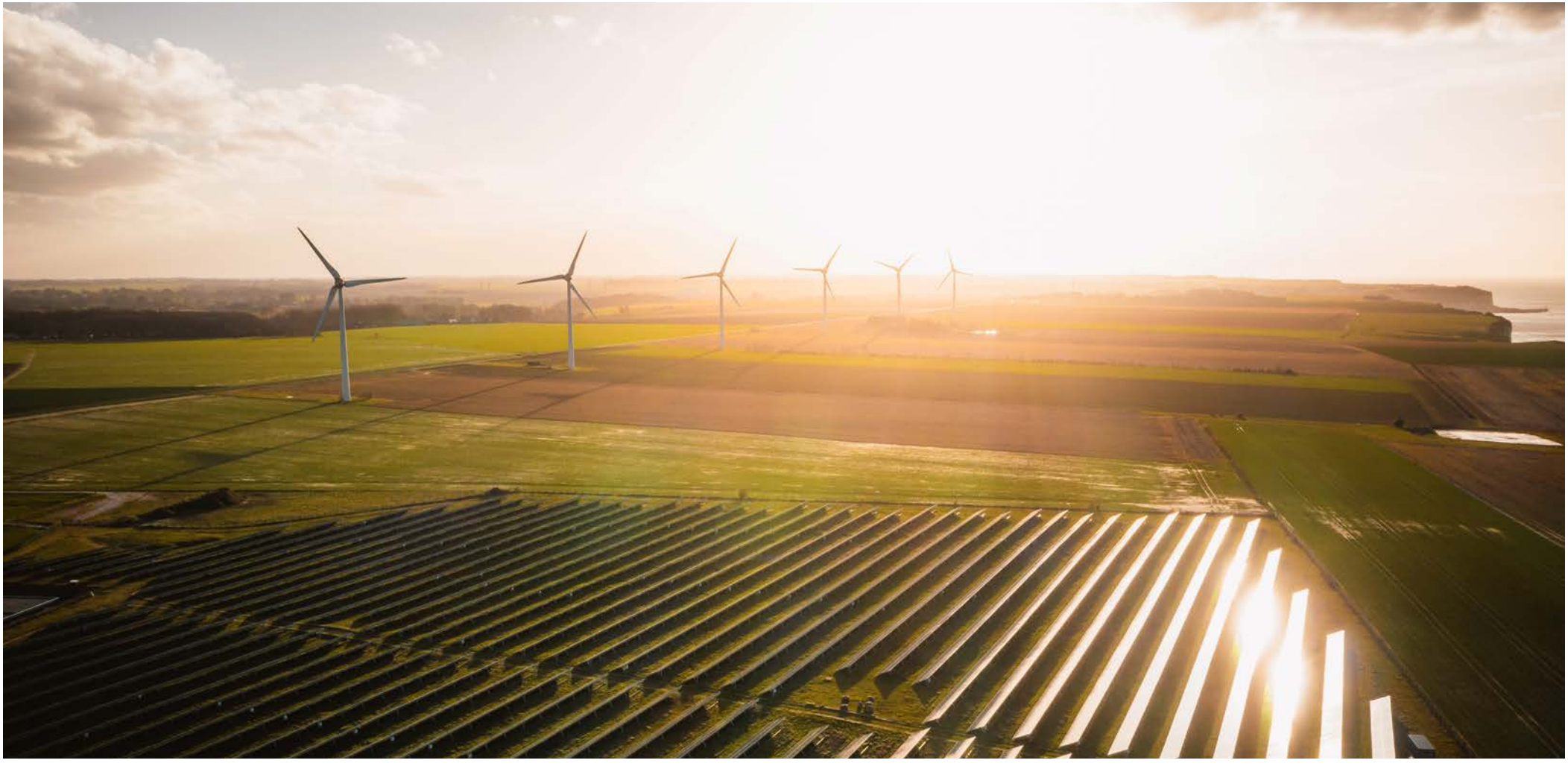


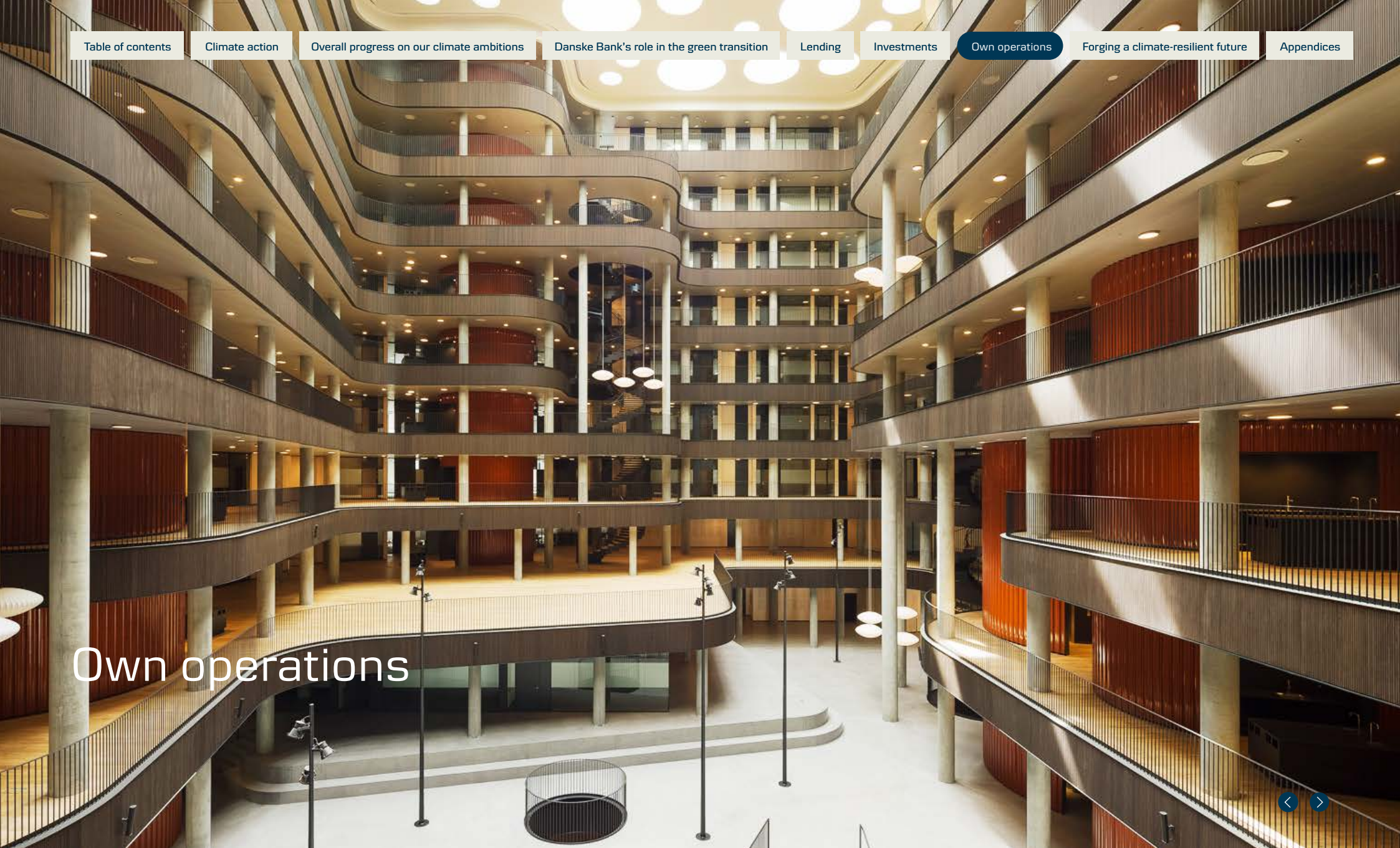
Table 4.9 – List of actions that support the achievement of our climate targets[54]

Scope	Initiative/action	Development	Planned action towards 2030	Expected impact
Inclusion	ESG analyst training	84 European Federation of Financial Analyst Societies certified ESG analysts. 110 ESG educational session held within Asset Management.	Continue to develop expertise competencies within the sustainability agenda and expand our training offerings.	Enabling inclusion of ESG considerations in investment decisions and improving our active ownership engagements to drive transformation within investee companies.
	mDASH® development	Additional climate-related data was integrated into our proprietary ESG analysis tool.	Continue to enhance our ESG analysis tool by integrating climate related data as data and research develops.	Enabling inclusion of ESG considerations in investment decisions and improving our active ownership engagements to drive transformation within investee companies.
	Product development	We launched a new alternative fund that invests in climate-related infrastructure.	We will continue to improve our current product offering.	Enabling our customers to invest in the green transition.
	Danica Balance Responsible Choice (DBRC)	Assets under management in DBRC amounted to DKK 4.9 billion at year-end 2023, which is an increase of 46% from 2020. The amount of polices within DBRC increased 52% in 2023.	In 2023, Danica Pension launched a dedicated marketing campaign that focuses on the future and includes DBRC. Danica Pension will continue to market the product to customers.	Enabling our customers to invest in the green transition.
	Green transition investments (Danica Pension only)	In 2023, Danica Pension increased its investments in the green transition to DKK 55.4 billion, thereby reaching the DKK 50 billion interim target set for 2023.	Invest DKK 100 billion in the green transition by 2030.	Enabling the green transition through our investments.
	Pre-trade warnings	In relation to PAI, we implemented a number of safeguards in our trading system that provide alerts to our investment teams.	We will continue to develop our monitoring and controls in relation to further strengthening climate-related considerations.	Strengthen control environment in relation to climate-related considerations in investment processes.
	Climate management reporting	We enhanced our reporting capabilities and can now track climate emissions and climate intensity from month to month.	We will continue to expand our climate reporting, and we aim to include our temperature rating targets.	Enabling us to track and follow our targets more closely and navigate our investments as well as ensuring attention and oversight from senior management, facilitating timely action.

[54] The list is non-exhaustive.

Table 4.9 – List of actions that support the achievement of our climate targets – continued

Scope	Initiative/action	Development	Planned action towards 2030	Expected impact
Active ownership	Engagement target	In 2023, we engaged with an additional 27 of our 100 largest emitters and have now engaged with 47 of these largest emitters in total.	Engage all 100 largest emitters by 2025, allocating more resources to our engagement activities.	Support portfolio companies in their green transition.
	Updated voting guidelines	We updated our voting guidelines in relation to climate.	We update our voting guidelines each year and will continue to integrate new research, data and expectations into our voting activities.	Support the green transition through our voting activities.
	Voting	Danske Bank Asset Management supported 62% of all climate proposals in 2023.	Each year, we update our voting guidelines and review our expectations in relation to companies' climate efforts. We expect to increase our expectation levels over time.	Support the green transition through our voting activities.
	Collaborative initiatives	Through the campaigning organisation ShareAction, we collaborate with other investors to successfully engage with financial institutions about their fossil fuel policies.	Continue to utilise the knowledge, research and data that we gain from initiatives such as Climate Action 100+, ShareAction, PCAF, IIGCC.	Through collaborative efforts, we can have a stronger voice when we engage with companies.
Exclusion	Enhanced sustainability standards screening	We excluded 98 companies that had demonstrated weak climate practices. In total, 386 companies have been excluded due to their having activities with significant negative climate impact.	We will continue to screen our investment universe. We continuously update our data and models, enabling us to follow the latest research and trends.	Excluding certain companies may reduce investments in activities that result in significant negative impact on the climate.
	Principal adverse impact (PAI) framework	We integrated the PAI framework into our investments and now focus on seven different climate indicators.	Implementing and integrating EU regulation, such as the SFDR and its requirements, will continue towards 2030.	Excluding certain companies may reduce investments in activities that result in significant negative impact on the climate.



Own operations

Own operations target progress

Table 5.1 – Own operations target overview[55]

Coverage	Metric	Emission boundary	2019 baseline	2023 status	2030 target (% reduction)	Target-setting method
Own operations	tCO_2e	Scope 1, 2 and currently measured scope 3 categories	17,302[56]	9,292	6,921 (60% reduction)	Absolute emission reduction
Own operations	tCO_2e	Scope 1, 2	5,106[56]	1,954	1,021 (80% reduction)	Absolute emission reduction

Although emissions from our own operations account for only a small part of Danske Bank's total carbon impact, we need to minimise these operational emissions to achieve our target of becoming a net-zero bank by 2050. Only by taking action to reduce our own footprint can we set a good example for our customers and stakeholders.

Development

- We achieved our short-term emissions reduction target for 2023 of a 40% reduction in relation to 2019. Emissions from our own operations decreased to 9,292 tCO_2e across scope 1, 2 and currently reported scope 3 categories in 2023, as compared with 17,302 tCO_2e in our 2019 baseline year. Our baseline number was adjusted in 2023 owing to the addition of benefit cars[57] that were not reported previously and correction of emissions factor for district heating in Denmark. We have also included the baseline emissions from working from home, which are included under employee commuting. All numbers have been backdated to 2019. Following the baseline adjustment, the reduction in operational emissions from 2019 to 2023 corresponds to a 46% reduction. Operational emissions cover emissions stemming from our daily global operations, such as energy for running our premises, business travel and emissions relating to working from home across all countries.
- However, emissions from our own operations were higher in 2023 than for 2022. Whereas emissions in scope 1 and 2 decreased from 2,307 tCO_2e to 1,954 tCO_2e, total emissions from all three scopes increased from 8,362 tCO_2e to 9,292 tCO_2e in 2023.
- The categories with the highest emissions remain the same as last year, namely business travel by air and road, purchased heat, and purchased electricity (omitted from market-based reporting), with business travel being responsible for 63% of total emissions (scope 1, 2 and 3) in 2023 against 54% in 2022.

Scope 1 and 2

- Direct emissions from company vehicles have decreased to 7 tCO_2e, which is 28% less that in 2022. Currently, there are four vehicles in scope for company car travel emissions, whereas in 2022 there were three vehicles in scope. The newly added vehicle is an electric vehicle.
- Direct emissions from company facilities through on-site heating decreased to 194 tCO_2e in 2023 from 235 tCO_2e in 2022. In 2022, we transitioned from fossil fuel to electric heating for all free-standing branches in Northern Ireland. We still depend on fossil fuels for our head offices in Northern Ireland, where electrification is not feasible and both consumption and emissions remain at a similar level to the previous year. For the branches in Denmark that rely on heating from gas, biogas certificates of origin are purchased.
- Emissions from purchased electricity decreased to 4,552 tCO_2e in 2023 from 5,840 tCO_2e in 2022, which is a 22% decrease. The reduction was driven by our ongoing work with energy efficiency through LED lights and motion sensors. This is visible only in our location-based

[55] See appendix 5 for details on methodologies
[56] The baseline figure has been restated due to material changes in methodology applied and correction of the assigned data in the scope categories. See our Sustainability Factbook 2023 for further details.
[57] The term 'benefit cars' covers vehicles that an employee has access to as part of their employment contract. Unlike company cars, which are in Danske Bank's direct operational control and therefore categorised under scope 1, benefit cars are not in direct operational control and are categorised under scope 3.

Figure 5.2: Decarbonisation pathway own operations (scope 1 and 2)

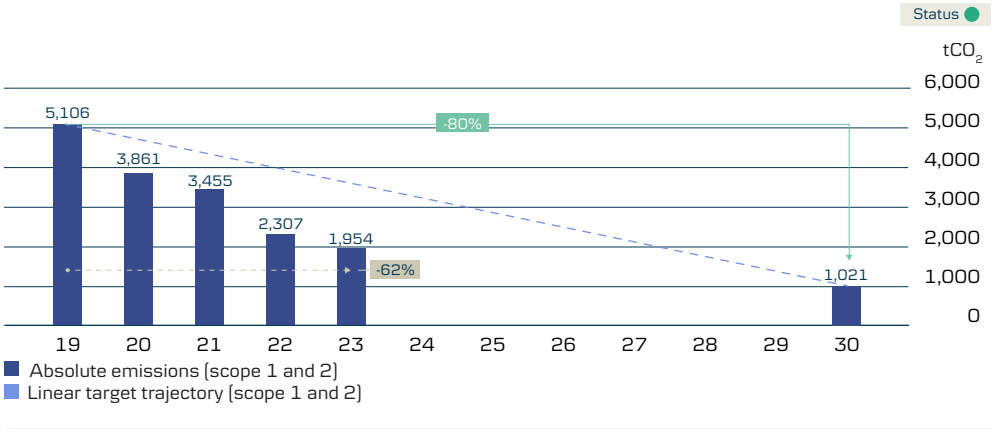
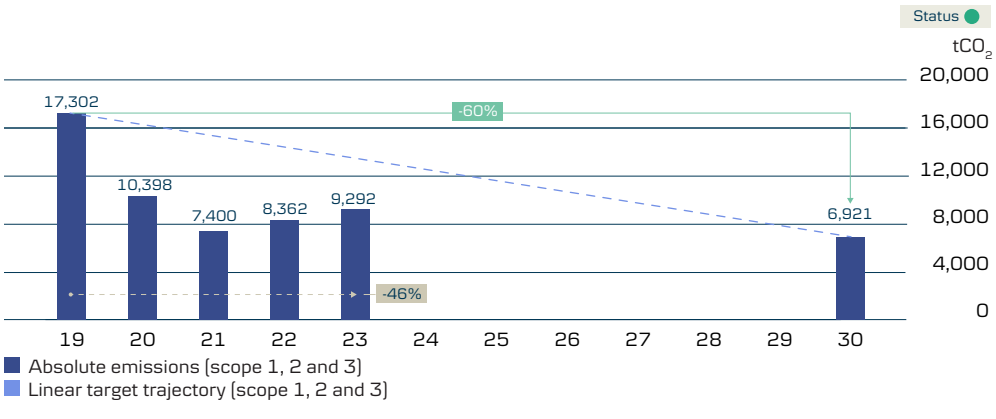


Figure 5.3: Decarbonisation pathway own operations (scope 1, 2 and 3)



reporting because we omit emissions from purchased electricity in our market-based reporting due to our purchase of renewable energy certificates.

- Emissions from purchased heat decreased to 1,753 tCO_2e in 2023 from 2,062 tCO_2e in 2022, corresponding to a 15% reduction. This development can largely be attributed to footprint optimisation in our premises.

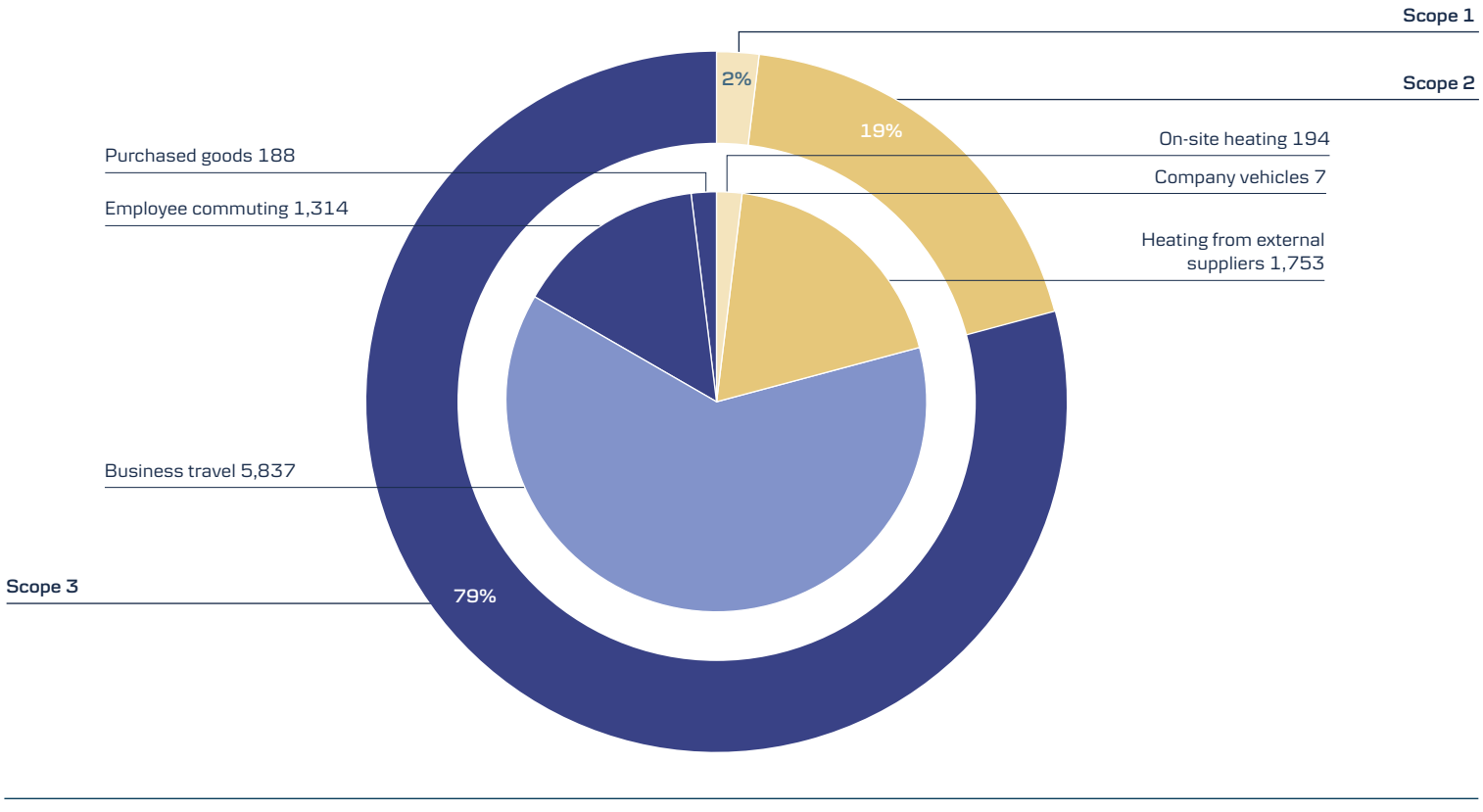
Scope 3

- Emissions from business travel by air increased to 3,660 tCO_2e in 2023, which is a 56% increase from 2022 (2,345 tCO_2e) but is still significantly lower than 2019 (7,485 tCO_2e). Business travel by air is therefore the main contributor to the increase in total CO_2e emissions from our own operations. We consider 2023 as the first full year with no impact from the COVID-19 pandemic and see Danske Bank's travel activities finding a new level. One reason behind the increase in air travel in 2023 was our divestment of Danske IT in India and its sale to InfoSys, which was an operation that required a careful handover and therefore entailed an increased level of travel activity between Europe and India. In addition, we experienced a higher level of domestic travel activity related to the process of strengthening team relationships following the impact of COVID-19.
- Business travel by road decreased marginally in 2023 to 2,176 tCO_2e from 2,181 tCO_2e in 2022. As from 2023, emissions from employee benefit cars in Denmark are included, and there has been a restructuring of car mileage reporting to ensure consistency across countries and scopes. When comparing like for like with backdated data, emissions from road travel were similar to 2022 levels, but they were 45% lower than 2019 levels.
- In 2023, emissions from employee commuting (emissions from working from home) amounted to 1,314 tCO_2e and remained at a similar level as in 2022 (1,342 tCO_2e), indicating a stable level of remote working. Similarly, emissions in 2023 from purchased goods (paper consumption) remained at a similar level to 2022 levels, with 188 tCO_2e in 2023 and 187 tCO_2e in 2022.

Actions

- To reduce emissions from business travel, we have updated our company car policy in Denmark, initiating a shift towards a fleet consisting of 100% electric cars. This transition will further contribute to future reductions in emissions from car travel as these non-electric cars account for 13% of scope 3 emissions.

Figure 5.4: Emissions distribution across scopes in 2023 (in tCO_2e and %)



- Our work towards a more sustainable supply chain has three focal points. Suppliers with active contracts sign a Supplier Code of Conduct, which is an elementary and binding part of our agreements and mirrors Danske Bank's ethical guidelines. In addition, we risk-assess existing suppliers that have an active contract with us, and we invite them to undergo an ESG due diligence review that focuses on the environment, human rights, health and safety, anti-corruption topics and responsible supply chain topics. We safeguard that the products and services we purchase are produced responsibly and that our procurement processes help our suppliers to improve their ESG performance.

- Reducing emissions from our own operations as much as we can remains a high priority. However, some emissions are unavoidable and a longer time horizon is required to eliminate them completely. Since 2009, Danske Bank has offset operational emissions and continued to do so in 2023. We are continuing our strategy of purchasing 100% carbon credits in the form of removal projects, which ensures that every tonne of CO_2e emissions is compensated for by one tonne being removed from the atmosphere. The majority of these offsets are invested in nature-based solutions such as reforestation, and a smaller proportion is invested in technology-based solutions

that employ new solutions for carbon removal. 100% of our emissions offsets from our own operations are sourced through verified carbon removal projects.

Outlook

- To reduce direct emissions from company vehicles, we plan to explore the feasibility of replacing the remaining three petrol and diesel cars with electric vehicles.
- To further reduce purchased heat and electricity emissions, we will continue to focus on finding more energy-efficient solutions for our premises and on utilising the available floorspace in the most optimal way. We are also exploring biogas and hydrogen as a means to reduce emissions from company facilities in Northern Ireland. For the four branches in Denmark that still have gas-powered heating, we will continue to purchase biogas certificates of origin and maintain our dialogue with municipalities regarding switching to district heating.
- In connection with the process of moving to our new domicile in Copenhagen in 2024, we expect an increase in purchased heat and electricity because we will have parallel energy consumption at our existing sites in Greater Copenhagen during the transition period. From 2026, we expect the relocation to our new Copenhagen domicile to have a positive net effect on energy consumption.
- To mitigate further increase in emissions from business travel by air, we are developing a CO_2e budget with organisational-level quotas, which we aim to implement in 2024. This will be supported by a new CO_2e dashboard to help business units stay within their quota, and it will include a CO_2e calculator that will help travellers plan their travel in the greenest way. In the updated travel policy, we will move from being cost focused to being more CO_2e focused, and rules and guidelines will support that journey. In 2024, the CO_2e budget is set at 3,214 tonnes CO_2e emissions, which is a 12% reduction in relation to 2023 results.
- We expect to see an increase in employees working from the office and therefore predict a reduction in emissions from working from home. Aside from changes in day-to-day working habits, reductions in emissions can be achieved mainly through changes in the energy sources used in the individual countries we operate in.
- In 2024, we will review our position towards buying energy attribute certificates and we will also review our offsetting strategy.
- Although our CO_2e emissions have increased from 2022, we remain positive that we are on the right track to achieve our 2030 and net-zero targets. In 2023, we achieved our target to reach a 40% reduction across scope 1, 2 and currently reported scope 3 with a 6% margin.

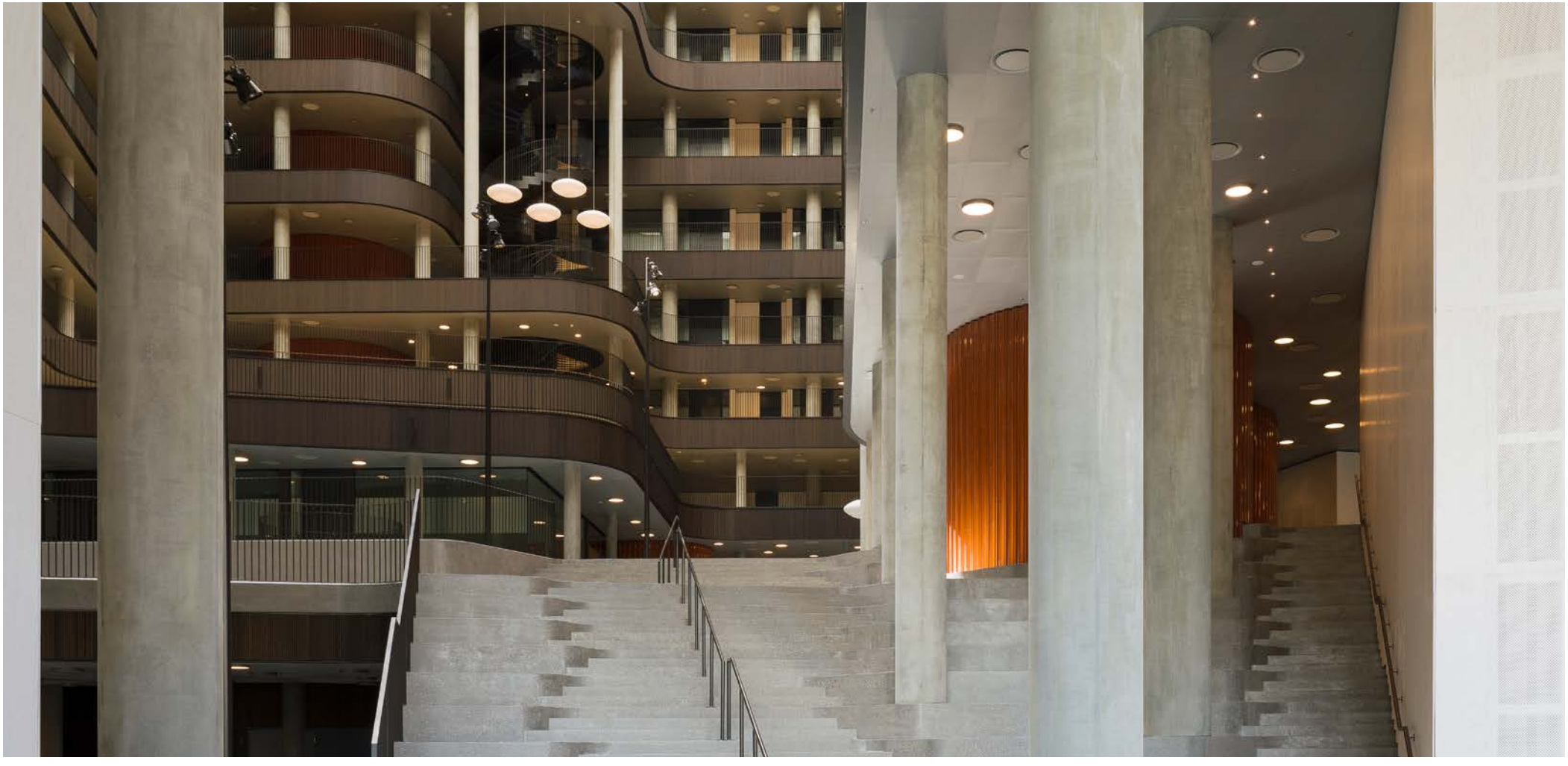


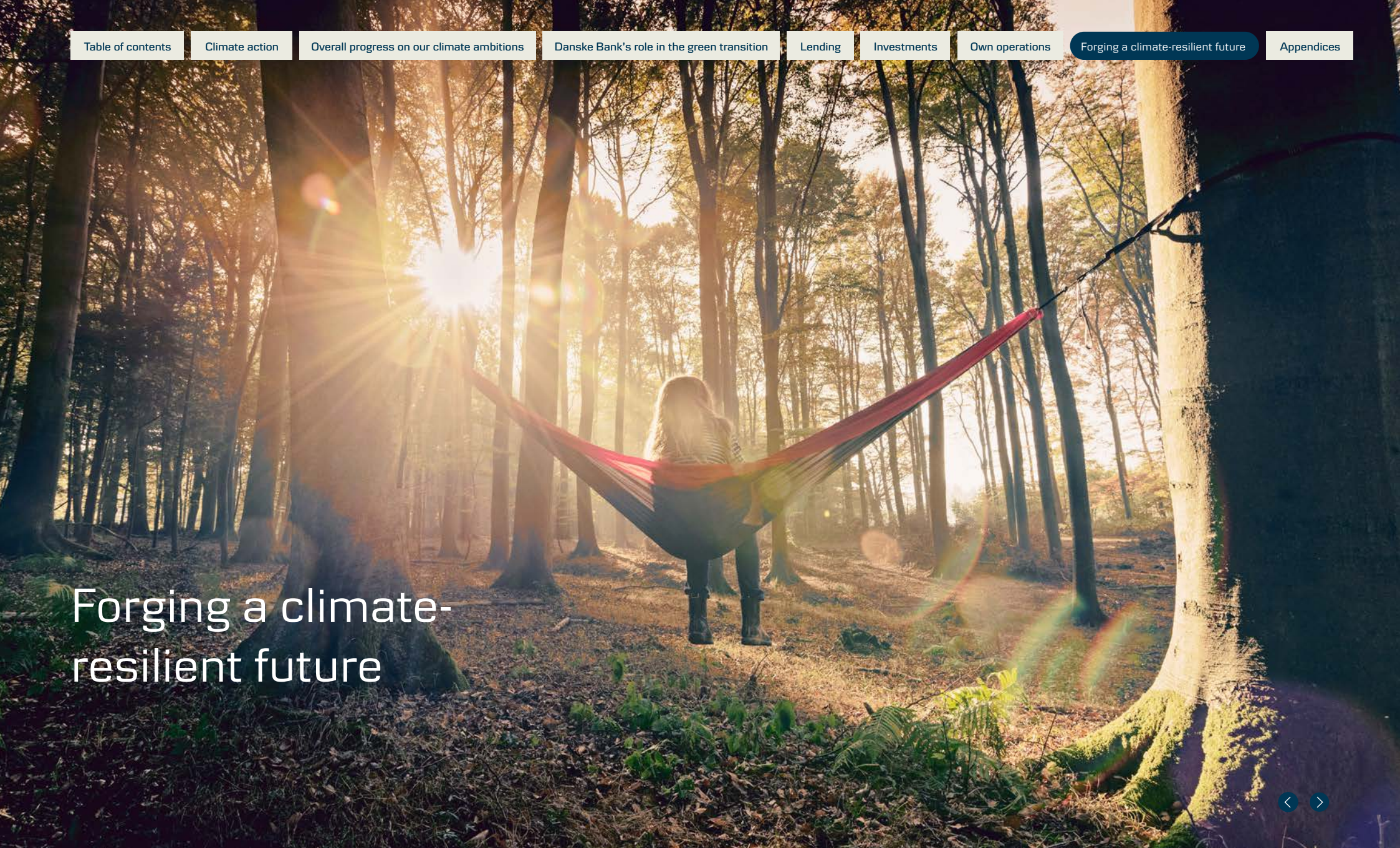
Table 5.5 – List of actions that support the achievement of our climate targets[58]

Scope	Initiative/action	Development	Planned action towards 2030	Expected impact	Emissions distribution
General	**Supplier assessment (Group)** ESG assess all current in-scope suppliers through new ESG assessment process by 2023	Among 2,208 active suppliers, all 1,585 in-scope suppliers were ESG assessed, 1,131 are ESG compliant per our definition.	Reduce gap between total number of in-scope suppliers and assessed suppliers. Follow-up with ESG-assessed suppliers and initiate supplier dialogue based on risk and impact assessment.	Ensure that products and services are produced responsibly and ensure a more resilient and diverse supply chain.	N/A not quantifiable in CO_2e
	Sustainability awareness (Group) Increase general sustainability awareness and knowledge	Two employee sustainability communities launched.	Explore the possibility of introducing a new learning platform that focuses on sustainability topics.	Increased employee engagement in relation to sustainability.	N/A not quantifiable in CO_2e
Scope 1	**Electric vehicles (Group)** Transition to 100% electric company vehicles	Of the four cars, one is an electric vehicle and therefore in scope of our emission-reduction ambition.	Explore the feasibility of replacing the remaining three petrol and diesel cars with electric vehicles.	97% emissions reduction from fuel.	<1%
	On-site heating (Northern Ireland) Transition from fossil fuel heating across Northern Ireland portfolio	Considering options (e.g. biogas and hydrogen) for remaining offices that cannot be electrically heated.	Continue exploration of alternatives. Exploring options (e.g. biogas and hydrogen) for remaining offices that cannot be electrically heated.	100% emission reduction in market-based reporting. Biogenic emissions reported outside scopes.	<1%
	On-site heating (Denmark) Transition to district heating across DK portfolio	No change.	Dependent on action being taken by municipalities. Ongoing discussions with landlords, awaiting municipality action to district heating transition, currently no short-term plans.	100% emission reduction of scope 1, emission increase from district heating scope 2.	<1%[59]
	On-site heating (Denmark) 100% biogas solution for Denmark	Purchase of guarantees of origin (GoO) for biogas in place.	Purchase of GoOs for biogas will continue until the remaining sites have transitioned to district heating.	Continuation of the existing situation, i.e. 100% emission reduction in market-based reporting. Biogenic emissions reported outside scopes.	<1%[59]
Scope 2	**Purchased electricity (Group)** 100% renewable electricity across portfolio	Energy attribute certificates – Europe: EKOenergy certified; UK: REGO; and India: I-RECs.	In 2024, we will review our position towards buying energy attribute certificates.	Continuation of the existing situation, i.e. 100% emission reduction in market-based reporting.	33%[60]
	Purchased electricity (Group) Electricity reduction with energy optimisations	Energy optimisations e.g. through LED lights, motion sensors and efficient use of office spaces (footprint optimisation).	Electricity usage to increase in 2024 due to new Copenhagen domicile. We anticipate a 7% emissions drop from electricity when we relocate from current locations to the new domicile.	Emissions savings dependent on project.	33%[60]
	Purchased heating (Group) Footprint management – energy-efficient buildings and efficient use of office spaces	Ongoing work with footprint optimisation and more energy-efficient buildings.	Heat consumption to increase in 2024 due to new Copenhagen domicile. We anticipate a 50% emissions reduction from heating when we relocate from current locations to the new domicile.	Emissions savings dependent on project.	19%

[58] The list is non-exhaustive.
[59] Currently 0% in reported numbers as these are omitted due to certifications
[60] 0% in market-based reporting, 33% in location-based reporting

Table 5.5 – List of actions that support the achievement of our climate targets – continued

Scope	Initiative/action	Development	Planned action towards 2030	Expected impact	Emissions distribution
Scope 3	**Purchased goods and services, paper (Group)** Continued focus on digitalisation and tools to reduce printing	Existing digitalisation focus.	Ongoing digitalisation focus.	Emissions from paper use declined 50% since 2019 baseline year.	2%
Scope 3.1	**Purchased goods and services, other (Group)** Track emissions and active dialogue with suppliers on how to reduce emissions	Preparation for an emissions baseline on a spend-based methodology.	Ongoing work to establish a methodology, process, and baseline for emissions for purchased goods.	Will show an increase in reported Scope 3 numbers.	To be determined during 2024
	Business travel, air (Group) Active management of business travel	Air travel emissions significantly up in 2024 due to increased travel activity between Europe and India in connection with the sale of Danske IT.	Implementation of CO_2 quotas and updated dashboard in 2024 to manage travel emissions. Shifting to CO_2-focused travel policy with 2024 budget at 3,214 tonnes, 44% reduction from 2023.	Ambition to cut air travel emissions 70% by 2030 in relation to 2019.	39%
Scope 3.5	**Waste in operations (Group)** Implementation of Winnow food waste reduction technology	Global waste analysed and our process updated. Waste emissions found immaterial for scope 3.	Data will be used for targeted efforts to e.g. reduce single-use items globally.	Reduction of 3.8 tonnes of CO_2e through reduced food waste with Winnow food waste reduction technology.	Out of scope (immaterial emissions)
Scope 3.6	**Employee cars (Group excluding DK)** Electric vehicle charging infrastructure at office sites and enabling electrical company benefit cars	In 2023, we track fuel type mileage for better insights.	In 2024, we will explore the possibility of replacing petrol/diesel powered benefit cars with electrical vehicles outside Denmark. We cannot influence employees' private cars used for business trips.	Impact from electric vehicle charging stations not tracked.	1%
	Employee cars (Denmark) Enabling electrical company benefit cars	Company car policy in Denmark updated to transition to 100% electric company car fleet.	Electric company car fleet transition to happen gradually over the years when current lease agreements end.	Impact of mileage from employee benefit cars service is tracked. Employee personal car mileage for business trips is tracked. 10% emissions reduction assuming 100% electrical car fleet.	11%



Forging a climate-resilient future

As a financial institution, Danske Bank has the ability to support the green transition of the real economy through strong collaboration with our customers, investee companies and stakeholders. New knowledge and technologies will need to be developed for us to achieve net zero by 2050 or sooner, and we will need to act with collaborative coordination across the political landscape, academia, finance and industries.

Danske Bank actively participates in sector-specific and international forums such as the Partnership for Carbon Accounting Financials (PCAF), the Principles for Responsible Banking (PRB), the Principles for Responsible Investment (PRI), the Net-Zero Banking Alliance, the Net Zero Asset Managers initiative, the Net-Zero Asset Owner Alliance, and Climate Action 100+. We engage in these forums to contribute to the vital discussions on how we as a financial institution can best support the needed transition towards net zero.

To foster the building of sustainability knowledge and sustainability capability within society, we also sponsor academic research, for example at Copenhagen Business School. We support advocacy efforts through our industry association memberships that aim to ensure a well-functioning European regulatory framework for sustainable finance, and we participate in related expert groups such as the European Financial Reporting Advisory Group. In all forums, we advocate for transition towards net zero in order to support the goals of the Paris Agreement.

The journey ahead

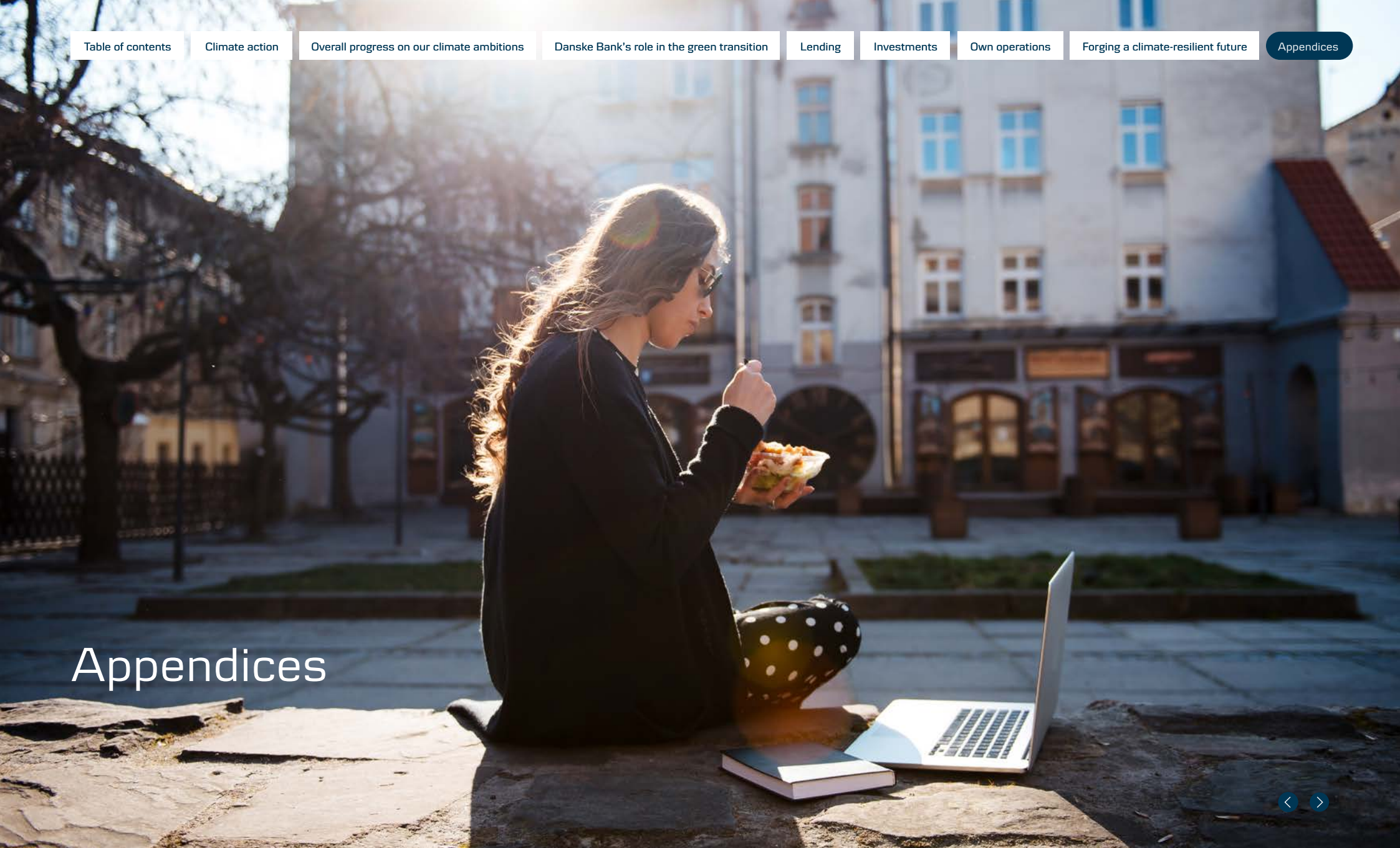
At Danske Bank, we fully acknowledge and embrace our responsibility to support our customers through their transitions towards a more sustainable economy. In our sustainability efforts, we take a holistic approach and seek to avoid doing any significant harm to some sustainability objectives while pursuing others. We recognise the interconnected nature of sustainability challenges and take into consideration potential trade-offs, for example trade-offs 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. These efforts are described in detail in our human rights report.

As part of our human rights due diligence of larger companies within our lending portfolio, we engage in dialogue on specific human rights questions with companies operating in sectors where there is a high risk of adverse impacts on human rights in their supply chain, for example mineral extraction and refinement for renewable energy. In our Sustainability Strategy, we have set the ambition to formalise our human rights risk assessment of high-risk sectors even further by developing and implementing an enhanced human rights assessment framework for corporate customers (LC&I) within high-risk sectors, including those associated with the expansion of renewable energy.

While this Climate Action Plan Progress Report primarily addresses climate through CO_2e emission reduction targets, we fully recognise the interconnectedness between climate change and the nature and biodiversity crisis. Healthy ecosystems are essential for climate resilience, and at Danske Bank we have initiated our first steps to address the nature crisis by signing up to the Partnership for Biodiversity Accounting Financials (PBAF), signing the Finance for Biodiversity Pledge during 2022, joining the global investor engagement initiative Nature Action 100, as well as launching our first biodiversity engagement targets in September 2023. We emphasise the fact that nature and biodiversity need to be considered an integral part of the climate agenda. As we move ahead towards achieving our climate objectives, we recognise that transition progress will vary across sectors. Some sectors will outperform projections and expectations, whereas other sectors may encounter challenges and underperform. We expect trajectories to be non-linear. Our overall measure of success for the climate agenda will be to support a transition towards a low-carbon real economy where total absolute emissions decrease in line with the goals of the Paris Agreement.

The journey ahead is undeniably vast, and the time available is limited. This represents the defining challenge we, as a society, must confront. One that demands a collective response from politicians, financial institutions, businesses and individuals across our society. Together, we can transform our economies and societies and create sustainable progress today and for generations to come.



Appendices

Appendix 1 – Overview of Danske Bank climate targets

	Sector	Metric	Emission scopes	Target (% reduction)	Baseline year	Target year	Target-setting method
Lending	Shipping	Alignment delta	Scope 1 and upstream scope 3	0%	2020	2030	Sectoral decarbonisation / Poseidon Principles
	Oil and gas – exploration and production	Financed emissions million tCO_2e	Scope 1, 2 and 3	2.5 (50% reduction)	2020	2030	Sectoral decarbonisation, projection
	Oil and gas – downstream refining	Financed emissions thousand tCO_2e	Scope 1, 2	87.6 (25% reduction)	2020	2030	Sectoral decarbonisation, projection
	Oil and gas – downstream refining	gCO_2e/MJ	Scope 3	53.3 (25% reduction)	2020	2030	Sectoral decarbonisation, projection
	Power generation	$kgCO_2e/MWh$	Scope 1	38.4 (50% reduction)	2020	2030	Sectoral decarbonisation approach
	Steel	tCO_2e/t	Scope 1, 2	0.82 (30% reduction)	2020	2030	Sectoral decarbonisation approach
	Cement	tCO_2/t[61]	Scope 1, 2	0.48 (25% reduction)	2020	2030	Sectoral decarbonisation approach
	Commercial real estate – Nordic portfolio (residential and non-residential)	$kgCO_2e/m^2$	Scope 1, 2	6.1 (55% reduction)	2020	2030	Sectoral decarbonisation approach
	Personal mortgage – Nordic portfolio	$kgCO_2e/m^2$	Scope 1, 2	7.3 (55% reduction)	2020	2030	Sectoral decarbonisation approach

[61] Because customers do not disclose intensities based on all greenhouse gas (CO_2e) emissions, the target is currently based on emissions of CO_2 only.

Appendix 1 – Overview of Danske Bank climate targets – continued

	Coverage	Metric	Emission scopes	Target (% reduction)	Baseline year	Target year	Target-setting method
Asset management	Investment products[62]	°C	Scope 1, 2	Align portfolio temperature score by invested value from 2.7°C to 2.1°C	2020	2030	Temperature rating
	Investment products[62]	°C	Scope 1, 2 and 3	Align portfolio temperature score by invested value from 2.9°C to 2.2°C	2020	2030	Temperature rating
	Investment products[62]	Weighted average carbon intensity (tCO_2e/mDKK revenue)	Scope 1, 2	50% reduction of the weighted average carbon intensity	2020	2030	Net Zero Investment Framework and the Net-Zero Asset Owner Alliance's Target-Setting Protocol
	Investment products[62]	Number of engagements	Scope 1, 2 and 3	Engagement with the 100 largest emitters	2021	2025	Net Zero Investment Framework and the Net-Zero Asset Owner Alliance's Target-Setting Protocol

[62] Funds, Managed Accounts, Pulje

Appendix 1 – Overview of Danske Bank climate targets – continued

	Coverage	Metric	Emission scopes	Target (% reduction)	Baseline year	Target year	Target-setting method
Life insurance and pension	Equities and corporate bonds	°C	Scope 1, 2	Align portfolio temperature score by invested value from 2.5°C to 2.0°C	2020	2030	Temperature rating
	Equities and corporate bonds	°C	Scope 1, 2 and 3	Align portfolio temperature score by invested value from 2.8°C to 2.2°C	2020	2030	Temperature rating
	Energy	gCO_2e/MJ	Scope 1, 2 and 3	Reduce carbon emission intensity in our investments in the energy sector by 15%	2019	2025	Sector target
	Utilities	tCO_2e/MWh	Scope 1	Reduce carbon emission intensity in our investments in the utilities sector by 35%	2019	2025	Sector target
	Transportation	Shipping: gCO_2e/tKM Automotive: gCO_2e/km Aviation: gCO_2e/RTK	Scope 1 (Shipping and Aviation) Scope 3 (Automotive)	Reduce carbon emission intensity in our investments in the transportation sector by 20%	2019	2025	Sector target
	Steel	tCO_2e/t crude steel	Scope 1, 2	Reduce carbon emission intensity from our investments in the steel sector by 20%	2019	2025	Sector target
	Cement	tCO_2e/t cement	Scope 1	Reduce carbon emission intensity in our investments in the cement sector by 20%	2019	2025	Sector target
	Real estate portfolio	$kgCO_2e/m^2$	Scope 1, 2 and 3	Reduce carbon emission intensity in Danish real estate portfolio by 69%	2019	2030	Portfolio target
Own operations	Own operations	tCO_2e	Scope 1, 2 and currently measured scope 3 categories	6,921 (60% reduction)	2019	2030	Absolute emission reduction
	Own operations	tCO_2e	Scope 1, 2	1,021 (80% reduction)	2019	2030	Absolute emission reduction

Appendix 2 – Lending

Calculation of the financed emissions of the Group's lending portfolio

To estimate the financed emissions of the Group's lending portfolio, internal CO_2e emission models have been developed. Generally, the models follow the industry-wide standards set by the Partnership for Carbon Accounting Financials (PCAF)[63] and additional guidance developed by Finance Denmark[64] and Finance Norway[65] However, some deviations have been implemented, when considered appropriate, as detailed on the following page.

In line with general efforts to increase data quality and availability, as well as evolving industry practices and the Group's own maturing setup, the carbon emission models are subject to continuous improvement efforts. To ensure reasonable tracking of the Group's financed emissions over time, every model change has been applied to all previous years.[66] This is a natural consequence of model improvements, yet it highlights the fact that the calculation of financed emissions for all years has an inherent uncertainty, which is also partly reflected in the emission data quality score, as elaborated upon later in this report.

Since the original calculation of financed emissions included in the Group's Climate Action Plan published in January 2023, several model improvements and corrections have been implemented across most segments.

The main model changes are listed in table A2.1 and cover everything from updates of emission factors and correction of attribution-factor calculations to a complete re-development of the Swedish property emission model. In particular, a correction to the attribution-factor calculation in the shipping sector has had a very large impact on financed emissions. The setup is now correctly using the full market value of the large vessels instead of using only a share of the value in cases of syndicated

Table A2.1: Main model changes impacting the 2020 baseline calculation of financed emissions.

Model change	Long description
New PCAF emission factors	The revenue and asset emission factors from Exiobase have been updated, as well as changes in how Exiobase industry classification is mapped to NACE codes.
Changes to the attribution factor	Aiming at decreasing expected volatility driven by share prices, the attribution factor has been changed for listed companies from referring to a company's enterprise value including cash (EVIC) to the company's total equity plus debt on its balance sheet (or sometimes total assets). Moreover, an error in the use of market values for large vessels has been corrected, which has impacted the financed emissions in the shipping sector significantly, as well as some corrections to the attribution factors in the agriculture sector.
Various improvements in the property sector	The calculation of financed emissions in the property segments have been improved as follows: (1) A new model for Swedish properties has been developed due to significant improvements in data availability on EPC labels and heating sources. (2) Following updated guidance from Finance Denmark and Finance Norway, the property emissions models have been adjusted across these markets. (3) The model in Finland has been changed to use CRREM 2020 emission intensities instead of own assessed factors. CRREM 2020 intensities have also been used for commercial properties in Norway and Northern Ireland. (4) Due to significant changes in the underlying data structure of properties in Denmark (cf. BBR vs. BFE identifiers) and the associated difficulties in mapping various historical data sources under such changes, the EPC data coverage is lower in 2020 and 2021 than in 2022. The financed emissions are therefore also subject to additional approximations, which is reflected in the quality score. (5) The reference date in the baseline 2020 calculation is now consistently defined to ultimo December 2020 across all segments.
Other model changes	The logic of how the external data containing customer's financial data are linked to our internal customer identifiers has been changed to better align with the Group's data structure. In most cases this does not change the assigned financial data. The emission-data provider used for agriculture did some updates to their models which also slightly impacted results in this sector.

[63] https://carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf
[64] https://finansdanmark.dk/media/rb1f2rwe/CO_2-model-for-den-finansielle-sektor.pdf
[65] https://www.finansnorge.no/siteassets/dokumenter/maler-og-veiledere/veileder-for-beregning-av-finansierte-klimagassutslipp.pdf
[66] Except when the change is part of the natural green transition of the economy. An example could be an update to emission factors to individual years based on better available information for a specific year.

loans. As a result, the absolute financed emissions shown in this report differ from previous publications. In this sense, the reported numbers represent the Group's current best estimate in accounting the financed emissions of the Group's lending portfolio.[67]

At the same time, it is stressed that most climate reduction targets are based on production intensity measures, whereas only a few targets are based on financed emissions, for example oil and gas exploration and production and oil and gas downstream refining. This means that the underlying uncertainties in the calculation of financed emissions have no effect on the calculations for most of our reduction targets.

The reported numbers on financed emissions of the Group's lending portfolio cover the following portfolios:

- Corporate portfolio: Credit exposure in core markets, including Northern Ireland, related to credits, loans, and guarantees, excluding non-property-related exposure in the commercial real estate portfolio. Based on 2022 figures, the models cover approximately 88% of the total on-balance corporate credit exposure. The main part that is not covered (i.e. about 8%) comes from excluding leasing and holdings.
- Personal customer portfolio: Credit exposure collateralised by properties in core markets, including Northern Ireland. The models cover approximately 95% of total on-balance personal customers' credit exposure.

Segments in credit portfolio that were not carbon mapped:

Customer segments not covered:
- Financial institutions
- Public institutions
- Private housing cooperatives and non-profit associations
- Non-core

Product/exposure types not covered:
- Leasing
- Holdings
- Offers
- Trading facilities
- Non-property-related exposure in the commercial real estate portfolio
- Non-property-related exposure in the personal customer portfolio

Although the models are designed to follow the industry-wide standards, some deviations have been implemented, for example to match data with the Group's internal data structure and data availability or to lower the expected volatility and complexity of calculated emissions over time. The most notable deviations from the standard or the PCAF secretariat's recommendations are the following:

- Attribution factors for real estate and large vessels (ships) are based on the market value of the asset at reporting date instead of value at origination.
- Attribution factors for listed companies are based on total equity plus debt (or total assets) from their balance sheet instead of enterprise value including cash (EVIC).
- In several cases, the sub-sector and national level Exiobase emission factors have been used instead of the PCAF secretariat's recommendation of using emission factors on a sector and regional level.
- If financial statement data is not available for a corporate customer, the financed-emission estimate is based on extrapolations created from the bank's own (already covered) portfolio instead of Exiobase asset-emission factors.
- We include scope 3 emission only for customers in oil and gas exploration and production and downstream refining.

Table A2.2: Data quality score of the carbon emission sources used to calculate the financed emissions[68]

	Quality score	Source
Best	1 or 2	Companies' own reported emissions
↑	2 or 3	Emission estimated from physical activity data, e.g. energy consumption or production output, combined with emission factors, e.g. tCO_2e/MWh or tCO_2e/t
↑	4 or 5	Emission estimated from revenue or asset factors specific to region and sector, e.g. tCO_2e/mEUR revenue or tCO_2e/mEUR of assets
Worst	5	Emission estimated from a simple exposure or sector extrapolation

[67] It is noted that the models that include these changes have also been subject to an independent validation by the internal Model Risk Management department during 2023 with a particular focus on the reasonability of the calculated financed emissions.
[68] Table based on PCAF (2022) and Finance Denmark guidance (2023). More detailed overviews and further information on emission quality assignments can be found in: a) PCAF (2022). The Global Accounting and Reporting Standard Part A: Financed Emissions. Second Edition. b) Finance Denmark guidance (2023): CO_2-model for den finansielle sektor.

PCAF data quality score

In line with the PCAF standard, an emission data quality score has been assigned to each financed-emission calculation, providing a rough indication of the uncertainty of the calculated results. It is noted that the score represents only the uncertainty in the emission itself and does not include any uncertainty related to the calculation of the attribution factors. A high-level overview of mapping between quality score and emission source is depicted in figure A2.2. In general, companies' own disclosures are considered of best quality. This is based on the belief that the companies themselves can do the most accurate assessment of the emissions from their own activities. In contrast, sector averages or portfolio extrapolations are assigned the lowest quality because such estimates do not take into account individual company characteristics other than those of the industry the company is classified as operating in.

Figure A2.3 shows the distribution of the data quality score with respect to total on-balance exposure and total calculated financed emissions. However, data quality scores can differ between emission scopes on a single customer. The combined quality score used in these graphs is calculated by using the worst score of all the scopes included in the financed-emission calculation per customer; for example, if the customer belongs to one of the segments where we include scope 1, 2 and 3 emission in the financed-emission calculation and the data quality score differs among these three scopes, then we assign the worst, i.e. highest, of the three different quality scores as the combined score. The only exception is for the part of shipping exposure covered by emissions from individual ships. Here, the quality score is always based on scope 1, which by far accounts for most of the total scope 1 and 2 emissions in this segment.

Target-setting – Key methodological considerations

Our sectoral target-setting methodology and scope are 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.

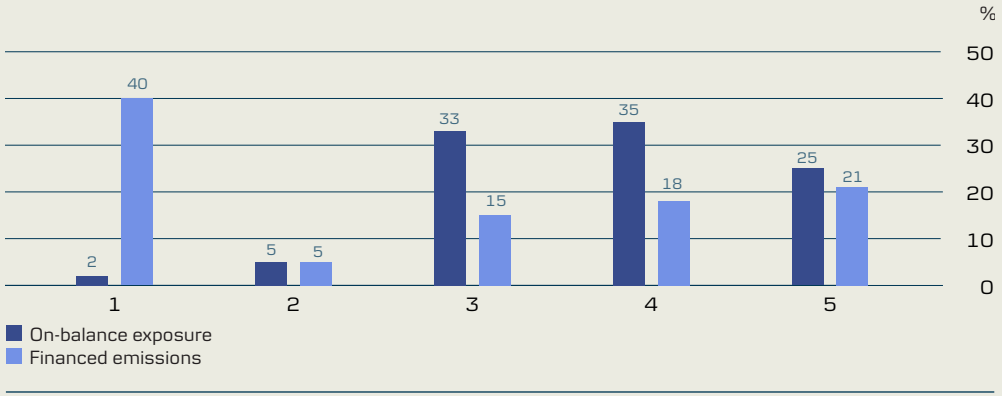
Financial scope: Our financed emissions were calculated according to PCAF methodology and therefore look at on-balance exposure. Because our sector targets focus on both on-balance and off-balance exposures, they deviate from the PACF reporting standard. We look at both on- and off-balance exposures to better reflect the commitments made towards our customers and to allow us to also account for the risk of emission-intensive customers making use of products such as revolving loans or line of credit facilities.

Furthermore, the financed emissions are 'absolute' whereas most targets are intensity based. These two differences mean that our financed emissions can increase even if our intensity decreases.

Target metric: Choosing a physical intensity metric (emissions per economic output, e.g. $kgCO_2/MWh$) instead of having an absolute emission metric for most of our sector targets[69] allows us to take into consideration the different pace of decarbonisation of each industry. It also helps us understand how emission reductions are taking place in an industry. Moreover, an intensity metric allows our portfolio's size to grow without necessarily increasing the intensity. It asks that Danske Bank proactively engages with customers to support them in their transition path instead of simply reducing our emissions through divestment.

Our sectoral portfolio intensity averages are based on intensities reported by customers and are exposure-weighted. As we progress

Figure A2.3: Portfolio distribution of quality scores 2022



[69] For the oil and gas sector, we have decided to set targets that are a mix of absolute emissions and emission intensity metrics.

and mature calculation methodologies, and as data sources become more valid, we will continue to improve the quality of our estimates.

Reference scenarios/pathways: Our 2030 targets use as reference well-recognised 1.5°C-aligned sector pathways that are regularly updated. Moreover, our targets are built on IEA Net Zero Emissions by 2050 data, which refers to scope 1 only, but our targets additionally calculate scope 2 emissions for relevant sectors, such as cement and steel.

Table A2.4: High-level overview of emission-related data sources and methodologies

Segment	Emission data sources	Methodology summary		Scenario
		Financed emissions	Portfolio's weighted emission intensity and target-setting	
Shipping	Poseidon Principles (reported emission-related data) CDP, ISS, Exiobase emission factors (taken from the PCAF emission-factor database)	Depending on data availability and loan type, one of two approaches is applied: 1. Emission reported through the Poseidon Principles on actual vessels. Attribution factor based on market value of vessel at reporting date. 2. Business-loan approach from PCAF guidance.	Our shipping target focuses solely on vessels in Poseidon Principles (PP) scope (77.7% of the shipping portfolio's on-balance exposure and 83.5% of the sector's financed emissions in 2022). PP alignment delta refers to the distance of a vessels emission intensity (AER, expressed as emissions per tonne nautical mile) from the decarbonisation trajectory. The distance is expressed as a percentage.	This year, we moved from a UMAS 1.5°C trajectory (S-curve) to the newly reported 'striving for' trajectory used in Poseidon Principles reporting, which is based on the IMO's 'striving for' ambition to reach 30% and 80% emission reductions in shipping by 2030 and 2040 respectively. We are monitoring the development of target-setting methodologies for the shipping sector and aim to improve our on methodology as these become available.

Table A2.4: High-level overview of emission-related data sources and methodologies – continued

Segment	Emission data sources	Methodology summary		Scenario
		Financed emissions	Portfolio's weighted emission intensity and target-setting	
Oil and gas	Manually collected company disclosures CDP, ISS, Exiobase emission factors (taken from the PCAF emission-factor database)	Business-loan approach from PCAF guidance. Exploration and production and downstream refining are mainly based on manually collected disclosed emissions, whereas 'Other' is mainly covered by revenue and assets factors from the PCAF database.	Our exploration and production financed-emission reduction target covers on- and off-balance credit exposure of exploration and production customers and it is based on reported scope 1, 2 and 3 emissions of these customers. Similarly, our downstream refining financed-emission target covers on- and off-balance exposures of customers in the refining segment but focuses only on scope 1 and 2. For scope 3 of the downstream refining segment, we use scope 3 intensities reported by customers. The updated methodology for calculating financed emissions described above affected the calculation of our baseline. We maintain our reduction ambitions for the sector, which means that the targeted financed emission is now higher: Exploration and production (scope 1, 2 and 3) given as million tCO_2e Previously calculated baseline: 3.3 Previously calculated target: 1.6 Updated baseline: 5.0 Updated target: 2.5 Downstream refining (scope 1 and 2) given as thousand tCO_2e Previously calculated baseline: 73.1 Previously calculated target: 54.8 Updated baseline: 116.8 Updated target: 87.6 Downstream refining (scope 3) gCO_2e/MJ: No changes.	Our target follows projections of how the oil and gas sector will decarbonise in the Nordic countries. We seek to update our approach once a Sector Decarbonisation Approach pathway and a Paris-aligned science-based methodology for the sector are available.
Power generation	Manually collected company disclosures or own assessment CDP, ISS, Exiobase emission factors (taken from the PCAF emission-factor database)	Business-loan approach from PCAF guidance. Mainly based on reported numbers. In some cases, if there are no disclosed emissions from the customer and all exposure is towards purely renewable power generation, scope 1 and 2 emission has been set to 0.	Our power generation portfolio intensity average follows intensities reported by customers and is exposure-weighted. It covers on- and off-balance credit exposure of customers involved with power production. In 2023, we revised the scope of our target that now covers only LC&I customers. The change in scope lead to an increased baseline of 76.9 $kgCO_2e/MWh$ from the previous 72.0 $kgCO_2e/MWh$.	Our portfolio's weighted emission intensity in $kgCO_2e/MWh$ is compared against the 1.5°C scenario (world) developed by the SBTi to serve as reference for our target.

Table A2.4: High-level overview of emission-related data sources and methodologies – continued

Segment	Emission data sources	Methodology summary		Scenario
		Financed emissions	Portfolio's weighted emission intensity and target-setting	
Steel	Manually collected company disclosures CDP, ISS, Exiobase emission factors (taken from the PCAF emission-factor database)	Business-loan approach from PCAF guidance.	Our steel portfolio intensity average follows intensities reported by customers and is exposure-weighted. It covers on- and off-balance credit exposure of customers involved with steel production.	Our portfolio's weighted emission intensity in tCO_2e/t is compared against the 1.5°C scenario (world) developed by the Transition Pathway Initiative (TPI) for serve as reference to our target.
Cement	Manually collected company disclosures CDP, ISS, Exiobase emission factors (taken from the PCAF emission-factor database)	Business-loan approach from PCAF guidance.	Our portfolio's emission intensity for the cement sector is derived from intensities reported by customers and is exposure-weighted. It covers on- and off-balance credit exposure of customers involved with cement production.	The SBTi's 1.5°C scenario (world) (scope 1 and 2) serves as reference for our target.
Commercial real estate (DK)	E-nettet, the Danish Energy Agency, publicly available property data	Covers scope 1 and 2 emissions related to heating. Energy consumption estimated from EPC labels, or distribution of EPC labels from properties with similar characteristics, combined with energy and emission factors related to primary heating source. Following the guidance from Finance Denmark's Framework for Financed Emissions Accounting – PCAF-aligned methodology adjusted for Danish mortgage and property data. Attribution factors are based on property value at reporting date.	Emissions calculated using the same methodology as used for financed emissions (without applying attribution factors) and using property area to calculate intensities. Total commercial real estate portfolio baseline intensity is calculated as exposure-weighted average over the corresponding intensities for Denmark, Sweden, Norway and Finland.	The target is based on the Danish government's expectations for the green transition of the utilities sector and forecasts on the portfolio, which broadly align with a 1.5°C pathway.

Table A2.4: High-level overview of emission-related data sources and methodologies – continued

Segment	Emission data sources	Methodology summary		Scenario
		Financed emissions	Portfolio's weighted emission intensity and target-setting	
Commercial real estate – Sweden, Norway, Finland and Northern Ireland	Sweden: Värderingsdata, Naturvarsverket, Swedish Energy Agency Norway, Finland and Northern Ireland: CRREM 2020 average building emission (taken from the PCAF emission-factor database)	Covers scope 1 and 2 emissions related to heating. Sweden: Energy consumption estimated from EPC labels, or distribution of EPC labels from properties with similar characteristics, combined with heating source-specific emission factors. Norway, Finland and Northern Ireland: Emissions are based on CRREM 2020 average building emission figures. Used for all three years 2020, 2021 and 2022. Attribution factors are based on property value at reporting date.	Sweden: Emissions calculated using same methodology as for financed emissions (without applying attribution factors) and using property area to calculate intensities. Norway, Finland: CRREM 2020 emission intensities (taken from the PCAF emission-factor database). Total commercial real estate portfolio baseline intensity is calculated as exposure-weighted average over the corresponding intensities for Denmark, Sweden, Norway and Finland.	CRREM global decarbonisation pathway.
Personal mortgages (DK)	E-nettet, the Danish Energy Agency, publicly available property data	Covers scope 1 and 2 emissions related to heating. Energy consumption estimated from EPC labels, or distribution of EPC labels from properties with similar characteristics, combined with energy and emission factors related to primary heating source. Following the guidance from Finance Denmark's Framework for Financed Emissions Accounting – PCAF-aligned methodology adjusted for Danish mortgage and property data. Attribution factors are based on property value at reporting date.	Emissions calculated using same methodology as for financed emissions (without applying attribution factors) and using property area to calculate intensities. Total mortgage portfolio baseline intensity is calculated as exposure-weighted average over the corresponding intensities for Denmark, Sweden, Norway and Finland.	The target is based on the Danish government's expectations for the green transition of the utilities sector and forecasts on the portfolio, which broadly align with a 1.5°C pathway.

Table A2.4: High-level overview of emission-related data sources and methodologies – continued

Segment	Emission data sources	Methodology summary		Scenario
		Financed emissions	Portfolio's weighted emission intensity and target-setting	
Personal mortgages – Sweden, Norway, Finland and Northern Ireland	Norway: EPC data, Miljø-direktoratet, Statistics Norway, NVE Sweden: Värderingsdata, Naturvarsverket, Swedish Energy Agency Finland: CRREM 2020 average building emission (taken from the PCAF emission-factor database) Northern Ireland: EPC reports	Covers scope 1 and 2 emissions related to heating. Norway: Energy consumption estimated from EPC labels or distribution of EPC labels from properties with similar characteristics. One common average emission factor (based on distribution of heating sources in the Norwegian building stock) is used to calculate emission. General methodology is based on guidance from Finance Norway and Finance Denmark. Sweden: Energy consumption estimated from EPC labels, or distribution of EPC labels from properties with similar characteristics, combined with heating source-specific emission factors. Finland: Emissions are based on CRREM 2020 average building emission figures. Used for all three years 2020, 2021 and 2022. Northern Ireland: Emission obtained from the EPC reports. Simple extrapolation of emission intensity to fill gaps. Attribution factors are based on property value at reporting date.	Norway and Sweden: Emission calculated using same methodology as for financed emissions (without applying attribution factors), and using property area to calculate intensities. Finland: CRREM 2020 emission intensities (taken from the PCAF emission-factor database). Total mortgage portfolio baseline intensity is calculated as exposure-weighted average over the corresponding intensities for Denmark, Sweden, Norway and Finland.	CRREM global decarbonisation pathway.

Table A2.4: High-level overview of emission-related data sources and methodologies – continued

Segment	Emission data sources	Methodology summary		Scenario
		Financed emissions	Portfolio's weighted emission intensity and target-setting	
Agriculture (DK)	ConTerra	Emission from ConTerra's farm-level estimates based on size of farmland, crop type, animals, fertiliser use, manure management, etc. Same methodology and emission factors as used in the National Inventory Report. Agriculture customers with no match in the ConTerra data are estimated using extrapolations from the ConTerra-covered part. Forestry is currently not included in emission data from ConTerra and is therefore not part of the financed-emission calculation either. Attribution factors follow PCAF's business-loan approach.	N/A	N/A
Agriculture (rest)	Intensity factors derived from (DK) customers matched with ConTerra data	Extrapolated from intensity factors derived from the Danish agriculture portfolio where ConTerra data has been applied. Split on main agricultural activities.	N/A	N/A
Other	CDP, ISS, Exiobase emission factors (taken from the PCAF emission-factor database)	Business-loan approach from PCAF guidance or a simple extrapolation based on financed-emission calculations from customers within the same industry.	N/A	N/A

Appendix 3 – Asset management

Scope of data

To estimate the financed emissions and the temperature rating of the Group's investments within Danske Bank Asset Management, we use various data sources. For our financed emissions estimations, our total AuM is in scope. We use data from our ESG data provider ISS ESG as well as ISS ESG's Climate Analytics tool. To estimate our portfolio temperature rating, we use data developed collaboratively by CDP and WWF, which is further supported by emissions data from ISS ESG. The data, methodologies and tools follow industry-wide standards and are aligned with various organisations such as TCFD, PCAF, NZAM and SBTi as well as guidance developed by Finance Denmark.

The carbon emissions data and methodology used is subject to change due to ongoing improvements, in line with general efforts to increase data quality and availability and to accommodate evolving industry practices. We refer to ISS ESG and other data providers for any updates on data and methodology.

The reported numbers on our net-zero targets, which include temperature targets and weighted average carbon intensity within Asset Management, cover the following products:

- Investment funds
- Managed accounts

Discretionary mandates on behalf of our customers are not included in the estimations. The reason for omitting discretionary mandates with asset owners at this stage is that mandates must be based on specific customer demands and contractual agreements for each mandate. In line with our commitment, we will over time engage with asset owners on this topic.

The following asset classes are included in the estimation:

- Equities
- Corporate bonds
- Mortgage bonds

Due to a lack of reliable data, the following asset classes are not included:

- Sovereign debt
- Unlisted companies
- Other alternatives

This means that 71% of our AuM, equivalent to DKK 683 billion, are in scope for our estimations of our financed emissions. Reporting principles for AuM are included in our Annual Report 2023.

A number of improvements have been made to the original calculations of our climate targets as published in our Climate Action Plan from January 2023. These include the following:

- Inclusion of mortgage bonds in the temperature rating calculation, which means a larger portion of our AuM is now included.
- Significant increase in the coverage of temperature rating data, leading to improved quality.

Methodological changes in relation to scope 3 emissions

Our 2020 baseline of measured financed emissions was set in conjunction with the publication of our Climate Action Plan in January 2023. Since then, our data provider ISS has implemented a methodological change in how it reports on investee company scope 3 emissions, moving away from using approximations only to partially including company-reported scope 3 emissions. We observe that this change in methodology is creating large fluctuations in estimated investee company scope 3 emissions, and comparability with historical data is challenged because such company-reported data cannot be obtained retrospectively. Consequently, we have decided not to include investee scope 3 emissions from our reported measured emissions in this progress update, awaiting data quality improvements and methodological stability. We expect that CSRD reporting requirements will support this development.

Calculation of weighted average carbon intensity

To fulfil the NZAM commitments, Danske Bank Asset Management has leveraged the latest scientific climate research, as represented by IPCC net-zero energy system pathway, as modelled by the International Energy Agency and most relevant target-setting methodologies available and recognised in the industry. The ISS ESG climate emission data is from fiscal year 2022. When we calculate WACI and apply the ISS ESG Climate Analytical tool, 95% of our AuM in scope are covered, mounting to around DKK 429 billion by year-end 2023, whereas ISS ESG has coverage of actual or estimated data. WACI is calculated by including scope 1 and 2 emissions from companies, which is then divided by the revenue generated by the investee companies. In line with the PCAF standard, we have estimated an emission data quality score. The weighted emission data quality score for scope 1 and 2 is 1.4, which indicates that most of the issuers included in the estimations are on average based on companies' own reported emissions and considered of

best quality. For further details on the PCAF emission data quality score, please see appendix 2.

Weighted average carbon intensity target-setting – key methodology considerations

IPCC provides four plausible scenarios, each consistent with net-zero emissions in their Special Report on Global Warming of 1.5°C (2018). Each scenario has distinct pathways following different assumptions about technological, economic and societal progress. The Sustainable Development Scenario is the most aligned with the principles of systemic transition to a sustainable future. It is characterised by having a broad focus on sustainability, including energy intensity, human development, economic convergence and international cooperation, and it is enabled by a shift towards sustainable and healthy consumption patterns, low-carbon technology innovation and well-managed land systems with limited societal acceptability for carbon capture. Danske Bank Asset Management supports a broadly focused sustainability transition, and our weighted average carbon intensity (WACI) target is therefore anchored with this scenario. The Sustainable Development Scenario implies an approximate 50% reduction of CO_2 emissions by 2030. We have therefore set a 2030 target of reducing scope 1 and 2 of our WACI in our investment products in scope with 50% by 2030.

WACI measures the carbon emission normalised by the revenue of the company, and on aggregated levels it discloses our exposure towards carbon-intensive companies. As of now, this calculation is performed by including the scope 1 and scope 2 emissions and dividing the result by the revenue generated by the investee companies.

Calculation of temperature rating

At Danske Bank Asset Management, we have set science-based targets, and we have chosen to use the SBTi temperature rating methodology, developed collaboratively by CDP and WWF. The CDP-WWF temperature rating methodology translates companies' greenhouse gas emission reduction targets into a single metric called the temperature rating. This metric enables comparison of the global temperature rise associated with corporate ambition. Being a forward-looking metric, temperature rating targets supplement the engagement and intensity targets set for asset management. The temperature rating of our AuM in Asset Management is calculated by measuring the temperature rating for companies in the investment portfolios weighted by our share of investment. The temperature rating covers 63% of our AuM in scope, amounting to around DKK 290 billion by year-end 2023. For the issuers not covered, we assign a default score of 3.2, and 37% issuers received a default score in 2023. Compared to the baseline year the data quality has increased significantly and we expect this to continue over the coming years.

Temperature rating target-setting – key methodology considerations

The CDP-WWF temperature rating methodology is open source and has gone through a separate consultation process. The methodology includes three steps: 1) a target protocol, which converts individual emissions targets to temperatures; 2) a company protocol, which aggregates these targets into an overall company score; and 3) a portfolio protocol, which weights these company scores across an investment portfolio. To convert individual emissions targets into temperatures, the target protocol uses the best-available scientific climate scenarios from the IPCC Special Report on 1.5°C (2018) scenario database. It generates simple regression models for estimated warming in 2100 from climate scenarios with short-, medium- and long-term trends in absolute emissions or emissions intensities. Because companies have multiple targets, the data is aggregated into company-level scores. Minimum quality criteria define a quality of target that can be included. At the portfolio level, these company scores are weighted to assess an index or portfolio of companies, such as in the context of financial portfolios. Issuers that do not have relevant publicly disclosed emissions targets are assigned a default temperature score of 3.2 by the SBTi tool, which assumes a business-as-usual temperature pathway. Issuers receive a default score because only limited and validated data sources are allowed, and some companies have not yet set intermediate emission reduction targets. The data quality is expected to improve over time as more companies set intermediate targets and publish these through well-recognised and validated data sources. This methodology enables company-by-company and portfolio comparisons. SBTi criteria for setting targets to align the temperature rating of our investments in scope with the ambition of the Paris Agreement include:

- Aligning portfolio scope 1 and 2 temperature score with a minimum well-below 2°C scenario, and additionally aligning portfolios to a minimum 2°C scenario for scope 1, 2 and 3 by 2040. Alignment with more ambitious scenarios is encouraged. At Danske Bank, we have chosen a 1.5°C trajectory.
- Committing to reducing portfolio temperature scores such that the financial institution is on a linear path to the sated goal by 2040.

Engagement target

One of the key cornerstones of the Net Zero Asset Manager Commitment is to "prioritise the achievement of real economy emissions reductions within sectors and companies in which we invest". We believe that a strong stewardship and engagement strategy is a credible and effective way of achieving real-world impact. In order to achieve effective real-economy emissions reductions, Danske Bank has set a target of engaging, either individually or collectively, with the 100 largest emitters in our portfolio by 2025.

To evaluate companies' alignment with the Paris Agreement, Danske Bank Asset Management leverages the Net Zero Investment Framework built by the Paris Aligned Investment Initiative. The framework describes a methodology for classifying companies along a Paris-alignment maturity scale. The methodology evaluates companies in a holistic manner using ten criteria. The criteria are well aligned with those of Climate Action 100+, which can be seen as the gold standard for evaluating and engaging with companies on climate. The methodology allows Danske Bank Asset Management to identify company-specific gaps in its climate strategies as a basis for effective net-zero engagement, thereby encouraging companies to climb the alignment maturity scale. To further strengthen evaluation of companies' alignment with the Paris Agreement by the Net Zero Investment Framework, Danske Bank Asset Management defines minimum sector-specific expectations against certain criteria based on the IEA's Net Zero Emissions by 2050 roadmap. Engagements are carried out by investment teams and by the active ownership team and build upon evaluating a company's climate transition strategy and communicating our expectations to investee companies to close potential gaps.

Target	Data sources	Methodology summary	Scenario
WACI target	ISS	The financed carbon emissions of our AuM in Asset Management are calculated by measuring scope 1 and 2 from the companies in the investment portfolios weighted by our share of investment. The ISS ESG climate emission data is from the fiscal year of 2022.	Our WACI target is anchored with The IPCC Sustainable Development Scenario, which implies an approximate 50% reduction of CO_2 emissions by 2030. We have therefore set a 2030 target of reducing scope 1 and 2 of our weighted average carbon intensity (WACI) in our investment products in scope with 50% by 2030.
Temperature rating target	CDP, WWF, ISS	The temperature rating of our AuM in Asset Management is calculated by measuring the temperature rating for companies in the investment portfolios weighted by our share of investment.	The methodology uses the best-available scientific climate scenarios from the IPCC Special Report on 1.5°C (2018) scenario database. At Danske Bank, we have chosen a 1.5°C trajectory aligned with the SBTi approach.
Engagement targets	IEA, Paris Aligned Investment Initiative, CA 100+	Engage with the 100 largest emitters by communicating our expectations to investee companies.	Our target is anchored with the key cornerstones of the Net Zero Asset Managers initiative to prioritise the achievement of real-economy emission reductions.

Appendix 4 – Life insurance and pension

Scope of data

To estimate the financed emissions, CO_2 sector reduction targets and the temperature rating of the group's investments within Danica Pension we use various data sources. For our financed emissions estimations, we use data from our ESG data provider ISS ESG as well ISS ESG's Climate Analytics tool. For our CO_2 sector reduction targets, we use data from ISS ESG and The Transition Pathway Initiative (TPI). To estimate our portfolio temperature rating, we use data developed collaboratively by CDP and WWF, which is further supported by emission data from ISS ESG. The data, methodologies and tools follow industry-wide standards and are aligned with various organisations such as TCFD, PCAF, Net-Zero Asset Owner Alliance (NZAOA) and SBTi as well as guidance developed by Finance Denmark.

The carbon emissions data and methodology used is subject to change due to ongoing improvements, in line with general efforts to increase data quality and availability and to accommodate evolving industry practices. We refer to ISS ESG and other data providers for any updates on data and methodology.

The reported numbers on financed emissions, CO_2 sector targets, temperature rating within Danica Pension cover the following investment products:

- Danica Balance
- Danica Traditionel
- Danica Link
- Tidspension

Danica Select is not included in the estimations. The reason for omitting Danica Select is due to the nature of the product: we do not invest on behalf of Danica Select customers as they have chosen to manage their own assets.

The following asset classes are included in the estimation:

- Equities
- Corporate bonds
- Mortgage bonds

Due to a lack of reliable data, the following asset classes are not included:

- Sovereign debt
- Unlisted companies
- Other alternatives

This means that 61% of our assets under management (AuM), equivalent to DKK 283 billion, are in scope for our estimations. Reporting principles for AuM are included in our Annual Report 2023.

A number of improvements have been made to the original calculations of our climate targets as published in our Climate Action Plan from January 2023. These include the following:

- Inclusion of mortgage bonds in the temperature rating calculation, which means a larger portion of our AuM is now included.
- Significant increase in the coverage of temperature rating data, leading to improved quality.
- Danica Link included in our AuM in scope, leading to a larger coverage of our total AuM.

Methodological changes in relation to scope 3 emissions

Our 2020 baseline of measured financed emissions was set in conjunction with the publication of our Climate Action Plan in January 2023. Since then, our data provider ISS has implemented a methodological change in how it reports on investee company scope 3 emissions, moving away from using approximations only to partially including company-reported scope 3 emissions. We observe that this change in methodology is creating large fluctuations in estimated investee company scope 3 emissions, and comparability with historical data is challenged because such company-reported data cannot be obtained retrospectively. Consequently, we have decided not to include investee scope 3 emissions from our reported measured emissions in this progress update, awaiting data quality improvements and methodological stability. We expect that CSRD reporting requirements will support this development.

Calculation of financed emissions

The financed carbon emissions of our AuM in Danica Pension are calculated by measuring scope 1 and 2 from the companies in the investment portfolios. When applying the ISS ESG Climate Analytic tool, 95% of our AuM in scope are covered, amounting to around DKK 269 billion by year-end 2023, where ISS ESG has coverage of actual or estimated data. In line with the PCAF standard, we have estimated an emission data quality score. The weighted emission data quality score for scope 1 and 2 is 1.4, which indicates that most of the issuers included in the estimations are on average based on companies' own reported emissions and considered of best quality. For further details on the PCAF emission data quality score please see appendix 2.

Calculation of the temperature rating

At Danica Pension, we have set science-based targets, and we have chosen to use the SBTi temperature rating methodology, developed collaboratively by CDP and WWF. The CDP-WWF temperature rating method-

ology translates companies' greenhouse gas emission reduction targets into a single metric called the temperature rating. This metric enables the global comparison of the temperature rise associated with corporate ambition. Being a forward-looking metric, temperature rating targets supplement the engagement and intensity targets set for asset management. The temperature rating of our AuM in Danica Pension is calculated by measuring the temperature rating for companies in the investment portfolios weighted by our share of investment. The temperature rating cover 50% of our AuM in scope, amounting to around DKK 141.5 billion by year-end 2023. For the issuers not covered, we assign a default score of 3.2, and 50% issuers received a default score in 2023. Compared to the baseline year the data quality has increased significantly, and we expect this to continue over the coming years. Please see appendix 3 for a further description of the methodology.

Calculation of the CO_2 sector reduction target

Danica Pension has set targets that follow the NZAOA and the Target-Setting Protocol (TSP). TSP encourages members to set sector targets to help link portfolio-level emission reductions to the energy-efficiency requirements and real-world outcomes. Danica Pension estimates the CO_2 intensity for the following sectors weighted by our share of investments:

- Energy: (gCO_2e/MJ)
- Utilities: (tCO_2/MWh electricity generation)
- Steel (tCO_2/tonne of steel)
- Cement: (tCO_2/tonne of cementitious product)
- Transportation:
  - Aviation (gCO_2/RTK)
  - Shipping (gCO_2/t-km)
  - Automotive: (gCO_2/km) (WLTP)

To calculate the CO_2 intensity for each sector, we use CO_2 intensity data from TPI and emission data from ISS ESG.

CO_2 sector reduction target-setting – key methodology considerations

Target-setting under NZAOA follows the Alliance's Target-Setting Protocol (TSP), which defines why, how and which targets members are required to set, track, review and report. TSP encourages members to set sector targets to help link portfolio level emission reductions to the energy-efficiency requirements and real-world outcomes. Furthermore, sector targets are useful in informing stewardship, policy and allocation activities in these sectors. Sector-specific targets reflect the specifics of each sector, their respective energy transition trade-offs with other sectors, and the role they are expected to play in the transition to a net-zero economy. TSP advocates using intensity-based KPIs, including scope 3 emissions wherever possible, and using sectoral decarbonisation pathways to set targets. TSP allows the use of any credible, science-based sectoral model for setting targets, but specifically encourages leveraging the One Earth Climate Model (OECM). OECM breaks down global carbon budget consistent with 1.5°C warming to various sectors. However, at the time of target-setting, it only covered scope 1 and 2 CO_2e emissions . Some of the priority sectors, such as transport automotive, have a high share of overall CO_2e emissions attributed to scope 3. Therefore, Danica Pension looked for data and models that better reflect the concentrations of emissions within scopes across sectors. The Transition Pathway Initiative (TPI) is considered by many to be one of the most advanced approaches in this respect. Among other things, TPI calculates sector-specific emission reduction pathways for priority sectors, following IEA energy transition scenarios. TPI also calculates company-specific carbon intensities against these pathways for highest emitting companies to evaluate the alignment of companies' emissions profiles and emission reduction targets. Danica Pension leverages TPI scenarios and company data to guide the setting and calculation of baselines for its sectoral targets. Although the sectoral pathways outlined by TPI differ somewhat from those calculated by OECM, they are conceptually aligned as both represent the dynamics of various sectors to achieve specific temperature outcomes. Finally, in order to set final sector targets, Danica Pension compared its baseline figures against requirements by OECM and TPI scenarios and set targets that were overall both reflective of realities within portfolios, scientific requirements and societal capabilities to transition to net zero by 2050.

Target	Data sources	Methodology summary	Scenario
CO_2 sector reduction target	Transition Pathway Initiative and ISS	Danica Pension estimates the CO_2 intensity for specific sectors, such as energy, utilities, steel, cement, automotive and transportation, weighted by our share of investments.	Danica Pension has set targets that follow the NZAOA and the Target-Setting Protocol (TSP). TSP encourages members to set sector targets to help link portfolio-level emission reductions to the energy-efficiency requirements and real-world outcomes. TSP allows the use of any credible, science-based sectoral model for setting targets. Danica Pension leverages TPI scenarios and company data to guide the setting and calculation of baselines for its sectoral targets.
Temperature rating target	CDP, WWF, ISS	The temperature rating of AuM in Danica Pension is calculated by measuring the temperature rating for companies in the investment portfolios weighted by our share of investment.	The methodology uses the best-available scientific climate scenarios from the IPCC Special Report on 1.5°C (2018) scenario database. At Danica Pension, we have chosen a 1.5°C trajectory aligned with the SBTi approach.

Appendix 5 – Own operations

Accounting principles and key methodological considerations

Environmental data covers the actual consumption from the Group's operations in Denmark, Finland, Ireland, Northern Ireland, Norway, Sweden, Lithuania and India, and it also covers the estimated consumption from the Group's remaining operations without registered data for which Danske Bank has operational control. Emissions and energy consumption from head offices, branches and finance centres are included in the reporting. The reporting period for the year 2023 runs from Q4 2022 to Q3 2023. Due to Danske Bank's sale of Danske IT, a fully owned subsidiary encompassing our Indian operations, the data includes India until the effective date of 1 September 2023. Similarly, MobilePay ceased to be part of Danske Bank from 1 November 2022 and has been excluded from reporting after the effective date. We report our CO_2e emissions based on the Greenhouse Gas (GHG) Protocol, and numbers are rounded to the closest integer.

CO_2e emissions scope 1: Scope 1 covers CO_2e emissions from heating using oil and gas and from the usage of Danske Bank controlled company cars. The emissions from heating are calculated on the basis of heating consumption using specific emission factors from the Department of Environment, Food and Rural Affairs (DEFRA). In accordance with the GHG Protocol guidance, the emissions from gas consumption in Denmark were omitted in scope 1 owing to the purchase of biogas certificates of origin. Biogenic emissions from the use of biogas is reported outside scopes. For transport by company cars, the emissions are calculated on the basis of the mileage from our leasing company Nordania and emission factors from DEFRA.

CO_2e emissions scope 2: Scope 2 covers CO_2e emissions from district heating, district cooling and electricity supplied by external suppliers. The emissions from district heating are calculated on the basis of heating consumption using either specific emission factors from energy companies or average emission factors for heating for the country from IEA. For Denmark, two emissions factors are used to account for district heating. Emissions from district heating in the Copenhagen area are calculated using emissions factors developed by district heating companies CTR, VEKS and HOFOR (Miljødata for fjernvarme i Hovedstadsområdet), whereas emissions from district heating outside the Copenhagen area are calculated using emissions factors from the Danish Energy Agency. For district heating in Sweden, emission factors from the local supplier are used if available. If not available, an average of supplier-specific emission factors is used. Similarly, emissions from district cooling are calculated on the basis of district cooling consumption and the specific emissions factor used for district heating, due to a system problem not allowing Danske Bank to separately calculate emissions from cooling from heating. Scope 2 emissions are reported in accordance with the market-based and location-based methodology from the GHG Protocol guidance. For the location-based approach, the emission factors from electricity consumption are calculated using average emission factors for the country from the IEA. For the market-based methodology, the emissions from electricity consumption were omitted owing to the purchase of renewable electricity certifications under Guarantees of Origin (GoO), the Renewable Energy Guarantees of Origin (REGO) and International Renewable Energy Certificates (I-RECs).

CO_2e emissions scope 3: Scope 3 covers CO_2e emissions from scope 3.1 purchased goods and services (limited to paper consumption), scope 3.6 business travel (road and air) and scope 3.7 employee commuting (emissions from working from home). Emissions from our financed emissions under 3.15. are not included in these figures.

Scope 3.1: The emissions from paper are calculated on the basis of paper consumption provided by the suppliers or from the Group's internal ordering system (webshop) and the emission factors from DEFRA.

Scope 3.6: For business travel by road, the emissions are calculated on the basis of the mileage and fuel specific emission factors from DEFRA when fuel type is available. Mileage is provided either from registered distances from our leasing company Nordania, expense management, HR systems or allowance paid. For mileage without known fuel type, we apply emissions factor for unknown fuel from DEFRA. For business travel by air, the emissions are reported directly by our travel agency, American Express, and are calculated on the basis of mileage data multiplied by the emission factor from DEFRA.

Scope 3.7: Emissions from working from home are as of 2023 calculated based on working hours per quarter per FTE and emission factors from DEFRA and IEA. FTEs homeworking hours per quarter is established using office occupancy data per country, multiplied by working hours and FTE number as per end of each quarter. Office occupancy is established by data from speedgates in premises. Northern Ireland and the Republic of Ireland do not have speed gate data, and instead the number form Denmark is applied. For the Nordic countries and Lithuania, only electricity consumption for office equipment is incorporated, using DEFRA

emissions factor. For Northern Ireland and Republic of Ireland, emissions from incremental heating are incorporated for using DEFRA emissions factor. For India, incremental emissions from fan cooling are incorporated using IEA electricity emissions factor.

Estimated CO_2e from operations without registered data: For operations that do not have any measured consumption, we estimate CO_2e emissions on the basis of the average number of full-time employees as provided by Group Finance and the average emissions per employee in the Group. These estimates represent 2% of total emissions in 2023 and are distributed across the three scopes based on the share of the individual scope.

Total CO_2e emissions: Consists of the sum of scope 1 CO_2e emissions, scope 2 CO_2e emissions (market-based) and scope 3 CO_2e emissions.

Outside scopes: Biogenic emissions from use of biogas are calculated on the basis of gas consumption in Denmark, for which we purchase biogas certificates, and using emissions factor from DEFRA.

Appendix 6 - Abbreviations

AER	Annual Efficiency Ratio
AuM	Assets under Management
BBR	Bygnings- og Boligregistret
BFE	Bestemt Fast Ejendom
BIC	Business Integrity Committee
BoD	Board of Directors
CDP	Carbon Disclosure Project
CII	Carbon Intensity Indicator
CO_2	Carbon dioxide
CO_2e	Carbon dioxide equivalent
CRREM	Carbon Risk Real Estate Monitor
CSRD	Corporate Sustainability Reporting Directive
DB	Danske Bank
DBRC	Danica Balance Responsible Choice
DEFRA	Department of Environment, Food and Rural Affairs
DK	Denmark
DKK	Danish krone
EFRAG	European Financial Reporting Advisory Group
ELT	Executive Leadership Team
EPBD	Energy Performance of Buildings Directive
EPC	Energy performance certificates
ESG	Environmental, social and governance
ESRS	European Sustainability Reporting Standards
EVIC	Enterprise Value Including Cash
FI	Finland
FTE	Full Time Equivalents
g	Gram
gCO_2e/MJ	Gram of carbon dioxide equivalent per megajoule
gCO_2e/tnm	Gram of carbon dioxide equivalent per tonne nautical mile
GHG	Greenhouse gas
GoO	Guarantees of Origin
Group	The Danske Bank Group
IEA	International Energy Agency
IIGCC	Institutional Investors Group on Climate Change

IMO	International Maritime Organization
IPCC	Intergovernmental Panel on Climate Change
I-REC	International Renewable Energy Certificate
ISS	Institutional Shareholder Services
kg	Kilogram
$kgCO_2/m^2$	Kilogram of carbon dioxide per square meter
$kgCO_2e/m^2$	Kilogram of carbon dioxide equivalent per square meter
$kgCO_2/MWh$	Kilogram of carbon dioxide per megawatt hour
$kgCO_2e/MWh$	Kilogram of carbon dioxide equivalent per megawatt hour
km	Kilometre
KPI	Key performance indicator
$ktCO_2e$	Kiloton of carbon dioxide equivalent
LC&I	Large Corporates & Institutions
mDash®	Danske Bank's proprietary sustainability research platform
MJ	Megajoule
Mt	Megaton
MW	Megawatt
MWh	Megawatt-hour
m^2	Square metre
NACE	Nomenclature of Economic Activities
NO	Norway
NVE	Norwegian Water Resources and Energy Directorate
NZAM	Net Zero Asset Managers initiative
NZAOA	Net-Zero Asset Owner Alliance
OECM	Other effective area-based conservation measures
PAI	Principal Adverse Impacts
PBAF	Partnership for Biodiversity Accounting Financials
PCAF	Partnership for Carbon Accounting Financials
PP	Poseidon Principles
PRB	Principles for Responsible Banking
PRI	Principles for Responsible Investment
REGO	Renewable Energy Guarantees of Origin
RTK	Revenue Tonne Kilometres
SBTi	Science Based Targets initiative

SE	Sweden
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2	Tonnes of carbon dioxide
tCO_2e	Tonnes of carbon dioxide equivalent
tCO_2e/mDKK revenue	Tonnes of carbon dioxide equivalent per million Danish kroner of revenue
tCO_2e/mEUR revenue	Tonnes of carbon dioxide equivalent per million euro of revenue
tCO_2/t	Tonnes of carbon dioxide per tonnes
TPI	Transition Pathway Initiative
TSP	Target-Setting Protocol
UNEP FI	United Nations Environment Programme - Finance Initiative
WACI	Weighted average carbon intensity
WWF	World Wide Fund for Nature

Disclaimer
This publication has been prepared by Danske Bank A/S ("Danske Bank"). Danske Bank is under supervision by the Danish Financial Supervisory Authority (Finanstilsynet).

The publication is for information purposes only, and it is not a recommendation, offer or solicitation of an offer to trade a financial instrument. It is not to be relied upon as investment, legal, tax or financial advice. Always consult with professional advisers as to the suitability and appropriateness of an investment.

Reasonable care has been taken to ensure that the content is fair, true and not misleading. The publication includes information that is subject to uncertainties stemming from limitations in underlying methodologies and data. Danske Bank makes no representation to the content's accuracy or completeness, including information obtained from a third party, and accepts no liability for any loss arising from relying on the information provided. The forward-looking statements in the publication reflect Danske Bank's current view of future events and are based on expectations, projections and estimations, which involves uncertainties and risks, including, but not limited to, future market conditions, changes in regulation and realisation of plans and strategic objectives. The forward-looking statements should not be viewed as reliable indicators of future performance or as complete or accurate accounts of actual performance. Caution must therefore be exhibited when interpreting this publication.

Neither this publication nor any copy of it may be taken or transmitted into the United States of America, its territories or possessions (the "United States") or distributed directly or indirectly in the United States or to any U.S. person (as defined in Regulation S under the U.S Securities Act of 1933, as amended), including any national or resident of the United States or any corporation, partnership or other entity organised under the laws of the United States.

Copyright © Danske Bank A/S. All rights reserved. This publication is protected by copyright and may not be reproduced in whole or in part without permission.

Danske Bank A/S
Holmens Kanal 2-12
DK-1091 København, Denmark
Company reg. no.: 61 12 62 28

Tel. +45 45 13 96 00
Fax +45 45 14 98 03