

UN Global Compact Communication on Progress Danske Bank Group 2012

Danske Bank is the largest bank in Denmark and one of the leading financial enterprises in northern Europe. With headquarters in Copenhagen, we serve more than 5 million retail customers in 15 countries, offering a full range of banking services in the international financial markets. The year 2012 was a period of change for Danske Bank. In February 2012, Peter Straarup, CEO for 14 years, retired, and Eivind Kolding, former Chairman of Danske Bank's Board of Directors, took over his position. After a major organisational restructuring in the spring, three new business units were formed – Personal Banking, Business Banking, and Corporates & Institutions – which operate across our geographical markets. Furthermore, we changed all our banking units' names to Danske Bank and launched a group-wide strategy: New Standards. Danske Bank Group has come a long way in integrating environmental, social and ethical considerations into our business, and corporate responsibility is one of the four pillars upon which the new strategy is built.

New Standards reflects the fact that we see ourselves as part of society, and it is our ambition for this to be visible in every aspect of what we do – from our operations to core business areas such as investing and credit granting.

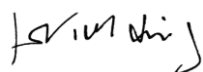
The most important guidelines for our decision making are the internationally recognised principles in the areas of human rights, labour rights, the environment and anti-corruption that are formulated in the UN Global Compact. Danske Bank has supported Global Compact since 2007, and its ten principles remain the foundation for several of our policies, including the Responsible Sourcing policy and our principles of responsible lending.

Our commitment to responsible business practices means dealing with business dilemmas every day. We aim to consider all facts and viewpoints in order to be able to make the best possible decisions for our customers, employees and other stakeholders – as well as for our business.

Having a clear understanding of the issues at hand also helps us in our continuing efforts to adhere to the principles of the Global Compact.

The overall responsibility for the Group's Responsibility Policy and the corporate responsibility programmes lies with the Group Responsibility Board, which makes corporate responsibility decisions at a strategic level. Our Communication on Progress covers the calendar year 2012. It consists of Danske Bank Group's Corporate Responsibility 2012 report and this document, which presents brief descriptions of the Group's policies, programmes, activities and future targets that help promote the principles of the Global Compact. The activities and targets are organised under the principles of the Global Compact that they apply to.

More information on these activities can be found on the Group's website and in the [Corporate Responsibility 2012 report](#).



Eivind D. Kolding
Chief Executive Officer and Chairman of the Executive Board
Danske Bank Group

1. Businesses should support and respect the protection of internationally proclaimed human rights.

ACTIVITIES

FINANCIAL LITERACY

The Universal Declaration of Human Rights, Article 26, stresses the importance of education in the development of the human personality and the strengthening of respect for human rights and fundamental freedoms. At Danske Bank, we are convinced that financial education and sound advice are crucial for personal prosperity and healthy economic growth in society.

Financial education has therefore taken priority in our CR work since we launched the Financial Literacy Programme in 2008. In the programme, we develop new products, advisory services, educational materials and events to stimulate financial skills and knowledge. We also develop surveys and research on an ongoing basis to gain a better understanding of the challenges and opportunities related to financial literacy.

With the launch of the “0-18” online initiative, we expanded the programme in 2012. On websites in Denmark, Sweden, Finland and Norway, parents can find age-specific information and tools on topics to facilitate dialogue about money and finances with their children up to the age of 18.

The online game Control Your Money was rolled out in Lithuania and Estonia. The game challenges young children aged 10 to 15 to solve financial and mathematical problems that are part of school curricula. Similarly, the online game Dream On, intended to stimulate young people’s interest in personal finance, was launched in Sweden, Lithuania and Finland.

In collaboration with the School of Financial Independence, the Ministry of Finance, and the Ministry of Education and Science, Danske Bank in Lithuania held “The Financial Olympics” again in 2012. Organised as a contest and intended to promote financial literacy, the project was held for the second time in October 2012, when some 4,000 children from almost 150 schools participated and challenged one another on their financial understanding of topics from savings to public finances.

We continue our approach to increasing financial literacy through partnerships. In collaboration with the three young Danish authors of the book *Boost your finances*, we held nine presentations on managing personal finances at upper secondary schools across Denmark in 2012. We also entered into a multi-stakeholder partnership in Denmark with Fredensborg Local Authority, Nordea and the Danish tax authorities to improve financial understanding among school children in the local community, and we extended our sponsorship of the Maths Centre in 2012 by signing a three-year sponsorship agreement with the organisation, which now operates in 17 Swedish cities and nine Danish cities and helps some 60,000 young people with their homework.

2013 TARGETS

- We will continue to roll out the Financial Literacy Programme locally by launching an updated version of Moneyville for tablets and mobiles and holding an additional nine presentations on financial topics at Danish upper secondary schools.
- Increase the number of Moneyville users in Finland to 200,000.
- Increase the number of Moneyville users in Norway to 1,500,000.
- Expand awareness of Control Your Money among 1,000 Lithuanian teachers.

ETHICAL GUIDELINES

Danske Bank Group's Code of Conduct is intended to make certain that external stakeholders know what to expect from the Group and employees know what the Group expects from them. The code applies to all the Group's employees, and each manager must set an example through his or her behaviour and make sure that employees are familiar with the code.

Our Code of Conduct for all employees was updated in 2011 when our ethical guidelines and the preceding version of the Code of Conduct were merged into one document, which reflects the revised UK Bribery Act.

ACCESS TO FINANCIAL SERVICES

The way customers use the Bank is changing, and an increasing number prefer online solutions to branch visits. Many senior citizens have already adapted to the new digital reality, but for some, the switch to self-service can be challenging. To ease the transition, Danske Bank held 25 "Step-by-step" meetings in 2012 to give senior citizens basic knowledge about the public and private digital solutions available to them and to give them the skills to use the solutions.

2013 TARGETS

- Host an additional 32 "Step-by-step" meetings in 2013 and develop a new eBanking version with a simplified user interface specifically tailored to senior citizens.
- Launch initiative to support vulnerable customers with financial problems.

LINKS

Read more about the [Financial Literacy Programme](#)

Read the [Code of Conduct](#)

Read more about our [efforts to assist senior citizens](#)

2. Businesses should make sure that they are not complicit in human rights abuses.

ACTIVITIES

Responsible investments

At Danske Bank, we have been screening our investment portfolio according to internationally recognised principles for social and environmental responsibility since 2008. We conduct a stringent screening process to determine whether to exclude individual companies, we and publish a list of excluded companies twice a year. The screening process is based on the internationally recognised guidelines of the UN Global Compact (1999), the UN Guiding Principles on Business and Human Rights and a number of international conventions reflecting developments in the SRI field since 2003. The responsible investment screening is performed by Ethix SRI Advisors.

In 2010, we joined the UN Principles for Responsible Investment (UN PRI), and we reported to the UN PRI for the first time in 2011. In 2012, We merged our policies on environment, responsible investment and overall corporate responsibility into one to ensure an easy access to our position on responsibility matters for all our stakeholders.

In November 2012, we joined a coalition of 49 investors that called on Canadian oil sands developers to reduce the environmental and social impact of their operations by lowering greenhouse gas emissions, managing water use, promoting land reclamation and consulting with indigenous peoples.

2013 TARGETS

- In order to ensure that our customers' funds will not be invested in the most vulnerable states, where there is an increased risk of systematic human rights violations, we will adopt a precautionary approach in line with the UN's Guiding Principles on Business and Human Rights.

RESPONSIBLE SOURCING

In 2010, we expanded our supplier standards by formulating a new responsible sourcing policy and establishing an overall framework for responsible sourcing in order to identify social, ethical and environmental risks across the supply chain. The framework allows us to actively promote our suppliers' compliance with international standards and guidelines and to limit our own business risks. The step is thus consistent with our Global Compact commitment to promote human rights, labour standards, environmental concerns and anti-corruption principles.

We continually screen our suppliers to ensure that they comply with our supplier policy and our requirements for social and environmental conduct. In 2012, we intensified our work to reach this goal, and we have focused our efforts on further improving our screening processes for suppliers.

In 2012, we discontinued the Responsible Sourcing Board, which had been established to support decision making in the initial phase. Going forward, decisions regarding responsible sourcing will be part of the day-to-day management in Group Procurement. Decisions on fundamental positions will be brought to the Group Responsibility Board, of which the Head of Group Services is a member.

We also joined a working group on indirect procurement spending through the Danish Initiative for Ethical Trading (DIEH) as well as a newly established network named “Ecolabelling Denmark”, in which companies exchange knowledge and experience on purchasing environmentally friendly products. In 2012, we increased the number of ecolabelled products purchased in Denmark by 2%

2013 TARGETS

- In 2013 we will continue our work to design a strategy for responsible sourcing. Although we had hoped to complete the strategy by the end of 2012, we find it necessary to conduct thorough testing and evaluation of the best methods.
- Continue to increase the number of ecolabelled products.
- Develop a self-assessment questionnaire for screening suppliers.
- Begin implementation of a process for handling high-risk suppliers.
- Integrate responsible sourcing in Group Procurement’s sourcing model.
- Launch Environmental, Social and Ethical Risk Policy with separate guidelines for sensitive sectors and industries.

LINKS

Read more about [socially responsible investment](#)

Read more about [responsible sourcing](#)

Labour standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

ACTIVITIES

AGREEMENT WITH UNI FINANCE

Danske Bank has an agreement with UNI Finance, a part of the international labour union, UNI Global Union. The framework agreement describes the Group’s commitment to ensuring fundamental employee rights, including freedom of association and collective bargaining. The agreement also ensures that fundamental human rights are observed in countries with a history of child labour or forced labour.

LINKS

Read more about [the agreement](#)

4. Businesses should uphold the elimination of all forms of forced and compulsory labour.

See principle 3.

5. Businesses should uphold the effective abolition of child

See principle 3.

labour.

6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.

ACTIVITIES

DIVERSITY AND INCLUSION

Danske Bank works to ensure that it does not discriminate against employees because of ethnic background, gender, age, sexual orientation or religion. We believe that diversity is a strength that helps to ensure the Group's access to the most talented employees, and we consider it a prerequisite for maintaining a healthy and innovative working environment. We therefore work deliberately to promote inclusion. For example we participated in Copenhagen Pride 2012, a parade that promotes the rights and visibility of the LGBT community.

We offer our staff good employment conditions and actively try to promote their job satisfaction. The objective of our HR policies is to promote a good work-life balance and to support employees who suffer from illness or stress or have an alcohol- or substance-related problem.

Danske Bank places importance in preparing women for management positions and increasing attention on the management potential of the Group's female staff. We signed the Danish minister for Gender Equality's "Charter for more women in management" in 2010 and delivered the first report on our results and initiatives in 2012. We also report on our efforts to ensure a more balanced gender composition at Danske Bank Sweden, where a newly established network promotes career development opportunities for female employees.

In 2012, diversity and gender were implemented as criteria in succession work, and we achieved our target of increasing the percentage of women in senior management positions from 19% to 20% and also our goal of ensuring that 50% of all new hires for leadership positions were women.

2013 TARGETS

- In 2012, targets were added to executive managers' performance agreements to increase the percentage of female managers to 22% by 2015.
- Increase the percentage of female managers to 22% by 2015.
- Achieve 10% staff participation in the Charity Partner programme in Ireland.
- Reduce employee turnover in Norway to the financial sector average.
- Improve the score for indicators of noise below 50 in the Workplace Assessment.
- Roll out management training on working environment at units outside Denmark.
- Finland: Ensure systematic competency development for the most common job profiles.
- Sweden: Five employees serve as mentors in the "My life" organisation's work to attract highly educated women with foreign backgrounds.

LINKS

Read more about the Group's work on [diversity and inclusion](#) .

Environment

7. Businesses should support a precautionary approach to environmental challenges.

ACTIVITIES

CLIMATE STRATEGY

Danske Bank's Climate Change Strategy, developed in 2007 and updated in 2009, is an example of how the Group exercises a precautionary approach to environmental and climate challenges. The climate strategy commits the Group to take action against climate change. Danske Bank has been carbon-neutral since 2009. We reduce our own emissions as much as possible when it is financially viable. The emissions we cannot eliminate, we offset by investing in verified carbon credit projects that reduce CO₂ emissions.

In 2009, the Group set a target of a 20% reduction in electricity consumption by 2014. We are very pleased to have reached this goal one year ahead of target by achieving a total reduction in electricity consumption of 22%.

In 2012, we completed the installation of solar panels at our offices in Høje Taastrup, Denmark. The expected payback period is seven to nine years, depending on future electricity prices, and the estimated annual production from the solar power system is about 57,000 kWh.

2013 TARGETS

- Launch Environmental, Social and Ethical Risk Policy with separate guidelines for sensitive sectors and industries.

LINKS

Read [the climate strategy](#)

Read the [Group's Responsibility Policy](#)

8. Businesses should undertake initiatives to promote greater environmental responsibility.

ACTIVITIES

INITIATIVES TO PROMOTE ENVIRONMENTAL RESPONSIBILITY

Danske Bank gives much consideration to environmental factors in its choice of suppliers and products. We have developed business procedures and environmental standards for suppliers and selected products, and suppliers must make a commitment to live up to our requirements.

Since 2006, we have placed specific environmental requirements on our suppliers to ensure that we purchase environmentally friendly products whenever possible. In 2012, we joined "Ecolabelling Denmark", a new network for sharing best practices for responsible procurement. We also promote environmental responsibility among our customers. For example, the Group's leasing company, Nordania Leasing, offers an environmental programme in its corporate car leasing business. The programme includes reporting on emissions from cars, environmental ratings of cars, and advice on how to set up an environmentally friendly car policy.

To show our support for the development of a financial infrastructure that

supports the transformation to a low-carbon economy, we signed [the 2011 Global Investor Statement on Climate Change](#), sponsored by UNEP-FI and UN PRI. In 2010, Danske Bank Norway, decided to become certified by the “Eco-Lighthouse Programme”. In 2010, the head office became the first unit to achieve certification, and 15 of 33 business premises are currently certified, including all large business premises except in Bergen.

2013 TARGETS

- Reduce the Group’s electricity consumption by 30% from 2009 to 2014.
- Ireland: 10% reduction in GHG emissions from the 2012 level.
- Northern Ireland: 10% reduction in energy consumption (total kWh) from the 2012 level.
- Norway: All business premises become Eco-Lighthouse certified.
- Sweden: Reduce electricity consumption by 10% from the 2012 level.
- Denmark: Continue to increase the number of ecolabelled products.

LINKS

Read the [Group’s Responsibility policy](#)

Read about [supplier standards](#)

Read about [Nordania Greenfleet](#)

9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

ACTIVITIES

INVESTING IN CLIMATE

We strive to make our customers aware of opportunities to reduce their energy consumption. Since we finance the purchase and renovation of homes, it make sense for us to promote knowledge about energy-saving home improvements.

The Group also offers a range of investment options that take defined codes of ethics into consideration and contribute to the development of environmentally friendly technologies.

Here are some are examples of these options: In the Sustainability Bond Fund D/G, offered by Danske Invest, the companies that are issuers of the investment instruments must be included in the Dow Jones Sustainability World Index. In the Sustainability Equity Fund D/G, also offered by Danske Invest, the assets are invested globally in publicly traded equities and equity-linked securities of companies that comply with sustainability principles. The fund does not invest in companies whose principal line of business is alcohol, tobacco, gambling, pornography or armaments. Finally, Danske Invest Klima Trends offers global investments in equity securities of companies expected to benefit from developments in climate or environment, including companies that contribute to the improvement of the climate or environmental conditions.

In 2010, the Group’s mortgage provider co-founded the Danish Green Building Council, which is affiliated with a worldwide environmental organisation. The purpose of the council is to develop a certification for sustainable buildings. Since there is currently no standard definition of this status, it is difficult for

owners to get a premium price for environmentally friendly properties. Certification would enable the market to recognise the value of environmentally favourable features of properties – and thereby help the diffusion of environmentally friendly technologies in buildings.

LINKS

Read about [climate-friendly homes](#)

Read about [investing in climate](#)

Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

ACTIVITIES

DANSKE BANK CODE OF CONDUCT

Danske Bank has developed a Code of Conduct. The code presents a set of guidelines to ensure that the Group and its employees avoid corruption in all its forms, including extortion and bribery. In 2011, we updated the Code of Conduct. Our ethical guidelines and the preceding version of the Code of Conduct were merged into one document, which also reflects the revised UK Bribery Act

Read the [Code of Conduct](#)

We also try to reduce money laundering in cooperation with the authorities.

Read about [money laundering](#)

WHISTLEBLOWER SYSTEM

As part of its good corporate governance practices, Danske Bank gives employees the opportunity to be whistleblowers. If an employee has any knowledge of irregularities, they must be reported. The Group wants to establish and maintain an environment that encourages the free flow of information. This also means ensuring the security of employees who report a suspicion and protecting them from retaliatory measures. Reports and questions that are received through the whistleblower system are therefore treated confidentially. The responsibility for managing whistleblowing in the Group lies with the heads of the Legal and Internal Audit departments.

In 2012, two incidents were reported through the whistleblower system: one case is still being investigated, and the other resulted in employment termination because of the action reported.

Read about [whistleblowing](#)

Finally, we have established a function to assist management in ensuring that the Group complies with laws, regulations and ethical standards.

Read about [compliance](#)