

**From Principles to Practice:**  
Responsible Banking Case  
Study Series

**UN**   
environment  
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Principles for  
Responsible Banking

**Danske Bank**  
Strategic Integration  
of Sustainability and  
Stakeholder Engagement

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# Principles for Responsible Banking

The Principles for Responsible Banking (PRB) are a unique framework for ensuring that signatory banks' strategy and practice align with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement.

The framework consists of six principles designed to bring purpose, vision and ambition to sustainable finance. They were created in 2019 through a partnership between founding banks and the United Nations. Signatory banks commit to embedding these six principles across all business areas, at the strategic, portfolio and transactional levels.



Danske Bank, headquartered in Copenhagen, Denmark, is the largest bank in the country and a leading universal bank in the Nordic countries. The bank joined the Principles for Responsible Banking (PRB) in 2019 as a founding signatory.

For more information about the bank, visit [here](#).

## Sustainability is essential for long-term progress

Since its founding in 1871, Danske Bank has worked to enable its customers to achieve progress that lasts in the long run. With the sustainability challenges faced by companies and societies globally, accounting for sustainability risks has become an increasingly important part of that mission. Consequently, the bank has been working with the sustainability agenda for several years. Today, sustainability is anchored with the Board of Directors, integrated as one of four pillars in the overall strategy, and emphasized in the purpose of the bank.

### PRINCIPLE 2: IMPACT & TARGET SETTING

To support the sustainability transition of its customers, Danske Bank builds its sustainability strategy on a double materiality approach, which assesses both the risks posed to its business by sustainability issues and the societal impacts of its business activities. This is part of a broader three-step approach, which involves conducting materiality analyses, setting strategic priorities with measurable targets, and reporting on progress. This approach is in line with the approach defined in the EU's Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

As part of its efforts to assess sustainability issues from a double materiality perspective, Danske Bank has made use of the UNEP FI Impact Analysis Tool and other resources available via its participation in the PRB to map out material societal impacts across its value chain.

## Danske Bank's efforts: Adapting UNEP FI tools for ESRS/ CSRD compliance

Danske Bank has been co-leading a UNEP FI workstream developing an interoperability package enabling datapoints from UNEP FI's impact radar to be used for CSRD impact assessments and reporting.

**"In the workstream we have had valuable discussions on impact assessments, CSRD interpretations, and implementation of the ESRS requirements. Building on the knowledge that has been gained by international financial institutions since 2019 through developing and using impact tools in practice, we have been able to leverage the quantitative data foundation within the UNEP FI analysis tools, and to balance this out with the more qualitative senior management expertise on specific portfolios and markets. We believe that we have struck a balance that facilitates the right strategic impact discussions with senior management while also meeting regulatory requirements."**

Based on its double materiality analysis, Danske Bank has identified three central priorities within its sustainability agenda: climate change, nature and biodiversity, and human rights and social impact. These priorities are interconnected and reflect the core challenges that Danske Bank aims to address in its sustainability efforts, which are structured around three focus areas: supporting customers in their sustainability transition, ensuring a robust and resilient bank, and managing societal impacts.

## Sustainability governance is anchored at the top

Sustainability governance at Danske Bank is overseen by the Board of Directors and the Executive Leadership Team, with responsibilities for sustainability distributed throughout the organization to ensure that relevant parts of the bank are involved in managing sustainability as an integrated part of the business. Progress is tracked using specific targets and sustainability-related Key Performance Indicators (KPIs), which are reported annually and integrated into the bank's performance management framework.

Since 2021, sustainability-related KPIs have been incorporated into investment teams' performance management, covering areas such as sustainable finance and climate change, and remuneration is linked to these targets. These KPIs are also integrated into the short-term incentive programs for the Executive Leadership Team (ELT) and senior leaders, aligned with the company's Group-level sustainability targets. These incentive programs are approved by the Board of Directors after review by the Remuneration Committee. In addition, the bank introduced a sustainability-risk challenger role to assess how investment teams incorporate sustainability factors into decision-making processes.

## Climate: Setting clear goals and reporting on progress

Danske Bank introduced its Climate Action Plan in January 2023 as its roadmap towards achieving net zero emissions by 2050. As part of this, the bank applied the GHG Protocol Corporate Standard to measure its greenhouse gas emissions through scope 1, 2 and 3. The result revealed that financed emissions (Scope 3, investments and lending) represent by far the largest source, nearly 5,000 times greater than the emissions from its own operations. This highlights the importance of addressing indirect emissions through its financing and investment activities.

The Climate Action Plan includes several key elements. Firstly, the bank has set Paris-aligned goals for its lending, investments, and internal operations. Additionally, Danske Bank has strengthened its position on fossil fuels, restricting financing for companies that do not have Paris-aligned transition plans, and it has committed to limiting oil and gas expansion to what was approved by December 2021 in accordance with IEA recommendations. The bank is committed to reporting annually on its progress, starting with the [Climate Action Plan Progress Report](#) in February 2024 followed by the [Climate Progress Report 2024](#) in February 2025.

Danske Bank has set specific emission reduction targets for various areas of its business. For example, by 2030, the bank aims to reduce absolute emissions in the oil and gas exploration and production sector by 50%, and emission intensities within power generation by 50%, and in steel production by 30%. Other targets include reducing emission intensities from cement production by 25%, from commercial real estate by 55%, and from personal mortgages by 55%. The bank is also working towards 1.5°C-aligned temperature rating approach targets in asset management and aims for a 50% reduction in weighted average carbon intensity by 2030. For its life insurance and pension business, the bank has in addition to the temperature rating approach targets also set reduction targets for specific sectors, including energy, transportation, and utilities. It also aims to reduce its own Scope 1 and 2 emissions by 80% by 2030 and its own overall emissions (Scope 1, 2, and 3) by 50%.

This Climate Action Plan is aligned with several international frameworks, including the PRB, the Net-Zero Banking Alliance (NZBA), the Partnership for Carbon Accounting Financials (PCAF), and following guidance from organizations like the International Energy Agency (IEA) to ensure that its targets are based on scientific evidence and are achievable.

## Nature and biodiversity: Identifying impact and engaging with companies

Danske Bank has used tools such as ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure)) and Bioscope to assess its portfolio's impact on biodiversity. This enabled the bank to identify three sectors in its lending portfolio with significant potential negative impacts on nature & biodiversity:

1. Agriculture (including fisheries and food products).
2. Forestry, pulp and paper.
3. Shipping.

To better understand these impacts, the bank has engaged with customers in these sectors to create awareness, get insights into available data and challenges and improve relevant indicators. By the end of 2024, the bank had engaged with over 300 customers in the agriculture sector, and more than 50 large corporates across various high-impact industries. In its investment portfolio, Danske Bank focuses on sectors with significant biodiversity impact, including energy, food, and transportation. By 2025, the bank aims to engage with 30 key global investee companies to help ensure they set targets and measure and report on their nature impact.

Due to the high level of complexity and sector-specificity and given Danske Bank's iterative approach, the bank has been working with industry experts to develop relevant indicators and sector-specific strategies for lending engagements. Learn more about the initial findings and learnings from these customer engagements in the white paper published by Danske Bank.

## Human rights & social impact: Screening for risks and exercising active ownership

Danske Bank has implemented human rights due diligence across the Group's business activities, including in own operations as well as in lending, investment and procurement activities.

Within lending, Danske Bank's customer relationships start with setting clear standards and restrictions in line with outlined policies, and the bank engages in ongoing dialogue with business customers to encourage and inspire them to continuous improvements in their ESG performance. As part of Danske Banks credit approval process, ESG risk assessments of customers are conducted including screening for ongoing and recent controversies, supply chain risks and other ESG related risks, including a dedicated human rights section.

For investments, Danske Banks Responsible Investment Policy defines the approach to being a responsible investor and an investment analysis includes screening for adverse human rights impacts. Danske Bank excludes companies and issuers when substantial indications of human rights related breaches are identified in line with their Exclusion

Instruction and underlying methodologies. When potential human rights issues are identified, Danske Bank exercises influence through individual and collaborative engagement, and voting at investee company general meetings, which you can read more about in the Active Ownership Report.

Within procurement, Danske Bank performs supply chain due diligence related to human rights as defined in the Group's Procurement Policy and underlying instructions based on the Group's Supplier Code of Conduct and an ESG assessment of suppliers managed on a third-party platform.

## Developing the role as financial advisor

### PRINCIPLE 3: CLIENTS & CUSTOMERS

Danske Bank is committed to supporting its customers in navigating the transition toward a sustainable future by providing a range of sustainability-related financial advice, products and services. This also means supporting customers in high-emission sectors with financing and advisory services as they execute on transition plans to shift their business in a more sustainable direction. After all, the companies in high-emission sectors are the companies with the biggest potential for positive impact provided they act on credible transition plans.

Many Nordic businesses are working towards climate-related goals, such as transitioning to renewable energy, constructing climate-friendly infrastructure, reducing emissions in steel and cement production, and modernizing transportation fleets. The bank collaborates with these businesses, offering financial services and strategic advice to help them achieve their targets.

For business customers, Danske Bank provides a combination of advisory services, tools via partnerships and financing to help them advance on their sustainability journey. As an example, Danske Bank has been involved in creating a free digital tool called "ESG Profiler" (the ESG Profile), designed to help small and medium-sized enterprises get an overview of their environmental, social and governance priorities. This tool helps businesses make informed decisions and prioritize sustainability actions effectively.

For personal customers, whether they want to retrofit their homes for greater energy efficiency, switch to an electric vehicle or make investments that support sustainability, Danske Bank can provide relevant advice and financial offerings. This includes partnership offerings to assist customers in planning home energy improvements, making it easier for them to move ahead with energy-saving upgrades.

Specifically in terms of investment offerings, Danske Bank offers a wide range of products tailored to meet the sustainability preferences of customers through inclusions, exclusions and/or active ownership activities focused on managing positive as well as negative societal impacts of investments. An example is the Global Responsible Portfolio, which offers five balanced strategies with diversification across equities and bonds, and which have a minimum of 75% in sustainable investments.

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UNEP Finance Initiative (UNEP FI) brings together a large network of banks, insurers and investors that catalyses action across the financial system to deliver more sustainable global economies.

For more than 30 years the Initiative has been connecting the UN with financial institutions from around the world to shape the sustainable finance agenda establishing the world's foremost sustainability frameworks that help the finance industry address global environmental, social and governance challenges.

Convened by a Geneva, Switzerland-based secretariat, more than 500 banks and insurers with assets exceeding USD 100 trillion are individually implementing UNEP FI's Principles

[unepfi.org](https://unepfi.org)

for Responsible Banking and Principles for Sustainable Insurance. Financial institutions work with UNEP FI on a voluntary basis to apply the sustainability frameworks within their industries using practical guidance and tools to position their businesses for the transition to a sustainable and inclusive economy.

Founded in 1992, UNEP FI was the first initiative to engage the finance sector on sustainability. Today, the Initiative cultivates leadership and advances sustainable market practice while supporting the implementation of global programmes at a regional level across Africa & the Middle East, Asia Pacific, Europe, Latin America & the Caribbean and North America.



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