MEET THE DANSKE BANK GROUP

21,320 employees
5 million retail customers
Operations in 15 countries
2.1 million customers who use online banking services
360,362 mobile banking apps downloaded in 2011

The Danske Bank Group is the largest bank in Denmark and one of the leading financial enterprises in northern Europe. The Group has more than 5 million retail customers and a significant share of the corporate and institutional markets. It has 338,000 shareholders, and 37% of the shares are owned by investors outside Denmark.

Our ambition is to offer both personal and business customers the easiest, quickest and best solutions in the Nordic region at competitive prices. We aim to be as accessible and flexible as possible through our branch network, our leading digital banking solutions and round-the-clock phone services.

We want to be a bank where small and medium-sized enterprises have fast, direct access to experts by phone; the preferred financial partner for mid-sized Nordic corporate and private banking clients; and the leading provider of asset management and capital markets services for Nordic CIB customers.

We are a universal bank, offering a wide range of financial services, including life insurance and pensions from Danica Pension, mortgage finance from Realkredit Danmark, asset management from Danske Capital, brokerage services from Danske Markets, real estate services from “home”, and leasing from Nordania.

This CR report reflects our commitment to our core values as well as our continued dedication to operating a profitable, sustainable business based on the needs and expectations of our customers. You can read the Group’s CR policy and find more information about our CR work at www.danskebank.com/responsibility.
CORE VALUES

Expertise - through high standards of quality and professionalism
Integrity – in business affairs and as part of society
Value creation - for shareholders, customers and employees
Commitment – to customers’ financial affairs
Accessibility – electronic and physical

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ADAPTING TO THE CHALLENGES RESPONSIBLY

At the Danske Bank Group, we believe that the best foundation for being a responsible company is running a strong, profitable business. The difficult economic environment in recent years has seriously affected both consumer behaviour and the way we do business. Individuals adapt their daily lives to the new conditions; states and public authorities work to restore stability and trust in the global economy; and businesses must respond to both developments. The ongoing development of a new regulatory framework for the financial sector is a crucial aspect of this process, and the Danske Bank Group welcomes the work that is taking place at the national, European and global levels.

Adjusting our business
Companies are being forced to adjust their businesses to a new normal. This is also true of the Danske Bank Group, as we saw low earnings and falling business volumes in 2011. In the spring of 2011, the Group strengthened its equity capital through a fully underwritten rights offering with net proceeds of DKK 19.8 billion. One of the purposes of the share capital increase was to enable the Group to repay, as early as in 2012, the hybrid capital raised from the Danish state in 2009. A financially satisfactory agreement on prepayment terms could not be reached, however, and the loan will thus not be repaid until 2014.

We are committed to making every effort to stay robust through the economic downturn. In November 2011, we therefore announced a plan to reduce costs by DKK 2 billion. The plan includes reducing the staff count by 10% by the end of 2014. Since 2007, the number of cash transactions made in branches has fallen 30%, and this inevitably reduces the number of manual tasks. The staff reduction reflects this development in customer behaviour as well as reduced business activity. Many employees will retire in the next couple of years, but unfortunately, redundancies cannot be avoided.

Improving customer service
Our number one priority is helping our customers stand stronger financially by enabling them to manage their finances well. We approach all customers – both personal and business customers – with this fundamental intention. In 2011, we further developed and implemented our digital banking services, which are essential in shaping the way our customers experience the Bank. More and more customers are moving to self-service solutions, and we are addressing this development by offering customers online banking services that meet their expectations of accessibility, transparency and speed.

Responsible business practices
The Danske Bank Group is committed to managing the environmental and social risks involved in investment and commercial lending. We have had specific ethical requirements for suppliers since 2006, and in 2011 we implemented a social and environmental risk assessment of all suppliers. Since 2008, our investment of both our own and our customers’ funds has adhered to our policy on socially responsible investing, ensuring that funds are not placed in companies that violate internationally recognised standards for human rights, arms, working conditions, the environment and anti-corruption. It was therefore a logical step for us, in 2011, to
extend these principles to cover the way we grant credits.

**Support for the next generation**
In recent years, it has become evident that many people have trouble predicting the course of their personal finances and the long-term consequences of their financial decisions. At the Danske Bank Group, we are concerned by this trend and wish to contribute to a solution. Since 2007, we have developed learning tools for the next generation of consumers in our Financial Literacy programme, which now includes online games, financial information and advice for children and young people from the ages of 5 to 27.

**Challenges and opportunities**
We believe that the proactive demonstration of Corporate Responsibility will bring benefits to our customers, our employees and society at large. It will therefore also benefit our business. This year we are publishing our CR report only in an online, PDF version. This is the first step in a transition towards full online reporting, and it also benefits the environment.

Last year we started reporting on the dilemmas that are an inevitable part of the day-to-day work on Corporate Responsibility. In this year’s report, we continue to focus on such issues.

**“Our strong foundation of corporate values and sound business principles allows us to demonstrate responsibility towards our customers and employees and to contribute in many ways to the economies and societies where we operate.”**

PETER STRAARUP / CHAIRMAN OF THE EXECUTIVE BOARD
Each year, we make a great effort to collect and validate data on our company’s economic, social and environmental performance. The data are important in providing stakeholders with a transparent, fair and comparable overview of the achievements of our Corporate Responsibility work.

In 2011, the Danske Bank Group had 5 million customers and generated total DKK 43.4 billion in income. We achieved this result despite very difficult economic conditions, and we reduced our expenses from the level in 2010.

Employees
The Group employed 21,320 people, who received DKK 12.5 billion in salaries (including pensions and social benefits) in 2011. We are very pleased to see that employee satisfaction remained high because it affects both customer satisfaction and the Group’s overall performance. In 2011, the total satisfaction and motivation score rose one point, from 75 in 2010 to 76, which is an all-time high. While satisfaction among our Irish colleagues continued to reflect their challenging business climate, their scores remained well above the local industry benchmark across all categories. This was an encouraging result, indicating that National Irish Bank staff feel confident about the future.

Environment
The Group’s main environmental challenge in the years ahead is to keep reducing energy consumption after business activity starts to pick up again. In 2011, our energy consumption per employee was 7.8 MWh. This is 7% lower than the year before, and the decline was owing to a general reduction in both heat and electricity consumption across the Group. CO₂ emissions amounted to 2.4 tonnes per employee, against 2.6 tonnes of CO₂ per employee in 2010.

Transparent tax payments
There is growing public interest in the Group’s tax contribution to state finances. At the Danske Bank Group, we have a general policy of paying the correct amount of taxes in accordance with the laws of the countries where we operate while providing a competitive return for our shareholders. We hold an ongoing dialogue with local tax authorities and are transparent about our tax payments.

In 2011, the Group’s corporation taxes amounted to DKK 2.5 billion. Governments also benefited indirectly from the personal taxes of DKK 4.6 billion paid by Group employees, taxes paid on financial returns generated for customers and corporation taxes paid by suppliers. The Group’s payments to suppliers in 2011 amounted to DKK 11 billion.
<table>
<thead>
<tr>
<th>Employees</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of full-time employees, end of year</td>
<td>21,320</td>
<td>21,522</td>
<td>22,093</td>
</tr>
<tr>
<td>Percentage of women in workforce (%)</td>
<td>56</td>
<td>57</td>
<td>57</td>
</tr>
<tr>
<td>Percentage of women in management (%)</td>
<td>36</td>
<td>35</td>
<td>34</td>
</tr>
<tr>
<td>Employee satisfaction and motivation (scale 0-100)</td>
<td>76</td>
<td>75</td>
<td>72</td>
</tr>
<tr>
<td>Absence due to illness (avg. number of illness days per employee)</td>
<td>8.0</td>
<td>5.7</td>
<td>6.0</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Business operations (DKK millions)</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Income</td>
<td>43,377</td>
<td>46,277</td>
<td>59,339</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>25,987</td>
<td>26,010</td>
<td>28,907</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>4,205</td>
<td>6,450</td>
<td>4,755</td>
</tr>
<tr>
<td>Tax</td>
<td>2,482</td>
<td>2,786</td>
<td>3,042</td>
</tr>
<tr>
<td>Net profit</td>
<td>1,723</td>
<td>3,664</td>
<td>1,713</td>
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<table>
<thead>
<tr>
<th>Business</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
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</thead>
<tbody>
<tr>
<td>Banking customers, end of year (millions)</td>
<td>5.0</td>
<td>5.1</td>
<td>5.1</td>
</tr>
<tr>
<td>Loans &amp; advances to retail customers as percentage of total loans, end of year (%)</td>
<td>48</td>
<td>47</td>
<td>46</td>
</tr>
<tr>
<td>Number of branches, end of year</td>
<td>645</td>
<td>670</td>
<td>734</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environment</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy consumption (MWh per employee)*</td>
<td>7.8</td>
<td>8.4</td>
<td>7.6</td>
</tr>
<tr>
<td>Total air travel (km per employee)</td>
<td>1,717</td>
<td>1,482</td>
<td>1,377</td>
</tr>
<tr>
<td>CO₂ emissions (tonnes per employee)**</td>
<td>2.4</td>
<td>2.6</td>
<td>2.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Society</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations to society (DKK millions)</td>
<td>20</td>
<td>21</td>
<td>28</td>
</tr>
<tr>
<td>Hours of voluntary work (hours)</td>
<td>9,697</td>
<td>7,477</td>
<td>3,823</td>
</tr>
</tbody>
</table>

* Data cover DK, SE, NO, IRL, NI and FIN.
** Data cover DK, SE, NO, IRL, NI and FIN and include estimated figures for the remainder of the Group. The data shown for the estimated figures are restated because of a change in the calculation method.
BANKING IN A TIME OF CRISIS

CONTRIBUTING TO FINANCIAL STABILITY
In the past few years the global economy has taken us on a rough ride. Many had hoped that in 2011 we would see an end to recessionary tendencies and sluggish growth. Unfortunately, the optimism from the beginning of the year was dispelled by later events. The sovereign debt crisis exposed severe structural challenges in the Western economies. Global imbalances built up over the past decades began to take their toll. In Europe especially, both businesses and consumers now need to brace themselves for a long period of low economic growth.

**Regulatory adjustment needed**

Banks also need to adjust to this new normal. In addition to dealing with today’s difficult economic climate and the uncertainty caused by doubts about the solvency of key EU countries, banks are in the process of digesting unprecedented regulatory changes.

In the aftermath of the financial crisis, a wide range of new measures was put in place to make the banking sector more resilient. The Danske Bank Group fully supports these efforts. Better regulation is important and necessary in restoring the trust in and stability of the global financial system.

Although most new legislation is still in the making, significant progress has already been achieved. The European Commission proposals for a review of capital requirement rules were a big step in the right direction. The proposals implement the international Basel III guidelines in the EU and are intended to bolster both the capital and liquidity buffers that banks need. The final shape of the new law in the EU should be settled by mid-2012. The European Commission plans to present the remaining legislative proposal to implement the G20 reform agenda by year-end.

The Danske Bank Group is committed to contributing to the success of this process through its work in national, European and international industry associations. We also make a substantial ongoing contribution to financial stability in Denmark through the deposit guarantee and bank resolution fund. In Denmark, it is the industry, not the taxpayers, that pays for bank failures. For the winding up of two failed Danish banks alone, Danske Bank paid DKK 1.1 billion in 2011. The annual net cost for the state hybrid capital that Danske Bank took on at the height of the financial crisis amounts to DKK 1.7 billion. Furthermore, Danske Bank pays an annual fee of DKK 300 million for state-guaranteed bank bonds.

**A strong system**

The banking system as a whole is now much better capitalised than before the financial crisis. In Europe, two stress tests conducted under the auspices of the [European Banking Authority (EBA)](https://www.eba.europa.eu) have
BANK PACKAGE 1

STABILITY PACKAGE
(8 October 2008 to 30 September 2010)

Unlimited state guarantee for depositors and senior unsecured debt. Fee of DKK 15 billion and payment of DKK 10 billion for loan losses at failed banks, bringing the total cost for the Danish banking sector to DKK 25 billion.

BANK PACKAGE 2

CREDIT PACKAGE
(18 January 2009)

DKK 100 billion of hybrid capital and DKK 180 billion of state-guaranteed senior funding for the Danish financial sector.

boosted confidence in the sector. The July 2011 stress test showed that the Danske Bank Group is one of the best-capitalised banks in Europe. We were ranked in the top 10 of the 90 participating banks.

The subsequent capital exercise in October 2011 that took the possible effects of the sovereign debt crisis into account confirmed this result. According to the EBA’s calculation, the Danske Bank Group’s core tier 1 capital ratio was 11.5%, well above the 9% requirement.

A healthy banking industry is a prerequisite for economic recovery in Europe, where two-thirds of the economy is bank-financed. Europe’s large SME sector in particular depends on well-functioning banks. We therefore caution policymakers not to overburden our industry with regulatory changes whilst the economy is in such a fragile state. Putting the economy back on track requires carefully crafted regulation. In order to avoid unintended consequences, the overall effect of any new regulations should be thoroughly evaluated before the changes are adopted. We also urge regulators to adjust their ambitions for the reforms and the timetable for implementation to the currently weak economic climate.

Supporting financial stability

The financial crisis demonstrated that a strong financial infrastructure is important for society as a whole. Banks are essential to the economy because they facilitate access to capital, investment, payments and other transactions. In our journey to adjust to the new normal in banking, we will continue to put our customers at the centre of our work.

The economic situation and the heavy regulatory burden make some painful choices unavoidable. The Group increased lending rates in 2011 because of the new statutory requirements and the level of impairment charges. In addition our funding costs increased dramatically, and this inevitably also affects our customers. The Danske Bank Group has the strength necessary to support customers and lend money for good projects, even in times of prolonged economic turmoil.

In 2011, we approved 93% of loan applications from personal customers and 86% from business customers. The Group also contributes to society through the personal income taxes paid by employees, payments to suppliers and the payment of corporation taxes. See page 6 for details on our economic footprint.
BANK PACKAGE 3

WINDING UP DISTRESSED BANKS
(1 October 2010)

Distressed banks are closed down over a weekend. All unsecured and uninsured creditors, including depositors with deposits above DKK 750,000 (EUR 100,000), are subject to a haircut. The Guarantee Fund for Depositors and Investors insures deposits under DKK 750,000.

BANK PACKAGE 4

CONSOLIDATION PACKAGE
(8 September 2011)

New consolidation process. State-guaranteed funding as part of mergers. Changed funding of Guarantee Fund for Depositors and Investors. Designation of national SIFIs.
BUSINESS

DIALOGUE DRIVES DEVELOPMENT
Strong, lasting business relationships are not built overnight. We listen closely to our customers in order to steadily improve our products and services and increase their satisfaction.

The rapid development of mobile telephony and the Internet offers banks a great opportunity to improve products and services. In our markets, an estimated 4% of the population uses the iPad and other tablet products, and the number is rapidly increasing. To serve the customers who have already joined this trend, we launched our first app for iPad in November 2011.

When we develop iPad and mobile solutions, we ask customers for input. This year we used our Facebook page for crowdsourcing by introducing a new element called Idea Bank. In Denmark, we used the Idea Bank three times to ask customers for ideas for new services or further development of existing products and services. So far, the interest has been overwhelming, and the reception of the results has been equally positive. In the first round of crowdsourcing on Facebook, we got 267 ideas for the mobile banking app. The top two suggestions and a handful of others were implemented in the solution. In the first few months of collecting ideas for the iPad app, more than 150 ideas came in from Facebook pages in Denmark, Finland, Norway and Sweden as the business units in the other Nordic countries launched local pages. The Idea Bank has collected a total of 567 ideas, with 540 comments and 8,947 customers and non-customers voting for the proposals.

Listening online
Since the general trend in customer behaviour is to move online, we want to respond with banking...
services that match customers’ expectations of online accessibility, transparency and speed. Throughout 2011, we continued to roll out our smartphone app at several business units and to develop communication channels to customers in order to make banking services easier to use and more transparent and accessible, thus empowering customers to manage their own finances when and where it suits them.

Building a customer forum
In 2010 we created a customer panel in Denmark, and in 2011 we improved the panel by turning it into a more active customer forum. About 10,000 people still participate, but now they do more than simply answer questionnaires sent by e-mail. The aim is to stimulate more extensive dialogue by enabling the forum members to answer questions directly, suggest topics for discussion, and hold in-depth conversations with other forum members and the Bank. Both customers and non-customers still have access. Participants will be more fully involved in the feedback process by taking part in focus group interviews, tests and quick polls. These changes are a reflection of the valuable knowledge we get from listening to customers. We will increase our efforts in this project in 2012.

Face-to-face encounters
Although more and more customers manage their day-to-day banking through our Internet and mobile channels, not all of our contacts with customers take place online. We also pay great attention to the quality of face-to-face advisory meetings and customers’ experience in our branches.

In Denmark, we have kept track of our customers’ opinions of encounters with the Bank since 2008. At least 125,000 times a year, Danish customers complete a questionnaire after an advisory meeting in a branch or on the phone. This approach has led to significant improvements in customer meetings. On the basis of feedback from customers, we introduced new procedures for customer contact before a meeting at a branch. We also make written records of the meetings. If a customer is not satisfied with the service received, the local manager or department head contacts the customer to find out how the service can be improved.

Handling complaints
We record complaints in order to identify patterns and areas that require attention and improvement. The data show a decline of about 25% in the number of complaints in Denmark in 2011.

Since the autumn of 2009, we have had a department dedicated to handling customer complaints and a customer satisfaction manager who has overall responsibility for responding to customer issues. A senior management committee established at the end of 2011 and headed by Customer Satisfaction Manager Carsten Elmose determines solutions on the basis of observations from local management. In addition to these measures,
we established an internal function that enables employees to make suggestions for improvements.

Customer satisfaction 2011
The Danske Bank Group measures overall customer satisfaction at all business units, taking local benchmarks into consideration. In 2010, customer satisfaction stabilised across the Group after a period of great financial turbulence and several events that affected it adversely.

In 2011, overall customer satisfaction continued to show a generally positive trend among both business and personal customers [see the table below]. This survey is complemented by local measures that provide more comprehensive information about customer satisfaction.

Danske Bank Denmark showed improved satisfaction scores for both business and personal customers in 2011. Northern Bank’s score also improved in 2011, especially for the business segment, placing it above the average for local competitors. Fokus Bank’s and National Irish Bank’s scores for personal customers also showed improvement.

The trend in the personal segment was driven by various initiatives. For example, the Group launched a new service guarantee in Norway (including a response to mortgage applications within three hours), user-friendly mobile apps and a strong effort to measure the quality of our financial advice. The slight decrease in the Swedish score was due to several factors. The increase in prices in particular affected personal customer satisfaction. Nevertheless, Danske Bank Sweden had the second-highest personal customer satisfaction level among Swedish banks.

The EPSI survey of the Danish financial sector in 2011 confirmed the general increase in customer satisfaction. For the second consecutive year, Danske Bank Denmark’s satisfaction score improved among both business and personal customers.

### CUSTOMER SATISFACTION (SCALE OF 0-10, PERSONAL/BUSINESS)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Danske Bank, Denmark</td>
<td>7.4/7.7</td>
<td>7.1/7.4</td>
</tr>
<tr>
<td>Fokus Bank, Norway</td>
<td>7.8/7.4</td>
<td>7.5/7.4</td>
</tr>
<tr>
<td>Danske Bank, Sweden</td>
<td>7.9/7.9</td>
<td>8.1/7.8</td>
</tr>
<tr>
<td>National Irish Bank, Ireland*</td>
<td>6.6/6.5</td>
<td>6.4/-</td>
</tr>
<tr>
<td>Northern Bank, Northern Ireland</td>
<td>7.7/7.8</td>
<td>7.6/7.4</td>
</tr>
<tr>
<td>Sampo Bank, Finland</td>
<td>7.4/7.8</td>
<td>7.3/7.9</td>
</tr>
</tbody>
</table>

* There are no business figures for National Irish Bank in 2010 because the survey was suspended.
Responsible lending
At the Danske Bank Group, we believe that responsible behaviour is a precondition for creating long-term value in a company.

Since 2006, we have had specific environmental requirements for suppliers and product groups, and in 2011 we expanded the scope of our supplier criteria to include an ethical, environmental and social risk assessment of all suppliers. In 2008 we defined a policy for socially responsible investing to ensure that the funds we invest on behalf of our customers are not placed in companies that violate internationally recognised standards for human rights, arms, working conditions, the environment and anti-corruption.

It was therefore a logical step to implement these ethical principles in the credit-granting process in 2011. To do this, we built upon the screening method we use for our investment universe in which an external consulting firm that specialises in socially responsible investing regularly screens our investment portfolios.

The screening process is based on the internationally recognised norms and principles of the UN Human Rights Norms for Business [2003], UN Global Compact [1999] and OECD Guidelines for Multinational Enterprises [1976]. Ethix SRI Advisors, the consultancy, provides the Group’s Socially Responsible Investment Board with the results of its analyses, and the Board decides whether to exclude the securities in question from the investment portfolio or to engage further in an active shareholder dialogue. The Group publishes a list of the companies that have been screened out of the portfolios semi-annually on www.danskebank.com.

Since mid-2011, the Group has cross-checked its credit exposure against the SRI exclusion list to ensure that we are not doing business with companies that violate our social, ethical or environmental guidelines. We firmly believe that this approach does not conflict with the Group’s objective of generating the best possible returns for our shareholders through our investments and lending activities.
MEETING THE 2011 OBJECTIVES

In March 2011, the Danske Bank Group reported to the UN PRI organisation for the first time.

UN Principles for Responsible Investment
At the annual conference on the Principles for Responsible Investment (PRI) in September 2011, it was clear that the rapid growth in the number of PRI signatories necessitated organisational adjustments. The PRI organisation therefore decided to change the annual reporting process in which signatories describe how they incorporate the principles in their investment processes. As a result, the Report on Progress was not released in 2011 and will not be released in 2012, but the Danske Bank Group’s SRI policy and list of excluded companies will remain available on our website.

Call for arms trade treaty
In July 2011, Danske Bank and 23 other PRI signatories, with a total of more than USD 1.2 trillion in assets under management, called on governments to enact a strong, comprehensive and legally binding arms trade treaty. The treaty, which has not yet been officially negotiated, aims to control international trade in conventional arms. The message from the PRI investors came as United Nations member states negotiated the treaty at the UN headquarters.

Dialogue to improve performance
Since the inception of our SRI policy in 2008, the Group, with the assistance of Ethix SRI Advisors, has conducted dialogues with individual companies about possible breaches of the policy. The process has since developed to include collaboration with other investors, thus increasing likelihood of its effectiveness.

For example, the Group is taking part in a new initiative directed at local and federal Canadian authorities in which a group of investors has called for a strong, transparent monitoring system to track the environmental and social performance of companies involved in oil sands extraction.

Responsible sourcing in practice
Last year, the Group expanded its responsible sourcing initiative. The first full screening of our suppliers began in early 2011. The first experiences revealed a need to adjust the information-gathering process. In addition to making ongoing adjustments, we held a workshop for a select group of employees – our so-called Responsible-Sourcing Champions – in order to equip them with special insight into responsible supplier management.

The process of supplier screening
In 2011, the Group implemented a new Enterprise Resource Planning system (ERP). The implementation made it difficult to gather detailed information from our suppliers. The process made heavy demands not only on the Responsible-Sourcing Champions but also on the entire Group Procurement department. Despite these system-related challenges, in 2011 we screened 429 of the suppliers managed by Group Procurement.

On the basis of certain factors, such as their presence in specific regions or their sector, we identified 26 of these companies as high-risk suppliers. We
will conduct further dialogues with these suppliers in 2012 to consider the factors that put them in the high-risk category. During the dialogue, the suppliers will remain in the supply chain. If the initial dialogue does not alleviate our concerns, we may intensify it by performing a physical audit or requiring more detailed answers to additional questions about human rights, employee rights, environmental conditions or corruption.

Atea, a Danish IT service and technology provider and major supplier to the Danske Bank Group, is one of the companies that have gone through the screening process. The company completed its registration on the Group’s supplier website. Atea also participated in tests of the site’s functionality and usability in collaboration with its contract manager and the Responsible Sourcing Working Group, so the site has been evaluated from both internal and external perspectives.

Making progress on responsible sourcing

The Group supports sustainable financial practices and participates in the UNEP Financial Initiative Nordic Working Group, which consists of UNEP FI signatories in Denmark, Finland, Iceland, Norway and Sweden. The working group provides a platform for exchanging information and best practices on sustainability development. Several member companies are currently discussing how communities can assist in promoting responsibility in supply chains. We believe that collaboration both within the financial sector and across sectors will enhance the effectiveness of these efforts in the future.

In 2011 we developed a vision to advance our work with responsible sourcing: “Danske Bank Group should be regarded as an ambitious contributor to sustainable development through responsible sourcing.” In 2012 we will develop a responsible sourcing strategy to achieve this vision within three years.

“The social and environmental screening is an extensive process, but we welcome the initiative because it supports our own ambitions for Corporate Responsibility, such as delivering the most environmentally friendly products that meet our customers’ needs.”

THOMAS OLESEN SCHJÆRFF / SALES DIRECTOR, ATEA
DILEMMA

Is supplier screening worthwhile?

We think that by focusing attention on high-risk suppliers, our responsible sourcing programme will be more efficient for both the suppliers and us.

Some NGOs argue that the steps many companies have taken to practise sustainable supply chain management do not have the intended effects of improving local conditions and performance in the supplier base. Asking suppliers to tick boxes in a questionnaire and paying control visits are not always sufficient to solve more fundamental social or political challenges. Companies should treat suppliers with whom they have a good, long-standing relationship very carefully. Some suppliers may feel they are being put under unnecessary scrutiny if they are suddenly asked to fill out a detailed standard questionnaire after years of informal communications with a customer. Furthermore, this is often a time-consuming and demanding task, especially for small suppliers.

On the other hand, investing time and funds in supplier screening is still the most likely way of obtaining progress on matters such as human rights. We must try to balance the expenditure of resources against the value gained.

At the Danske Bank Group, we address this challenge by pre-screening all our suppliers with three simple questions. This divides suppliers into risk categories, and we ask for clarifications and additional information only from the ones at the highest risk level. We think that by focusing attention on high-risk suppliers, our responsible sourcing programme will be more efficient for both the suppliers and us. It will also give us more time and resources to help bring about enduring social, ethical and environmental improvements at these suppliers, where it is possible to make a real difference in working conditions. We believe that this will not only increase sustainable practices at our suppliers but also strengthen the relationship between the Danske Bank Group and our business partners.
ADAPTING COMPETENCIES IN TIMES OF CHANGE
In recent years we have seen a volatile business environment in which companies must adapt to instability and slow growth. We have faced this challenge with an ambition to stand stronger and to deliver improved services while still bringing down costs. In 2011 it became evident that this will entail cutting 2,000 jobs across the Group by 2014, a measure that inevitably influences our employees and our organisation.

We expect that, because of attrition and retirements, a substantial number of the reductions can be made without redundancies. We are thus continuing with a cost-saving programme, that thus far has reduced the headcount by more than 2,000 since 2007. In addition, our long-term investment in digital banking solutions to meet customer demands means that a growing portion of services is processed automatically. The need for conventional teller services has declined, and this will inevitably lead to a reduction of these positions in the future.

The Group strives to adjust to these changes with propriety and decency, and we will do our utmost to manage the process with respect and concern for the employees affected.

Discovering competencies
Changing business conditions also affect our employees’ competency requirements. “Flexibility” and “first-contact service”, for example, are key terms describing the new demands on the staff, and they require training and adaptation. Sometimes the future brings more fundamental changes for certain employees, however.

By the end of 2011, more than 750 service advisers completed a special competency identification course called Project Insight, which had started in 2010. The goal was to prepare the advisers for a future in which their jobs will change or might not even exist any longer by making them more fully aware of their professional and personal competencies. The immediate objectives were to give them...
a greater sense of job security and job satisfaction as well as to contribute to greater customer satisfaction, since they might employ their newly discovered competencies in daily interactions with customers.

The output from the course was individual action plans based on each employee’s wishes and objectives. Employees created these plans in an exercise that, for some, involved discussing alternative career paths with their superiors. Even advisers ready for retirement were invited to participate, and some took the opportunity to plan their senior years, reflecting the project’s aim of focusing on individual employees’ ambitions.

After the course, 80% of the participants stated that their satisfaction with their current job had increased, and 90% felt more secure about possible changes in their job situation.

Collaboration with unions
The Danske Bank Group strives to approach changes through open discussions with stakeholders. The Group therefore has an ongoing dialogue with trade unions about flexibility and adaptation. How does the current development affect the needs of the business? What are the future competency requirements? How can we prepare staff for the necessary adaptations? A discussion based on mutual interest and respect supports a shared mindset about the inevitable changes and enables the Group to take proactive measures. In Denmark, the trade union was involved in the preparation of Project Insight.

Increasing pride
In challenging times, we think it is crucial to support our employees by reinforcing their pride in and commitment to their workplace. In recognition of this challenge, in 2011 several business units promoted an awareness of the Group’s positive contributions to society, both internally and externally.

National Irish Bank launched the “Pride in our jersey” campaign in spring 2011 as a response to employees’ desire to recognise and celebrate their successes more often. With stories on the intranet about achievements and motivational staff conferences, the campaign demonstrated clearly that the staff can take pride in their jobs and maintain confidence in the future of their workplace.

In Denmark, the “Good stories” booklet about the Group’s effect on society and particularly the results of our Corporate Responsibility work was distributed to all employees. The various stories were presented in a light, humorous way to inform and encourage employees. For instance, the booklet contained stickers they could use to politely point out colleagues’ habits that cause energy waste and to promote dialogue. Other pages told of the Group’s contribution to society through tax payments and its new stress-prevention hotline.

Employees welcomed the positive accounts of the Group’s activities, reporting that it strengthened their pride in their workplace. Many said they would be proud to share the stories with customers.
At the Danske Bank Group, we were pleased to see that employee satisfaction remained high in 2011 despite the strong headwinds that the financial sector and its employees have faced during the economic downturn.

**Stress prevention**
Since 2008, when the Group’s stress-prevention policy was implemented, we have steadily developed our stress prevention measures. The approach is always that the prevention and treatment of stress in both working life and personal life are taken into consideration.

We have also improved employees’ access to help with stress so that it is available before negative stress results in actual illness. Since 2009, for instance, Northern Bank has offered an employee assistance programme with confidential support 24 hours a day, year round. In 2011, Danish employees’ access to support was improved as well, with the launch of a new hotline. While the old hotline was mostly a tool for managers with employees in need of stress treatment, the new hotline is also open to employees. The service still offers treatment, if necessary, but employees can also get counselling from psychologists before their situation results in illness. For example, they are invited to call if they are worried or feel that their situation is unmanageable.

**Measures against robberies**
Despite various initiatives to deter thieves, such as cash-free branches, 2011 still saw a large number of robberies. In total, there were 40 robberies and attempted robberies across the Group. This is lower than the number in 2010. With 38 robberies, Denmark remains the country with the highest incidence of robbery. We cannot explain why this is the case, but the Group continues to develop preventive measures.

At Danske Bank Sweden, cash in–cash out machines have been installed at most branches. These machines process all cash exchanges with customers. In Sweden, their purpose is primarily to make cash handling more efficient and to relieve employees of the repetitive work of counting banknotes. The fact that tellers do not have access to cash also serves as protection against robberies. In October 2011, the Danish unit made a test installation of the cash in–cash out machine at a branch that had recently suffered a very aggressive robbery. The employees at the branch reported that it made them feel much more secure. The system will be tested in additional branches in 2012.

Another new measure is a Danish financial sector initiative to conduct cash transportation jointly. The initiative was developed because of its potential efficiency gains, but we hope that the stronger security surrounding the transports from the joint effort will also reduce robberies of cash transports.

**Employee health**
Since 2008, Danica Pension, the Group’s pension and insurance company, has offered its business customers Danica Health Promoter [in Danish, Danica Sundhedsfremmer]. The programme consists of health check-ups and activities to improve em-
employee health. Danica implemented the programme with its own employees in 2009, and those with the poorest health conditions were offered an intensive follow-up programme called the Healthy Choice.

According to a 2011 evaluation, both Danica Health Promoter and the follow-up programme have been a success. Participants in the general programme increased their health scores by an average of 7.4%, and improved physical fitness ratings were the most important contributory factor. The number of employees with very vulnerable health (placing them at risk of developing serious lifestyle diseases) declined 34%.

The Healthy Choice
A group of Danica Pension employees participated in the Healthy Choice. They received exercise and nutritional counselling and followed personal training and diet programmes, and the results were impressive. The physical fitness ratings scores improved from 24 to 30 on average, which represents a drastic reduction of the risk of developing lifestyle diseases. The number of employees with a “very poor” health rating was reduced by almost 50%. Almost all of the participants reported that they were motivated to continue their new healthy habits, indicating that the programme may have a sustained effect.

Most Group units have implemented health promotion measures [see www.danskebank.com/CR].

Women in management
In 2010, we signed the Danish minister for Gender Equality’s “Charter for more women in management”. Afterwards, the minister appointed Danske Bank Group CEO Peter Straarup ambassador for women in management for 2011.

In 2011, we submitted the charter’s first requirement, a baseline report in which we listed targets for women in management. The first report on our results and initiatives is due in 2012, but we were very pleased to see that we have already reached the 2012 target of 36% women in management [see table on page 27 for more information].

As preliminary step in implementing the charter, we prepared an analysis to identify the main barriers to increasing the number of women in management and to develop the right measures to address the issue.

One concrete target is increasing the percentage of women in senior management from 19% to 20%. To make sure this takes priority in the organisation, we will add a goal of increasing female managers to executive managers’ performance agreements.

To strengthen the pipeline, we set targets for female candidates in our succession planning. Another goal we have set for 2012 is adding a consideration of diversity, especially gender diversity, to the Group’s succession policy.

“We prefer voluntary objectives for women in management set by us rather than a quota set by the government. This does not mean we are not ambitious. We just think it makes the most sense to set objectives and define focus areas that match our specific challenges.”

HELLE HAVGAARD / HEAD OF GROUP HR
Women in management – are quotas the solution?

We believe that targets can serve as a strong incentive to broaden the scope of our recruitment process, while the successful candidate will still be chosen because he or she has the right competencies.

Some governments in Europe are now imposing quotas for women in management. Norway, for instance, has introduced a 40% quota for women on company boards. There is much debate about whether this is the best way to implement change. Sceptics are concerned that it will result in the appointment to management positions of female candidates who are less qualified than their male counterparts. Others argue that quotas represent discrimination against male candidates and special treatment that could undermine respect for female executives in general.

At the Danske Bank Group we believe that voluntary objectives set by the companies themselves are the best policy. While government quotas might enforce the same target for all companies, targets set by individual companies allow for measures appropriate to the needs and conditions of the specific sector or company. For instance, a company can set objectives that take into account its current distribution of male and female managers and the pipeline for its management positions.

We have systematised our efforts to get more women in management – including higher management levels – and this entails setting concrete targets. Our targets are defined by the need to develop our business and are a natural extension of our work to maintain a pipeline of talented employees to management positions.

At Danske Bank Group, we are not worried that setting targets will generally result in unqualified female managers or discrimination against males. We believe that targets can serve as a strong incentive to broaden the scope of our recruitment process, while the successful candidate will still be chosen because he or she has the right competencies.
Employee opinion survey

Every year the Group conducts a survey of employee satisfaction. We are very proud that we have maintained a high level of satisfaction and motivation and even improved on the high score from last year, raising it from 75 to 76, which was the highest level ever and placed us well above the sector benchmark of 70. This is encouraging because employee satisfaction is closely related to customer satisfaction and the Group’s overall performance.

Two of the main drivers behind the high score were satisfaction with one’s immediate superior and collaboration with colleagues, and the scores for most parameters rose at most business units.

Working environment

For the first time this year, the Group’s workplace assessment (WPA) covered all units. Despite the difficult times, the overall result was very positive. Like the high employee satisfaction score, the WPA result indicates high satisfaction with the general atmosphere. The employees’ rating of their mental working environment rose from 79 to 80.

Last year, we started measuring social capital, which is a collective term for our “stock” of fairness, trust and cooperation. We believe that this is a key factor in productivity and quality, so we are very pleased with a score of 81, which also represents an increase of one point from last year.

The employees’ perception of their physical working environment, although not as high as the score for the mental working environment, was satisfactory, at 72, the same as last year. Employees are generally happy with their individual workstations and advice on working positions, while the main challenges were factors such as indoor climate and noise. We make an ongoing effort to improve working conditions, but some aspects of our open office spaces are difficult to change.

<table>
<thead>
<tr>
<th>EMPLOYEE OBJECTIVES 2012</th>
<th>ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure diversity and inclusion</td>
<td>Insert objectives on increasing the number of female managers in executive managers’ performance agreements.</td>
</tr>
<tr>
<td></td>
<td>Integrate principles of diversity, especially gender diversity, in the Group succession policy.</td>
</tr>
<tr>
<td>Contribute to society through charitable work in Ireland</td>
<td>Increase the percentage of women in senior management to 20%.</td>
</tr>
<tr>
<td>Reduce employee turnover to the sector average in Norway</td>
<td>Investigate the costs and benefits of measures to reduce employee turnover in Norway.</td>
</tr>
</tbody>
</table>
### EMPLOYEE DATA

#### Staff details

<table>
<thead>
<tr>
<th></th>
<th>GROUP 2011</th>
<th>NOTES</th>
<th>GROUP 2010</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of full-time employees, end of year</td>
<td>21,320</td>
<td></td>
<td>21,522</td>
<td></td>
</tr>
<tr>
<td>Percentage of women in workforce (%)</td>
<td>56</td>
<td></td>
<td>57</td>
<td></td>
</tr>
<tr>
<td>Percentage of women in management (%)</td>
<td>36</td>
<td></td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Average age</td>
<td>44</td>
<td></td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>Average years of service</td>
<td>16</td>
<td></td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Employee turnover (%)</td>
<td>7</td>
<td></td>
<td>4</td>
<td></td>
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</tbody>
</table>

#### Work-life balance

<table>
<thead>
<tr>
<th></th>
<th>GROUP 2011</th>
<th>NOTES</th>
<th>GROUP 2010</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women working part-time</td>
<td>2,904</td>
<td></td>
<td>2,944</td>
<td></td>
</tr>
<tr>
<td>Men working part-time</td>
<td>253</td>
<td></td>
<td>281</td>
<td></td>
</tr>
<tr>
<td>Avg. No. of maternity leave days (days per employee on leave)</td>
<td>113 Ex BAL</td>
<td></td>
<td>117 Ex BAL</td>
<td></td>
</tr>
<tr>
<td>Avg. No. of paternity leave days (days per employee on leave)</td>
<td>29 Ex BAL, IRL</td>
<td></td>
<td>35 Ex BAL, IRL</td>
<td></td>
</tr>
<tr>
<td>Leaves of absence granted for other reasons (No. of employees granted leave of absence during year)</td>
<td>519 Ex BAL</td>
<td></td>
<td>436 Ex BAL</td>
<td></td>
</tr>
</tbody>
</table>

#### Health and safety

<table>
<thead>
<tr>
<th></th>
<th>GROUP 2011</th>
<th>NOTES</th>
<th>GROUP 2010</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absence due to illness (Avg. No. of days lost through illness per employee)</td>
<td>8.0 Ex BAL</td>
<td></td>
<td>5.7 Ex BAL</td>
<td></td>
</tr>
<tr>
<td>No. of injuries or post-traumatic stress related to robberies</td>
<td>241</td>
<td></td>
<td>339</td>
<td></td>
</tr>
<tr>
<td>No. of other physical or psychological injuries</td>
<td>310</td>
<td></td>
<td>358</td>
<td></td>
</tr>
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</table>

#### Competency development

<table>
<thead>
<tr>
<th></th>
<th>GROUP 2011</th>
<th>NOTES</th>
<th>GROUP 2010</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunities for professional and personal development as perceived by the employees (scale of 0-100)</td>
<td>76</td>
<td></td>
<td>76</td>
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</tr>
</tbody>
</table>

#### Employee satisfaction

<table>
<thead>
<tr>
<th></th>
<th>GROUP 2011</th>
<th>NOTES</th>
<th>GROUP 2010</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee satisfaction and motivation (scale of 0-100)</td>
<td>76</td>
<td></td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>Employee loyalty (scale of 0-100)</td>
<td>81</td>
<td></td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>The physical working environment</td>
<td>72</td>
<td></td>
<td>72</td>
<td></td>
</tr>
<tr>
<td>The mental working environment</td>
<td>80</td>
<td></td>
<td>79</td>
<td></td>
</tr>
<tr>
<td>Social capital (cooperation, fairness and trust)</td>
<td>81</td>
<td></td>
<td>80</td>
<td></td>
</tr>
</tbody>
</table>
ABIDING ENVIRONMENTAL AMBITIONS
In 2011, the international political agenda focused mainly on restoring balance and trust in the European economies in order to counteract an impending European recession. But both businesses and governments also showed they are aware that economic progress should go hand in hand with climate considerations.

According to the Annual Global 500 Report from the Carbon Disclosure Project, 68% of companies took climate change into consideration in their business strategies in 2011, against 48% in 2010.

The business community’s commitment to promoting green solutions is also reflected in the comprehensive support for the 2011 Global Investor Statement on Climate Change. Here the Danske Bank Group and 284 other organisations, representing a total of more than USD 20 trillion in assets, called attention to the urgent need for an international political framework to support the development of energy-efficient technology and low-carbon investment. By signing the Global Investor Statement again in 2011, we showed our continuing support for an international incentive to keep both the public and private sectors moving forward and finding environmentally sustainable solutions.

Winds of change
In 2011, a new government was elected in Denmark, and this led to a change in political ambitions on environmental issues. The new government wants to make Denmark a frontrunner in green growth. The Danish Commission on Climate Change Policy recommends that Denmark should achieve this by setting ambitious targets for energy consumption reductions and by replacing conventional energy sources with wind energy. The government set a target for the year 2020 of reducing greenhouse gases in Denmark by 40% from the 1990 level. It also wants half of Denmark’s energy consumption in 2020 to come from wind energy.

ECOLABEL FOR IN-HOUSE PRINTING
In 2011, our in-house printing office was granted the official ecolabel of the Nordic countries.
At the Danske Bank Group, we look forward to seeing the Danish government’s climate plan in 2012. We hope that the plan will outline a sustainable direction in environmental requirements for responsible business behaviour and that politicians as well as companies will make a commitment to fulfilling them.

**Our long-term targets**

In 2009, the Group set a very ambitious target of reducing electricity consumption, which makes up a substantial part of our CO₂ emissions. In 2011 we made a reduction of 5%, bringing us closer to our 20% target. We have reduced electricity consumption by a total of 12% since 2009.

We remain firmly committed to our target of a 20% reduction in electricity consumption by 2014, even though recent developments in our business activity present us with a challenge to seek out new solutions to reduce emissions.

**Supporting new technologies**

To meet the electricity consumption target, we are constantly seeking out new solutions. One possibility is replacing conventional lighting with LED technology. In 2011, we tested LED technology for spot lighting in our own test centre in Denmark. After the initial tests, we asked Phillips to install LED equipment in the customer and adviser area of a branch to test its effect in an actual working environment. The results showed great savings potential (a 63% reduction of electricity consumption) from switching the lighting technology. We have already changed halogen spots (35 watt) to LED spots (6 watt) in nine branches for a total savings of 50,000 kWh/year. In 2012 we will continue converting to LED lighting at Danske Bank Denmark.

**Online measurements**

In 2011, we tested a new online system for monitoring electricity consumption from IT equipment in order to identify potential savings. IT equipment accounts for around one third of the Group’s total electricity consumption. Much energy used for ventilation also goes for cooling because of the effects of IT equipment. After careful monitoring, we identified a potential electricity savings of 4 GWh. In 2012, we will study the benefits of this system further and start identifying methods to realise reductions.

**Joining forces to create solutions**

It takes experts to investigate possible energy-saving projects and determine which ones offer the greatest potential, such as with LED lighting. In Høje Taastrup, Denmark, a team of specialists uses their knowledge and expertise to guide the decisions and actions taken at the group level. This is where various lighting solutions are being tested to ensure that we choose solutions that combine energy savings with the best business case.

**“Where can we get the largest energy savings for the investment we make? It’s our job as environmental experts to answer this question every time we seek out new technological solutions.”**

**OLE HANSEN / ENERGY CONSULTANT, RETAIL AND LOGISTICS SERVICE, DANSE BANK**
DILEMMA

Does buying carbon credits promote sustainable solutions?

At the Danske Bank Group, we agree that companies should continue to push for lower emissions by implementing energy-efficient solutions.

In late 2009, the Danske Bank Group achieved carbon neutrality by reducing CO₂ emissions from operations and investing in verified carbon credit projects. Since the development of carbon credits, there has been an ongoing discussion of whether purchasing credits leads to actual reductions of greenhouse gas emissions or is simply “buying indulgences”. Some stakeholders have also argued that buying credits leaves the purchasing companies without any environmental ambitions.

At the Danske Bank Group, we agree that companies should continue to push for lower emissions by implementing energy-efficient solutions. But zero emissions is not a realistic possibility at present, so offsetting them with carbon credits remains necessary. It is not a cheap solution, and this makes it an effective incentive to invest in lasting energy reductions.

The production of and trade in carbon credits are part of the Kyoto Protocol’s Flexible Mechanism, which verifies emissions reductions from specific projects. The projects are also approved by the UN, which ensures that there are actual reductions in CO₂ emissions. The projects must promote technology transfers and sustainable development in the countries where they take place.

At the Danske Bank Group, we have invested in several carbon credit projects. One example is an Indian project that improves the everyday life and health of local women in rural areas while creating cleaner energy. Cow manure is converted into biogas, which provides energy for heating and cooking. The biogas replaces wood, which is a scarce energy source and highly polluting. We think investing in such a project is a sustainable approach, not only because of environmental considerations but also from broader social and economic perspectives.
Stakeholder feedback on environmental efforts
In the beginning of 2011, we asked our customer panel in Denmark about their thoughts on our approach to environmental matters. The results from the 10,000 participants showed that customers expect us to address environmental issues, but they vary greatly in their opinions about taking such efforts into consideration when choosing a bank. Even so, this tells us that responsible environmental behaviour is simply expected of us, and stakeholders think that if we behave properly, other businesses are likely to follow our example. This means that our climate and environmental initiatives are subject to high expectations.

Our employees demonstrated an awareness of the issues in our internal discussion forums in Denmark. On the basis of observations from their daily work, branch staff propose various actions to make resource consumption more efficient. In Norway, an internal survey in May 2011 also showed that 83% of the employees think it is “important” or “very important” that Fokus Bank engages in environmental initiatives. The responses also reveal that the use of e-meetings and conference calls has gone up 31% and 43%, respectively, since 2008. With the Eco-Lighthouse certification for half of its branches in 2011, Fokus Bank has made a big environmental effort since the first certification of the head office in 2010. The certification is granted by local authorities, so every branch must deliver an environmental report and get a consultant to visit the premises and verify the data, which cover energy consumption, waste management and transport, among other things.

Business travel
From 2008 to 2009, we reduced CO₂ emissions from air travel by 35%. The sharp decline was owing to three factors:

- an effort to reduce unnecessary air travel (to save time and money as well as CO₂ emissions)
- a decline in travel because we completed the large integration project at Sampo Bank, Finland, in 2008
- the financial crisis

From 2009 to 2010, CO₂ emissions from air travel increased about 3%. This was acceptable because
of the relatively high baseline figure and the inevitable increase in flying when business activities gradually picked up after the financial crisis. From 2010 to 2011, unfortunately, air travel rose 19%. This is an unfortunate trend, for both the Group’s climate strategy and its expenses.

While the increase reflects a positive development in business activity, that was not the only reason for the change. We now need to determine why the increase occurred. In 2012, we will set a new reduction target for CO2 emissions from air travel and establish internal “target teams” to help reverse this trend.

Ecolabel for in-house printing
In November 2011, the Group’s in-house printing office was awarded the official ecolabel of the Nordic countries (Svanemærket). To achieve this, the printing facility and the products it uses underwent various investigations. We applied for the ecolabel because it motivated us to make resource consumption in our operations as limited and sustainable as possible. Labelling the Group’s printed materials also sends an important signal to our stakeholders and helps promote awareness of sustainability in paper use. Besides this initiative, the Group is making a general effort to shift from printed publications to online media. A prime example is this CR report, which is no longer produced in a hard copy.

More ecolabelled products
We have had specific environmental requirements for selected product groups since 2006. To further promote environmentally friendly products in the Group’s supply chain, we decided to become one of the first members of a new ecolabelling network in Denmark. The network will help us choose the most environmental friendly products and will give us ideas for further developing our responsible purchasing practices.

Digitalisation helps the climate
Since the vast process of digitalising customer communications and letters began, we have seen big changes that benefit both customers and the environment. Many customers are already fully confident with online banking and expect us to develop new solutions that make it even easier.

In 2011, we made it possible for customers to sign agreements on simple loans and products – for example account packages, cards, and overdrafts – in the online banking system. With developments like this, the Digital Banking Programme has enabled the Group to reduce expenses for sending letters – which cover envelopes, postage, paper and handling – by 31% in four years. Although paper represents only a small part of the cost, we reduced paper expenses by a full 37%, and this also benefits the environment.

While we send much less paper to customers, there are still opportunities for improvements that will generate further savings. For example, the branch offices can double the number of digitally signed agreements when a customer opens a new account. The Group has the potential to increase the number of online transactions to five times as many. We
therefore continue to communicate the environmental advantages of using digital services.

In the first seven months of 2011, the number of physical letters fell by almost 50% from the level in the same period of 2010. One reason was that the share of Danish customers who receive their account statements digitally rose from about 45% to 80% after we launched an e-mail service for customers who do not use online banking. We are introducing new features and capabilities regularly. For example, since June 2011, Danish customers have been able to sign documents digitally when they refinance or increase their mortgages, a process that normally generates a large amount of paper for signature. In 2012, customers in Denmark will also be able to sign mortgage contracts and mortgage transfers digitally. Not only will this save an average of 75 to 150 pages of paper every time, it will also speed up the process for customers.

Many customers get their bank records digitally. In 2012 it will become technically possible to send electronic bank statements for joint accounts as well. This represents another large potential savings because it affects around 800,000 joint accounts in Denmark.

In Denmark, the target for internal paper consumption was a 30% reduction per employee based on 2007 figures, and now we have achieved this target.

<table>
<thead>
<tr>
<th>ENVIRONMENTAL OBJECTIVES 2012</th>
<th>ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group objectives</strong></td>
<td></td>
</tr>
<tr>
<td>Continue to focus on climate and CO₂ emissions reductions</td>
<td>Reduce the Group’s electricity consumption by 20% from 2009 to 2014.</td>
</tr>
<tr>
<td>Set a new reduction target for CO₂ emissions from air travel</td>
<td>Establish internal &quot;target teams&quot;.</td>
</tr>
<tr>
<td><strong>Selected national objectives</strong></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>Increase the number of ecolabelled products.</td>
</tr>
<tr>
<td>Finland</td>
<td>Develop a plan to increase recycling at the head office premises.</td>
</tr>
<tr>
<td>Ireland</td>
<td>Reduce electricity consumption by 10% from the 2010 level.</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>Reduce electricity consumption by 10% from the 2010 level.</td>
</tr>
<tr>
<td>Norway</td>
<td>Achieve Eco-Lighthouse certification of large business premises.</td>
</tr>
<tr>
<td>Sweden</td>
<td>Reduce electricity consumption by 10% from the 2011 level.</td>
</tr>
</tbody>
</table>
## Environmental Impact

<table>
<thead>
<tr>
<th>Resource Consumption</th>
<th>Group 2011</th>
<th>Notes</th>
<th>Group 2010</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity consumption (MWh)</td>
<td>85,815</td>
<td>90,423</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity consumption per employee (MWh/FTE)</td>
<td>4.1</td>
<td>4.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heat consumption (MWh)</td>
<td>79,786</td>
<td>82,419</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heat consumption per employee (MWh/FTE)</td>
<td>3.8</td>
<td>4.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water consumption (m³) **</td>
<td>75,721</td>
<td>72,862</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water consumption per employee (litre/FTE) **</td>
<td>8,767</td>
<td>8,569</td>
<td></td>
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</tr>
<tr>
<td>Total road transport (1,000 km)</td>
<td>19,495</td>
<td>19,712</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport by company vehicles (1,000 km)</td>
<td>3,722 Ex NO, NI</td>
<td>4,645 Ex NO, NI</td>
<td></td>
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<tr>
<td>Transport by employees’ cars (1,000 km)</td>
<td>15,773</td>
<td>15,067</td>
<td></td>
<td></td>
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<tr>
<td>Air transport (1,000 km)</td>
<td>36,333</td>
<td>30,488</td>
<td></td>
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<tr>
<td>Air transport per employee (km/FTE)</td>
<td>1,717</td>
<td>1,482</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air transport, domestic (1,000 km)</td>
<td>7,401</td>
<td>6,409</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air transport, international (1,000 km)</td>
<td>28,932</td>
<td>24,079</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total paper consumption (tonnes)</td>
<td>2,634</td>
<td>3,147</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper consumption per employee (kg/FTE)</td>
<td>124</td>
<td>153</td>
<td></td>
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## Emissions†

<table>
<thead>
<tr>
<th>Emissions</th>
<th>Group 2011</th>
<th>Group 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emissions (tonnes)</td>
<td>52,511</td>
<td>55,689</td>
</tr>
<tr>
<td>CO₂ emissions per employee (tonnes/FTE)</td>
<td>2.4</td>
<td>2.5</td>
</tr>
</tbody>
</table>

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

** Only head offices in DK, SE, NO and FIN in 2010, and only in DK and FIN in 2011.

† Data cover DK, SE, NO, IRL, NI and FIN and include estimated figures for the remainder of the Group. The data shown for the estimated figures are restated because of a change in the calculation method.
FINANCIAL LITERACY ENABLES DREAMS
At the Danske Bank Group, we believe that educating children and young people about personal finance is a good long-term investment that will support the development of healthy financial habits for many years. An early understanding of the basics of personal finance could be crucial in helping a young person avoid having to contend with the burden of excessive consumer debt as an adult.

In 2011 the Danske Bank Group continued to move forward in efforts to increase financial knowledge with the launch of Dream On, an online game for young people aged 15 to 17. With this new initiative, we now offer financial literacy programmes for various age groups from 5 to 27. All the initiatives have been developed on the basis of thorough studies of the target groups and in collaboration with gaming experts, psychologists and learning specialists to ensure optimal learning value.

Skills to fulfil dreams
A recent survey conducted for the Danske Bank Group by YouGov, a market research institute, shows that the next generation of consumers has difficulty managing finances.

Only 33% of young people aged 15 to 17 feel they are prepared to manage their finances. These are worrying figures since these youngsters stand on the threshold of adulthood. But the survey also contains some hopeful signs. Some 56% of those polled want to know more about money and personal finance, and they see a clear connection between financial skills and the ability to fulfil their dreams.

The Dream On game builds on the dreams and aspirations of these teenagers so that it is as relevant and engaging as possible. Players can also invite friends to play from Facebook. This ensures that the game is available to the target group in its preferred social setting.

DREAM ON
The online game Dream On was launched in Denmark and Norway in 2011.
To ensure that the game’s entertainment factor meets expectations, we consulted several experts in gaming and young people's media and consumer habits. In collaboration with the external experts, we defined three learning objectives for the game:

• Healthy financial behaviour
• Knowledge of financial instruments
• Consumer insights

Dream On was launched in Denmark in November and in Norway in December 2011. In 2012, it will be launched at other business units.

Boost your homework
The Group implemented additional initiatives to promote financial skills in 2011. We developed a series of lectures on finance for young people and on basic financial knowledge for students in upper secondary school. The lectures were prepared in collaboration with the three young authors of the book Boost your finances. In lively and youthful language, the book tells how to get a grip on everyday finances, holidays and retirement savings.

In 2011, we were the first financial institution to make a donation to a new homework assistance centre called the Math Centre in Denmark. This non-profit initiative was born in Sweden, where more than 4,000 students currently receive free homework assistance from volunteers and have access to tools and tests on an associated website. The Group has a collaboration agreement with the Math Centre in both Sweden and Denmark through 2014.

Creating knowledge
Our obligation to share knowledge also leads us to undertake collaborative projects with schools and universities. In 2011, for instance, we provided case material on Corporate Responsibility for Copenhagen Business School’s introductory week for first-year students.

Since so much of our business is knowledge-based and our Corporate Responsibility work also involves the distribution of knowledge, it makes sense to encourage employees to share their knowledge with society. Across the Danske Bank Group, our staff employs their competencies in new ways for the benefit of various non-governmental organisations, schools and other institutions. The Group often supports participation by allowing staff to pursue these activities during working hours. In 2011, the Group registered a total of 9,700 hours spent on such activities.

Debt advisory service
One example is the Danish debt advisory service, in which 15 branch advisers offer help. Half of their time spent on counselling people with debt problems is paid for by the Group.

Another Danish volunteer activity is facilitated by the Social Innovation House organisation. The initiative brings NGOs and businesses together to find new solutions to the NGO’s challenges. In 2011, a team of Danish employees took part in a pilot project dedicated to assisting the Mothers Help organisation with the challenge of getting aid distributed to less populated areas in Denmark.

At National Irish Bank, employees share their skills with the community and charitable organisations through many activities. One example is an educational initiative called the School Business Programme in which volunteers bring their working experience into the classroom or teach financial literacy.
The Group offers children and young people a series of financial literacy activities, all of them developed on the premise of a proven societal challenge and from a genuine desire to educate children in personal finance from early age.

The online games Moneyville and Control Your Money aim to encourage a desire for knowledge about personal finance among the youngest age groups, for whom early learning can help establish good financial habits. We hope that the games improve children’s ability to manage their personal finances in adulthood. The games themselves are unbranded, free of charge and accessible online to anyone who is interested.

Many young people have played the games already, but of course we wish to make them accessible to as many children as possible. To do this without conventional marketing activities poses a challenge, but we are sticking firmly to our principle of keeping these websites unbranded.

Upon reaching 15, young people will begin to see branded material in the financial literacy games. We have chosen to draw the line between branded and unbranded material at this age because at 15 young people can be expected to make individual consumer choices. That is also the age when they gain access to selected banking products.

We have chosen to promote the financial literacy initiatives primarily among those who guide children at home and in schools. Parents and teachers can make careful, deliberate decisions about whether to encourage young people to try our websites. Our policy is thus to inform adults about the games and the objectives of the programme.
According to the Group strategy for the Financial Literacy Programme, we continue to expand the distribution of financial literacy initiatives to our retail banking units so that as many children and young people as possible get the opportunity to learn about personal finance.

**Moneyville launches**
In 2011, this effort included the launch of Moneyville for 5 to 9 year-olds in Finland, where 95,000 games have been completed since September. Moneyville was also launched in Lithuania, where 280,000 users were registered by year-end. In Lithuania, Moneyville was complemented by the “Explore the Bank” project, in which schoolchildren visited the bank, met employees who told about what it’s like to work in a bank, explored the bank’s history, and more.

**The Financial Olympics**
Danske Bankas in Lithuania also organised a new school contest together with the School of Financial Independence, the Ministry of Finance, and the Ministry of Education and Science. The contest, called “The Financial Olympics”, was the first of its kind in the country. The contestants, who were divided into two age groups, had to solve a challenge at each of three steps and get as many votes as possible for their team. Students from each winning class and finalists selected by a jury competed in Vilnius in December, and winners were named in each age group.

**The Real Deal**
Control Your Money, the initiative designed for young people aged 10 to 15, was implemented at additional business units in 2011. The website contains a section with exercises in which the pupils complete missions, for example raising money for a class in a foreign country. Besides completing the four missions, in “The Real Deal” section, classes can upload and share their own projects and get inspiration from other classes. This section also includes a budget tool that helps classes learn to manage income and expenses when they plan events.

This programme has a website for teachers as well, with material to help math teachers in teaching personal finance. Control Your Money was developed to match specific school curricula. Northern Bank launched Control Your Money and the associated math teachers’ website in 2011. Because of National Irish Bank’s situation in 2011, the bank decided to postpone the rollout of Control Your Money until 2012.
Share your savings tip
In 2011, we continued to develop the Mind Your Money page on the Danish version of Facebook. The page now includes the “Share your savings tip” feature. Visitors can see others’ suggestions for savings and share their own tips. Four young Danske Bank advisers still participate actively on the page, posting tips and answering simple questions, for example about how to compare APR when you are looking for a reasonable loan. Mind Your Money keeps attracting fans on Facebook and had registered more than 3,300 by the end of 2011.

Moving forward
In 2012 we will continue to roll out financial literacy initiatives, and we will develop a website on financial literacy for parents in Denmark. All surveys show that parents feel responsible for teaching their children financial literacy and young people usually turn to their parents for advice in money matters. We therefore wish to make our knowledge and learning initiatives easily accessible to parents.

Besides the continuing rollout of Control Your Money, Teaching Financial Literacy and Dream On, we will keep promoting financial literacy in an number of other ways. One way will be to work closely with the Math Centre to improve pupils’ math and financial skills. We will also continue to distribute financial knowledge on our Facebook page and in surveys and will continue to expand our international collaboration.

<table>
<thead>
<tr>
<th>SOCIETY OBJECTIVES 2012</th>
<th>ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue the rollout of the Financial Literacy Programme</td>
<td>Create a separate section for Mind Your Money on the Swedish Facebook page. Launch Control Your Money in Estonia and Lithuania.</td>
</tr>
<tr>
<td>Increase the number of users of the Financial Literacy initiatives</td>
<td>Increase the number of Dream On visitors in Norway to 10,000. Increase the number Moneyville users in Finland to 150,000.</td>
</tr>
<tr>
<td>Conduct activities to raise awareness of financial literacy issues</td>
<td>Hold nine presentations at Danish upper secondary schools with the authors of Boost your finances.</td>
</tr>
</tbody>
</table>
When we review our work on Corporate Responsibility in our four focus areas this past year, certain achievements stand out.

**Responsible lending**
When we decided to extend the principles of responsible investing and responsible sourcing to the way we grant loans and credits in 2011, we took an important step. Now we apply the same internationally recognised standards for human rights, arms, working conditions, the environment and anti-corruption to our lending portfolio.

**Ecolabel for in-house printing**
In 2011 our in-house printing office achieved the official ecolabel of the Nordic countries ([Svanemærket](#)), which is granted only after an organisation meets a list of requirements. For example, sustainable methods must be used for paper production. All the Group’s business units can order materials from our printing office.

**Internal ambassador project**
In 2011 all employees in Denmark were given a copy of the “Good stories” booklet, which presents the Group’s CR strategy and various examples of how the strategy is put into practice in concrete initiatives and activities. This is the first time the Group has run a large internal information campaign on a range of CR topics. The booklet was very well received.

**Financial literacy initiatives from age 5 to 27**
With the launch of the Dream On online game in Denmark and Norway in 2011, our financial literacy initiatives now cover all age groups from 5 to 27. The new game was developed for young people from 15 to 17, and its approach to personal finance reflects their learning preferences.

**Inclusion on the FTSE4Good Index**
For the third consecutive year, the Group was included on the [FTSE4Good index](#), one of the world’s most widely recognised sustainability indexes. The listing sends a strong signal to our shareholders and other stakeholders about our continuing commitment to improving our environmental, social and ethical performance.

**Recognition of website**
In 2011, the CR section of the Group’s website was recognised on several occasions. In the Lundquist evaluation of corporate websites, the Group ranked second out of the 40 largest listed Nordic companies. In Hallvarsson & Hallvarsson’s web survey, the Group ranked among the very best in Europe. We are very pleased with this recognition of our efforts to provide relevant, accurate and balanced information about our CR work.
The 2011 Corporate Responsibility report treats issues important to the Danske Bank Group’s stakeholders who are interested in the Group’s sustainability performance. The report covers important non-financial topics in four focus areas: business, employees, environment and society.

The CR report is part of the Danske Bank Group’s annual reporting. It covers the entire Group and its business units but not companies under administration because of financial difficulties. Full information about the Group’s financial results and risk management practices can be found in Annual Report 2011 and Risk Management 2011.

The Danske Bank Group has reported on Corporate Responsibility matters since 2006, and this year, for the first time, we are not publishing a hard copy version of the CR report. This is part of a transition towards online reporting that also reflects our effort to reduce our environmental impact. In recent years, an increasing number of readers have chosen to download the report instead of ordering a hard copy.

Statutory requirements
In Denmark, the 1,100 largest companies must account for their Corporate Responsibility policies, activities and results. To fulfil Danish statutory requirements, we refer readers to our Communication on Progress report. We have supported the Global Compact since 2007, and we have reported on our progress since 2009. The reporting consists of this CR report and the Communication on Progress, which can also be found on the Global Compact website.

Reporting guidelines
Our CR reporting is organised in accordance with the GRI Sustainability Reporting Guidelines (G3), including the Financial Services Sector Supplement. A GRI index that corresponds to the relevant principles of the UN Global Compact is available on our website. In 2011 the reporting applies to GRI level B, self-declared. For our reporting on greenhouse gas emissions, we draw on guidance from the Greenhouse Gas Protocol and ISO 14064-1. Detailed reporting principles and information about data calculations can also be found on our website and in CR Fact Book 2011.

Principles for Responsible Investment reporting
In March 2011, the Danske Bank Group reported to the UN PRI organisation for the first time. The UN PRI Report on Progress explains how we integrate the principles of socially responsible investing in day-to-day investment processes. Because of changes in the reporting structure made by the UN PRI organisation, the 2011 report will not be publicly disclosed.
Without the images, I can't provide a full transcription, but the text mentions:

- Since 2007, the Danske Bank Group has strived to conduct its business in accordance with internationally recognised principles in the areas of human rights, employee rights, the environment and anti-corruption that are formulated in the UN Global Compact. The ten principles of the Global Compact lay the foundation for several of our policies and business procedures, including the Group CR policy, the policy for socially responsible investment, the supplier policy and our ethical guidelines for lending.

- Transparency in management

- Whistleblower system

If irregularities take place in a company, employees are usually the first to notice. As part of our corporate governance practices, our employees have an obligation to report any suspicion or knowledge of breaches of the Group’s Code of Conduct to the head of Compliance or the head of Internal Audit, the two...
executives responsible for managing whistleblowing in the Group.

The Group wants to maintain a free flow of information. Reports and questions received through the whistleblower system are therefore treated confidentially, and the identity of the individual employee will be kept confidential, whenever it is legally possible. We wish to protect employees and ensure that they are treated with the respect they deserve, and we do not accept reprisals against such employees.

In 2011, three incidents were reported through the whistleblower system. They resulted in two warnings and one employment termination.

CR management structure
CR must be part of all our decisions and routines. To ensure that it is integrated consistently in Group activities, we have a dedicated CR department that is responsible for developing the Group CR strategy, coordinating activities and reporting on the Group’s achievements.

Also instrumental to the success and ongoing development of CR is the Group CR Board, whose members all come from Danske Bank’s Executive Committee.

As an extension of the Group CR Board, a local executive supervises the implementation of Group CR policies and strategies at each of the Danske Bank Group’s seven major country units. At the operational level, CR matters at the country units are managed by local CR, environmental and financial literacy coordinators, who work closely with the Group CR department.

In 2011, Sampo Bank, Finland, made an organisational adjustment to ensure strategic focus and the development of CR. Also in 2011, an environmental coordinator was appointed in Lithuania to implement environmental initiatives and collect data for the Group CR Fact Book.

ABBREVIATIONS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>DK</td>
<td>Denmark</td>
</tr>
<tr>
<td>EBA</td>
<td>European Banking Association</td>
</tr>
<tr>
<td>EST</td>
<td>Estonia</td>
</tr>
<tr>
<td>FI</td>
<td>Finland</td>
</tr>
<tr>
<td>GRI</td>
<td>Global Reporting Initiative</td>
</tr>
<tr>
<td>IRL</td>
<td>Ireland</td>
</tr>
<tr>
<td>LIT</td>
<td>Lithuania</td>
</tr>
<tr>
<td>NI</td>
<td>Northern Ireland</td>
</tr>
<tr>
<td>NO</td>
<td>Norway</td>
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<td>PRI</td>
<td>Principles for Responsible Investment</td>
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<td>SE</td>
<td>Sweden</td>
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<tr>
<td>SRI</td>
<td>Socially Responsible Investment</td>
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<td>UNEPFI</td>
<td>United Nations Environment Programme Finance Initiative</td>
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