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NORDIC CENTER FOR SUSTAINABLE FINANCE

TWO YEARS DOWN THE LINE: DANSKE BANK IN BREACH OF ITS ACCLAIMED POLICY ON FOSSIL FUELS

INTRODUCTION

In February 2024, Danske Bank adopted a fossil fuel policy with ambitious restrictions for upstream oil and gas expansion. According to Danske Bank, the underlying principle of the policy was that fossil fuel companies must have a business plan aligned with the Paris Agreement's climate target of limiting global warming to 1.5 °C to be part of the bank's investment universe. In this context, Jakob Bøss, then Executive Vice President at Danske Bank, stated: *"If companies have large-scale expansion within fossil energy, they cannot meet our new criteria"*[1].

The policy has been praised for its alignment with climate science, where The International Energy Agency in 2021 made it clear that there is no room for new long-lead-time oil and gas fields if the world is to reach net zero emissions in 2050.

Two years after Danske Bank's adoption of the policy this analysis sheds light on how the bank's exposure to fossil fuel expansion has changed and reveals that Danske Bank holds investments worth billions against their own rules. The analysis also compares Danske Bank to its top competitors in the Danish banking sector.

Danske Bank is the largest bank in Denmark and among the 60 largest banks in the world.

KEY FINDINGS

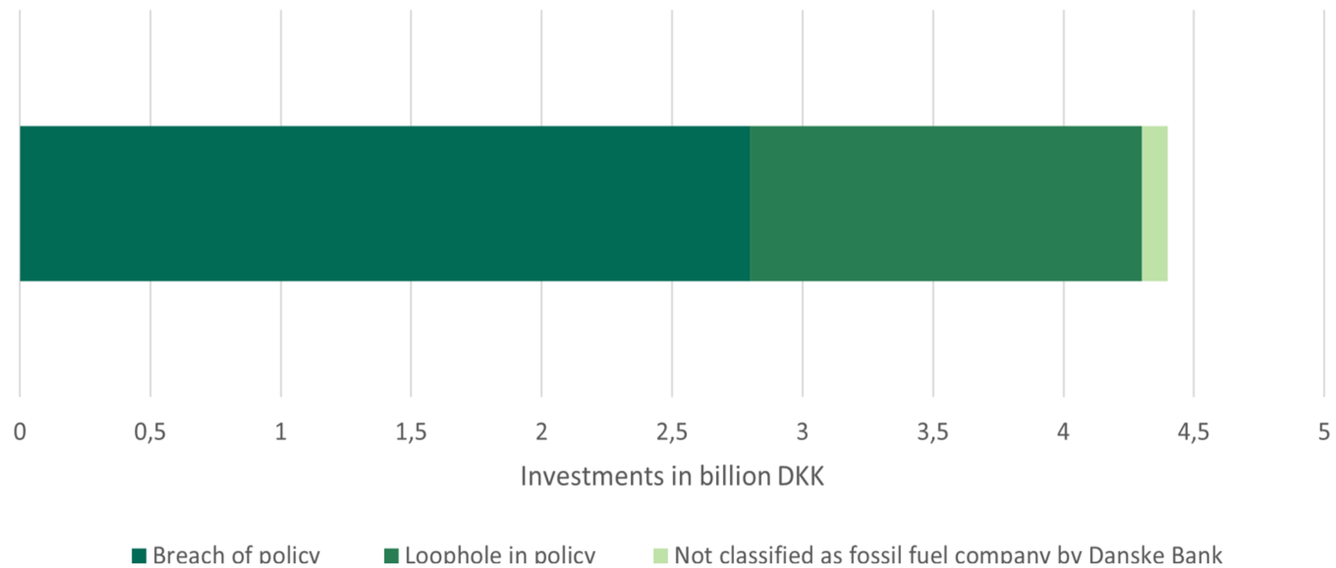
Danske Bank holds investment worth 2,8 billion DKK which we identify as in breach of Danske Bank's fossil fuel policy.

The 2,8 billion DKK are invested in the fossil fuel majors BP, TotalEnergies and Eni who are all massively breaching Danske Bank's thresholds for oil and gas expansion.

Two years after Danske Bank's adoption of its fossil fuel policy, the total exposure to upstream oil and gas expansion has fallen from 7,1 billion DKK in August 2024 to 4,4 billion DKK in January 2026.

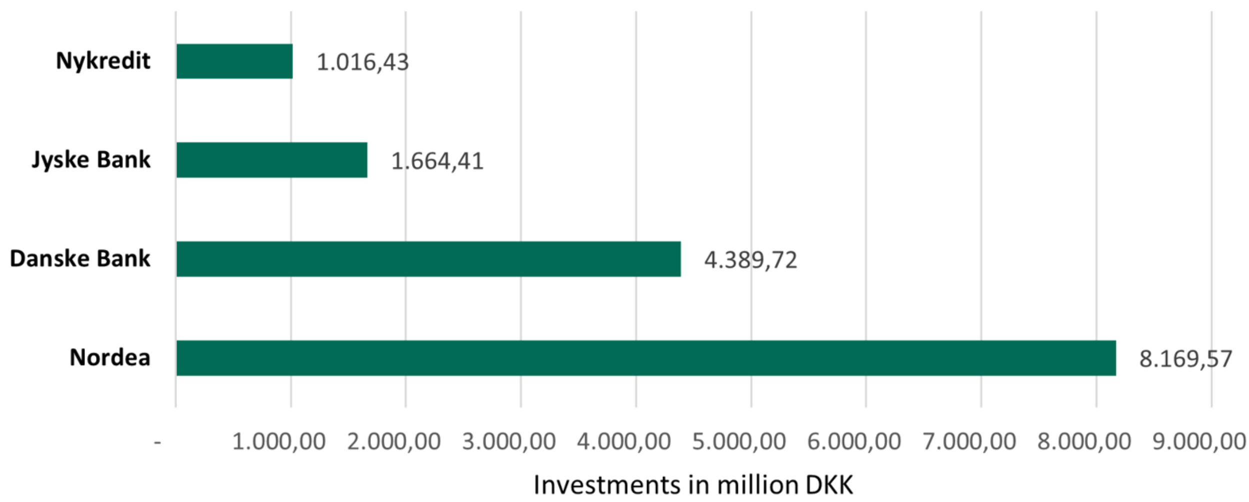
Within the total exposure of 4,4 billion DKK we identify investments totaling 2,8 billion DKK to be in breach of Danske Bank's thresholds, investments worth 1,5 billion DKK which Danske Bank can hold due to exemptions outlined in the fossil fuel policy and investments worth 0,1 billion DKK in companies which Danske Bank don't classify as fossil fuel companies and which thus aren't in scope of the policy.

Figure 1: Danske Bank's investments in companies breaching the thresholds for expanding oil and gas producers, January 2026



When applying Danske Bank's thresholds for expanding oil and gas producers to the portfolios of its top competitors in the Danish banking sector, Danske Bank has the second largest exposure.

Figure 2: Amount invested in companies breaching Danske Bank's thresholds for expanding oil and gas producers, January 2026

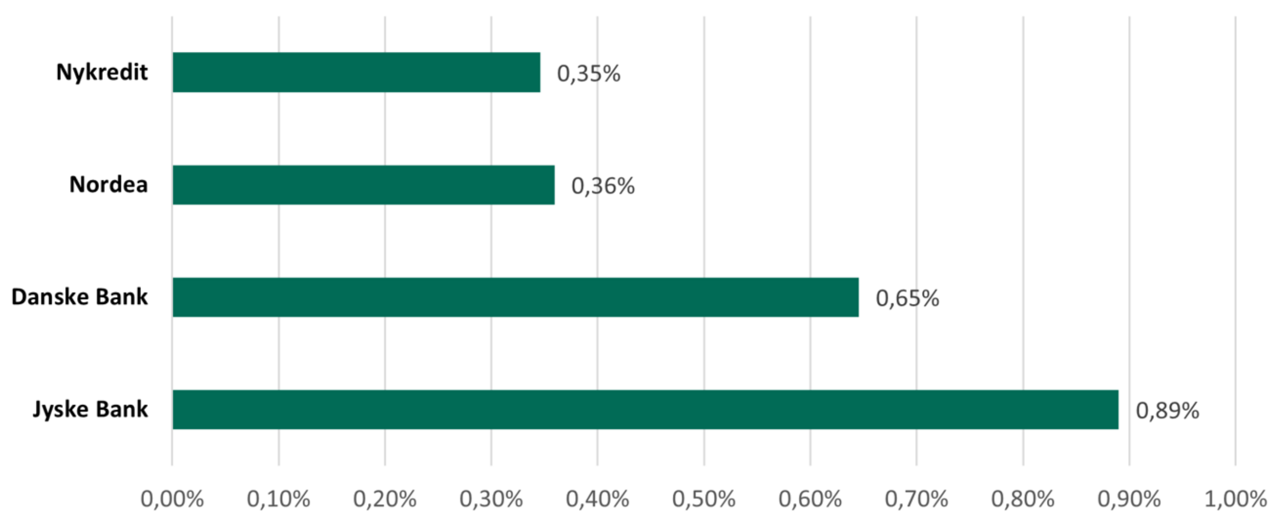


When accounting for the size of the four bank's investment portfolios the comparison to the top competitors turns out differently.

Measured on size and market share, Nordea is by far Danske Bank's biggest competitor in Denmark.

After accounting for the size of their investment portfolios, Danske Bank's exposure to upstream oil and gas expansion is 80% higher than Nordea's – despite the new fossil fuel policy.

Figure 3: Percentage of full share- and bondholding portfolio invested in expanding oil and gas producers breaching Danske Bank's thresholds, January 2026



EXPANSION FACTS OF INVESTMENTS IN BREACH OF POLICY

After screening of shares and bonds and thorough evaluation of Danske Bank's fossil fuel policy, we find that Danske Bank's investments in BP, TotalEnergies and Eni are violating its own rules.

As of January 2026, Danske Bank invests 1,7 billion DKK in TotalEnergies, 678 million DKK in Eni and 427 million DKK in BP.

According to the Global Oil and Gas Exit List, the three companies spend between 6 and 9,7 billion DKK per year on searching for new oil and gas[2]. Danske Banks fossil fuel policy sets the limit at 32 million DKK[3].

Between 73% and 97% of their planned oil and gas expansion violates the Paris Agreement. Danske Bank sets the limit at 5%. Together, they have nearly 13 million barrels of oil under development that are incompatible with the Paris Agreement[4].

These numbers place both TotalEnergies, BP, and Eni in the top 10 of private oil companies planning the largest breaches of the Paris Agreement and spending the most on searching for new oil and gas.

Additionally, all three have significantly backtracked on their climate ambitions and increased expansion over the past year.

BREACH OF POLICY EXPLAINED

When Danske Bank's two thresholds for upstream oil and gas expansion are applied, the fossil fuel policy excludes almost all oil and gas companies with expansion plans that are in breach of The International Energy Agency's 'Net Zero Emissions by 2050 Scenario (NZE)'.

But the policy has loopholes.

One of them is that companies can be exempted from exclusion, if they obtain the top rating by Transition Pathway Initiative (TPI).

The policy states:

"Extra emphasis is given to companies that meet the highest management quality criteria, as we believe there is an opportunity for meaningful time-bound engagement with such companies. Companies with the highest management quality criteria can be assessed as "Aligning to net zero pathway" despite expansion activities and/or IEA NZE expansion overshoot >5%."[5]

When Danske Bank made their policy the top rating by TPI was a 4STAR rating – meaning a company checked all requirements on a 4-level scale[6]. Three fossil fuel companies held the 4STAR rating: TotalEnergies, BP and Eni.

Since then, TPI has raised the bar by introducing new and stricter requirements. Now the top rating by TPI is a 5STAR rating - meaning a company checks all boxes on a 5-level scale[7]. So far, no fossil fuel companies have obtained a 5STAR rating. 4STAR ratings aren't an option on the new 5-level scale.

As a result, Danske Bank currently can't use this loophole to exempt companies from their expansion criteria. And therefore, Danske Banks's investments in TotalEnergies, BP and ENI are in breach of its policy.

OTHER INVESTMENTS THROUGH LOOPHOLES IN POLICY

Danske Bank's policy covers 85% of assets under management – 15% is exempted. Among these exemptions are:

Norwegian loophole: *"Due to fiduciary duties (see our Responsible Investment Policy for details) and customer preference considerations,* ***investment strategies domiciled in Norway and/or specifically targeting Norwegian clients*** *as well as investments in emerging markets debt are not covered."*[8]

This loophole enables investments identified in our screening. Investments worth 410 million DKK in Equinor and investments worth 356 million DKK in Aker BP.

Emerging markets loophole: *"Due to fiduciary duties (see our Responsible Investment Policy for details) and customer preference considerations, investment strategies domiciled in Norway and/or specifically targeting Norwegian clients as well as* ***investments in emerging markets debt*** *are not covered."*

This loophole enables investments identified in our screening. The investments total 685 million DKK of which the majority are invested in Petroleos Mexicanos and Petroleos del Peru.

RECOMMENDATIONS

Danske Bank must immediately divest all investments identified as in breach of its fossil fuel policy.

Danske Bank must revisit its fossil fuel policy so that the policy's purpose is reflected in its actual investments. If Danske Bank genuinely intends to exclude companies that have large-scale expansion within fossil energy, loopholes must be closed.

This includes:

- The loophole that allows Danske Bank to exempt companies which achieves the Transition Pathway Initiative's (TPI) "highest management quality criteria".
- The loophole that allows Danske Bank to exempt Norwegian investment funds.
- The loophole that allows Danske Bank to exempt Emerging Market Debt funds.

Furthermore, the Danish Parliament must implement a ban on investing in companies expanding their oil and gas production. This analysis makes it clear that the top Danish banks have failed to voluntarily align their investment policies with climate science. Now Parliament must draw the line that climate science has been calling for since 2021.

METHODOLOGY

In January 2026 Profundo, a Netherlands based research and advice consultancy, retrieved the full share and bond portfolios of Danske Bank, Nordea, Nykredit and Jyske Bank from the commercial financial database FactSet.

Nordea, Nykredit and Jyske Bank were selected to be in scope of this analysis based on their ranking as the second, third and fourth biggest banks in Denmark, based on market share and balance sheet.

Nordic Center for Sustainable Finance screened the retrieved portfolios against the columns in Global Oil and Gas List 2025 (GOGEL2025) that correspond with the two expansion thresholds in Danske Banks investment policy for fossil fuels.

The columns are:

- *'1,5°C Expansion Overshoot based on IEA NZE (2021/2022)'*
- *'Exploration CAPEX 3-year average (2023-2025)'*

Danske Bank's two thresholds of <5% IEA expansion overshoot and <5 million USD exploration CAPEX were applied and our analysis thus shows each bank's exposure to companies in breach of these thresholds.

Each bank reviewed the analysis of their portfolio and all their corrections to companies and/or levels of exposure were incorporated in the data.

Global Oil and Gas Exit List is published annually by the German NGO Urgewald.

REFERENCES

1 Fra Ørsted til Danske Bank: Nu svinger han klimapisken over 1730 fossile selskaber", Finans, March 2024

2 Global Oil and Gas Exit List, Urgewald, November 2025

3 Net-Zero Pathway Framework for investee companies, Danske Bank, February 2024

4 Global Oil and Gas Exit List, Urgewald, November 2025

5 Net-Zero Pathway Framework for investee companies, Danske Bank, February 2024

6 2021-methodology-report-management-quality-and-carbon-performance-version-4-0, TPI, November 2021. *"With the exception of Level 0, companies need to be assessed as Yes on all of the questions pertaining to a level, before they can advance to the next level. We also recognise companies that meet all the TPI indicators – i.e. that return a perfect Management Quality score – as 'Four star' companies".*

7 2023-methodology-report-management-quality-and-carbon-performance-version-5-0, TPI, November 2023

"With the exception of Level 0, companies need to be assessed as 'Yes' on all of the questions pertaining to a level before they can advance to the next level. We also recognise companies that meet all the TPI indicators – i.e. that return a perfect Management Quality score – as 'Five star' companies."

8 Net-Zero Pathway Framework for investee companies, Danske Bank, February 2024