

Northern Bank Ltd t/as Danske Bank in the UK

Mortgage Service (provision, maintenance and closure of mortgages to retail customers)

Qualifying Explanatory Statement in support of the

Achievement of and ongoing commitment to carbon neutrality

Application Period: January 2021-December 2021


Date: 19th April 2023

1. Executive summary

This document is the Qualifying Explanatory Statement (QES) which provides collected evidence in support of the declaration that Northern Bank Ltd t/as Danske Bank in the UK

1. has achieved carbon neutrality for its Mortgage Service (provision, maintenance and closure of mortgages to retail customers) marketed in the UK for the period commencing 1 January 2021 to 31 December 2021 (see Section 3); and
2. is committed to maintaining carbon neutrality for its cradle-to-grave Mortgage Service (see section 4).

The carbon neutrality declaration has been made and the collected supporting evidence has been provided in accordance with the requirements prescribed by PAS 2060:2014 – Specification for the demonstration of carbon neutrality.



Chris Martin

Head of Sustainability

19th April 2023

2. General information

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
Entity making PAS 2060 declaration:	Northern Bank Ltd t/as Danske Bank in the UK. Donegall Square West, Belfast, BT1 6JS.
Subject of PAS 2060 declaration:	Cradle-to-grave Mortgage Service (provision, maintenance and closure of mortgages to retail customers)
Description of Subject:	Danske Bank is the largest retail Bank and a leading mortgage provider in Northern Ireland. We provide a regulated mortgage service to customers seeking a mortgage, via direct and indirect (Broker) channels, meeting all legal and regulatory requirements associated. Dependant on the buyer type, provision of this service includes either advising customers on product selection following a regulated meeting with a Danske Bank Advisor or Broker or facilitating a non-advised service for customers wishing to product transfer at fixed rate maturity. We also issue and process all relevant documents and agreements, provide ongoing paperwork and updates (e.g. statements) and ‘complete end of life’ processes and admin, when the mortgage is paid off / switched out / otherwise closed.

Rationale for selection of the subject:	Danske Bank recognises our important role in the transition of society to a low carbon future. We assess the climate risks and opportunities associated with our business activities, and on the basis of the international standards and principles that we support, we increasingly integrate climate considerations into our product offerings. The mortgage service was selected for footprinting review as it is our most significant product in personal banking in terms of marketing and customer interest. Furthermore, we are mindful of our responsibility as the number 1 bank in Northern Ireland to educate customers on the importance of making ‘greener’ choices for their homes, it is believed to be a fitting product to start with.
Boundary:	Cradle-to-grave
Type of conformity assessment:	Independent third-party certification (see Annex 4)
Baseline date for PAS 2060 programme:	January 2021 – December 2021
Individuals responsible for evaluation and provision of data necessary for declaration:	Carolyn Curran, Home Loans Product Manager, Danske Bank Donna Feehan, Home Loans Product Manager (Secondment), Danske Bank

3. Declaration of achievement of carbon neutrality

PAS 2060 Requirement	Information relating to the carbon neutral declaration
Declaration of achievement:	Carbon neutrality of provision of mortgage service in Northern Ireland and Great Britain achieved by Northern Bank Ltd t/as Danske in accordance with PAS 2060 at April 2023 for the period commencing January 2021 – December 2021, certified by the Carbon Trust.
Recorded carbon footprint of the subject during the period stated above	133.4 (tCO ₂ e) (location-based approach, Northern Ireland) 123.4 (tCO ₂ e) (market-based approach, Northern Ireland) 1.2 (tCO ₂ e) (location-based approach, Great Britain) 1.1 (tCO ₂ e) (market-based approach, Great Britain) See Annex 1 for further details.
Carbon offsets purchased	256 (tCO ₂ e) See Annex 3 for further details.

3.1. Carbon footprint methodology

PAS 2060 Requirement	Information relating to the carbon neutral declaration
Description of the standard and methodology used to determine GHG emissions and reductions	<p>The methodology for calculating the carbon footprint was as follows:</p> <p>The mortgage service footprint was calculated based on the physical and digital paperwork emissions occurring through the mortgage application, maintenance/use, and end-of-life stages. For each of these lifecycle stages, the cradle-to-grave emissions of physical and digital paperwork were calculated. For physical paperwork the cradle-to-grave lifecycle stages are paper usage (cradle to gate), printing, envelopes, posting of paperwork, and the end-of-life of paper and envelopes. For digital paperwork the cradle-to-grave lifecycle stages are hosting, transmission, online storage and the reading of paperwork on a device. Emissions for physical and digital paperwork were calculated by using the weight (in kg) of physical paper or the file size (in kb) of digital documents and multiplying this data by the relevant life cycle stage emission factor. Emission factors were used from various sources including paper manufacturers' online information, Ecoinvent 3.7, and other secondary sources.</p> <p>Emissions from electricity consumption at physical sites were calculated using measured data, multiplied by the UK grid emission factor for the location-based approach (UK grid emission factors were sourced from BEIS). For the market-based approach, supplier-specific emission factors were used for Danske Bank's branches, Head Office in Donegall Square West (DSW) and contact centre (Killeaton House). Emission factors were sourced from Carbon Trust's Footprint Expert Analysis Tool, Ecoinvent 3.7, secondary papers and from BEIS. Business travel emissions were calculated using primary data on the distances travelled by taxi, aviation and car for business development related to the mortgage provision, multiplied by BEIS emission factors.</p> <p>This methodology was developed to be in accordance with the requirements of GHG Protocol Product Standard, ISO 14067 and PAS 2050, etc.</p> <p>Please refer to section 2.4 of the Product Emissions Report (PER) for the full methodology.</p> <p>The provisions of the methodology for calculating the carbon footprint was applied as detailed and the principles set out in PAS 2060 were met.</p>
Justification for the selection of the methodologies chosen	<p>Please see table below.</p>

Process Step	Key Assumption
Physical site emissions - Branches	Assumptions have been built around the percentage activity in branches (based on new-to-bank sanctions data in the reporting period, translated as a percentage to an FTE equivalent), then applied to the emissions for the building. The FTE equivalent used in the mortgage journey for a

	given branch is the product of the total FTE of the branch multiplied by the percentage volume of sanctions (i.e. applications approved) of that branch as a proportion of total sanctions across all branches.
Emissions data- shared occupancy in offices/ contact centre	Assumptions have been built around the percentage occupancy on shared floors / in shared buildings to apportion emissions in the mortgage journey, on the basis that 1FTE = 1 desk.
Ongoing paperwork - digital vs digital delivery	Statement delivery can be either physical or digital. Digital delivery is via Danske Bank's eBanking solution into an eBooks (digital file). This solution is issued at customer level, meaning that, if a customer has eBanking, it covers all their accounts. This service footprint is at account level (mortgages only), therefore the number of accounts rather than customers has been used, to give accurate proportions.
Digital paperwork emissions	Emissions from digital paperwork are inherently included in the physical site emissions
Maintenance and use – lifetime of mortgages	It is assumed that the average lifetime of a mortgage is 7 years
Application / Maintenance and use / End of Life – Digital paperwork	The current read time for all digital documents is assumed to be 20 minutes. This is likely to be slightly overstated; if customers read all the declarations and regulatory information, 20 mins is estimated to be accurate. Where they do not, ~5 mins would be more accurate. The overstated figure has been assumed.
Maintenance and use – Customer involvement (online portal)	The average number of log-ins per customer to Danske Bank's online portal was estimated based the assumption that the number of days a customer takes to complete a new product choice (at rollover) corresponds to a given number of log-ins on the online portal.
Welcome Box delivery distance	Welcome Box delivery distance was calculated by taking the average mileage for the top ten postal codes in terms of volumes of boxes delivered, and multiplying this figure by the total quantity of boxes issued in the reporting period.
Waste generation - brochureware and centrally (externally) printed items	Waste generation for centrally printed documents and brochureware is assumed to be 0.
Ongoing paperwork - number of pages in statements	The number of pages in a statement varies depending on the number of entries, however on a fixed rate mortgage, this is generally one page (one entry per month plus one permitted overpayment per year, where the feature is available). It is noted that 40 entries on a statement fills one page; it is very unlikely that a statement would exceed this.
Contact Centre (Customer Direct) FTE	There are 121.66 FTE in the contact centre. It is estimated that 6.50% of these staff are involved in the mortgage journey. A small allowance has been made for mortgage queries coming via the general / service line rather than to the dedicated advisory team.
Biogenic emissions and removals calculation	Biogenic emissions and removals have been calculated using the Carbon Trust's Biogenics Calculator Tool. The calculation of biogenic emissions and removals is based on the end of life fate of paper. Data on the end of life fate of paper has been collected for the UK as data sources specific to Northern Ireland are not readily available for this statistic, and UK waste treatment is deemed to be a reasonable proxy for Northern Ireland. Official UK government statistics on paper waste treatment have been used. Please note that paper packaging waste data was used to estimate paper waste as "commercial and industrial waste generation remains extremely difficult to estimate owing to data limitations and data gaps" as per the UK government and no specific data was given for households on the percentage of paper recycled. According to this source, 70.6% of paper and cardboard packaging waste is estimated to be recycled in the UK for 2021 (latest year available). No data was available on the percentage of paper waste with other end of life fates. Therefore the conservative assumption was made that the remaining proportion of paper goes to landfill.

3.2. Carbon footprint summary

Carbon Footprint <i>(for latest footprinting year)</i>	Information relating to the carbon neutral declaration
Total Carbon Footprint	<p>The total emissions for all products sold in the boundary is as follows:</p> <p>133.4 (tCO₂e) (location-based approach, Northern Ireland)</p> <p>123.4 (tCO₂e) (market-based approach, Northern Ireland)</p> <p>1.2 (tCO₂e) (location-based approach, Great Britain)</p> <p>1.1 (tCO₂e) (market-based approach, Great Britain)</p> <p>See Annex 1 for further details.</p>
Carbon Footprint per functional unit	<p>The total emissions per functional unit is as follows:</p> <p>43.3 (kgCO₂e/provision of mortgage service) (location-based approach, Northern Ireland)</p> <p>40.0 (kgCO₂e/provision of mortgage service) (market-based approach, Northern Ireland)</p> <p>34.6 (kgCO₂e/provision of mortgage service) (location-based approach, Great Britain)</p> <p>31.4 (kgCO₂e/provision of mortgage service) (market-based approach, Great Britain)</p> <p>See Annex 1 for further details.</p>

3.3. Carbon offsets

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
Offset methodology	Gold Standard
Offset Confirmation	<p>The offsets generated represent genuine, additional GHG emission reductions elsewhere. Projects involved in delivering offsets meet the criteria of additionality, permanence, leakage and double counting.</p> <p>Carbon offsets are verified by an independent third-party verifier.</p> <p>The credits from the selected carbon offset projects are:</p> <ul style="list-style-type: none"> • only issued after the emission reduction has taken place. • retired within 6 months from the date of the declaration of achievement and retired on behalf of the Carbon Trust's standard portfolio clients by Climate Impact Partners for carbon neutral certification. • supported by publicly available project documentation on a registry which provides information about the offset project, quantification methodology and validation and verification procedures. • stored and retired in an independent and credible registry.

Offsets	<p>The market-based emissions for Northern Ireland and Great Britain have been offset. The number of offsets purchased are higher than the footprint as the purchase of offsets was based on estimated data. Since then the footprint has been reconciled with real data.</p> <p>The total market-based footprint is 124.5 (tCO₂e).</p> <p>Therefore 131 (tCO₂e) offsets will be carried over to recertification of neutrality.</p> <p>Full details of the carbon offsets included in making this declaration are provided in Annex 3.</p>
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4. Declaration of ongoing commitment to carbon neutrality

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
Declaration of on-going commitment:	<p>Northern Bank Ltd t/as Danske Bank in the UK commits to maintain carbon neutrality for Cradle-to-Grave Mortgage Service (provision, maintenance and closure of mortgages to retail customers)</p> <p>in accordance to PAS 2060 for the period 1 January 2022- 31 December 2022 will be achieved by August 2023.</p>

4.1. Carbon management plan

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
Targets for GHG reduction for the defined subject appropriate to the timescale for achieving carbon neutrality	<p>Reduce 1,911 sheets of paper from the mortgage service journey in 2021</p> <p>Reduce 137,008 sheets of paper from the mortgage service journey in 2022</p> <p>Reduce 123,691 sheets of paper from the mortgage service journey in 2023</p> <p>Reduce 39,056 sheets of paper from the mortgage service journey in 2024</p>
Planned means of achieving avoided GHG emissions	<p>In 2021 we piloted Digital Signing in Q4 which reduced 1,911 sheets of paper from the mortgage service journey.</p> <p>In 2022 we will digitise the Direct Conditional Offer pack and Advised Product Transfer packs. This reduces the amount of paper produced from a baseline of 171,260 to 34,252 (80% reduction).</p> <p>In 2023 we will digitise the Direct Advice Pack and Direct Solicitors pack. This reduces the amount of paper produced from a baseline of 154,614 to 30,923 (80% reduction).</p> <p>In 2024 we will digitise the Indirect (Broker) Solicitor pack. This reduces the amount of paper produced from a baseline of 48,820 to 9,764 (80% reduction).</p>

Planned means of achieving and maintaining GHG emissions reduction	<p>With reference to our footprint model, our main emissions contributor is the paper that we use in the mortgage service. Generally, we are undertaking a step-change towards more digital means of operating and undertook a project in July 2021 in the mortgage service to reduce the paperwork issued to customers in the application stage. This project entailed digitising our ‘Offer Packs’ via the direct channel, rather than issuing paper packs.</p> <p>This resulted in the reduction of 1,911 sheets of paper in Q4 2021. Ongoing enhancements to what we offer through digital signing are detailed in the previous section.</p>
The offset strategy to be adopted for residual emissions	Not applicable at this time, see section 3.3.

Annex of Qualifying Explanatory Statement

Annex 1: Greenhouse gas emissions summary

A1.1 Carbon footprint details

Product	Stock Keeping Unit	Geographic Area	Total Net tCO ₂ e not rounded	kgCO ₂ per Functional Unit not rounded	kgCO ₂ per Functional Unit rounded	Functional Unit
Provision of new-to-bank mortgage service	New-to-Bank Mortgage Service (location-based)	Northern Ireland	133.4	43.3	45	per kgCO ₂ e per provision of a new-to-bank mortgage*
Provision of new-to-bank mortgage service	New-to-Bank Mortgage Service (market-based)	Northern Ireland	123.4	40.0	40	per kgCO ₂ e per provision of a new-to-bank mortgage*
Provision of new-to-bank mortgage service	New-to-Bank Mortgage Service (location-based)	Great Britain	1.2	34.6	34	per kgCO ₂ e per provision of a new-to-bank mortgage*
Provision of new-to-bank mortgage service	New-to-Bank Mortgage Service (market-based)	Great Britain	1.1	31.4	32	per kgCO ₂ e per provision of a new-to-bank mortgage*

*includes provision, maintenance and closure of a new-to-bank mortgage (fixed rate and tracker), including a welcome box for Northern Ireland (welcome box not included for Great Britain). Does not include financed emissions.

A1.2 Methodology overview

Requirement	Information Relating to the Carbon Neutral Declaration
Boundary of the product	<ul style="list-style-type: none"> The mortgage service footprint was calculated based on the physical and digital paperwork emissions occurring through the mortgage application, maintenance/use, and end-of-life stages. This includes emissions for all physical and digital paper work, electricity consumption and business travel. Methodologies include the weight and size of physical paper work, the hosting and storage of digital paperwork, UK grid emission factors for electricity consumption and distances travelled for business development activities. These methodology's used both primary and secondary data sources.
Boundary of carbon footprint (the greenhouse gas emissions system considered)	<ul style="list-style-type: none"> Full end to end life cycle stages were considered alongside Carbon Trust's Footprint Expert Analysis Tool, Ecoinvent 3.7, secondary papers and from BEIS.
Functional unit	per kgCO2e per provision of a new-to-bank mortgage*

A1.3 Lifecycle Overview (market-based, Northern Ireland)

Life cycle stage	Description	kgCO2e per functional unit per life cycle stage	Excluded emissions & Justification	Primary data sources	Secondary data sources	Data quality and uncertainties
Application stage (physical and digital paperwork, welcome box for NI)	Including: <ul style="list-style-type: none"> • Methods of processing • Physical and digital paper work • For digital paperwork, energy required for hosting, transmission, online storage. • Paper waste generation 	11.6	<ul style="list-style-type: none"> •Condition of Sanction (COS) 	<ul style="list-style-type: none"> • Data management system • Invoices for welcome box 	n/a	Medium
Ongoing maintenance stage/ use phase (ongoing physical paperwork, ongoing digital paperwork, customer involvement)	Including: <ul style="list-style-type: none"> • Methods of processing • Physical and digital paper work • For digital paperwork, energy required for hosting, transmission, online storage. • Paper waste generation 	0.5	<ul style="list-style-type: none"> •Ongoing physical paperwork from branches •Communication related to covid schemes •Communication related to customers in default or recovery 	<ul style="list-style-type: none"> • Data management system 	n/a	Medium
Physical site emissions	Including:	26.8		<ul style="list-style-type: none"> • Invoices from supplier from gas, 	n/a	Medium

	<ul style="list-style-type: none"> Physical site energy consumption Electricity, Natural Gas, Gas Oil and Refrigerants 			electricity, gas oil and refrigerants		
Business Travel (air, car etc.)	Including: <ul style="list-style-type: none"> the emissions due to transport in the UK (where available) 	0.8	•Broker meetings	• Flight receipts	n/a	Good
End of life mortgage (physical paperwork and digital paperwork)	Including: <ul style="list-style-type: none"> Methods of processing Physical and digital paper work For digital paperwork, energy required for hosting, transmission, online storage. Paper waste generation 	0.3		n/a	Estimations made	Medium

A1.4 Geographical Areas of Emissions Overview (market-based):

Geographical Area	Relevant Emissions				
	Application Stage	Ongoing maintenance (use-phase)	Physical Site emissions	Business Travel	End of life

<i>Northern Ireland</i>	11.6kgCO2e	0.5 kgCO2e	26.8 kgCO2e	0.8 kgCO2e	0.3 kgCO2e
<i>Great Britain</i>	2.9 kgCO2e	0.5 kgCO2e	26.8 kgCO2e	0.8 kgCO2e	0.3 kgCO2e

Annex 3: Offsets

The below information relates to the compensation of residual emissions (i.e. offsetting):

The volume of emissions reduced or sequestered via carbon offsetting corresponds to the residual emissions of the products in question. As per the requirements of PAS2060, it has been confirmed the offsets have been retired on a public registry to avoid double accounting. The internal process for ensuring there is no double accounting of offsets is as follows:

Project name	Country	Project type	Standard	Type of credits	Total credits	Generation period	Retirement date	Reference No. & link to registry	Offset volume (tCO ₂ e)	Offset Price
GS Renewables	India	Renewables	Gold Standard	Verified Emissions Reductions (VERs)	256	2015+	The offsets will be retired within 6 months of certification and retired on behalf of the Carbon Trust's standard portfolio clients by Climate Impact Partners	https://registry.goldstandard.org/credit-blocks?q=&page=1	256	<i>Below £10/tCO₂e</i>
							Total tonnes (tCO ₂ e) offset		256	

15/06/2021



CARBON OFFSET CERTIFICATE



By offsetting your emissions with ClimateCare, you are supporting projects that make a measurable difference to people's lives as well as protecting the environment.

Climate and development projects:



All carbon credits are independently verified by an internationally recognised carbon standard, including the Gold Standard, Verra's VCS Program and the UN CDM.

WWW.CLIMATECARE.ORG

Annex 4: Independent third-party assurance



Carbon Neutral Label

Northern Bank Limited T/A Danske Bank

has achieved carbon neutrality and is committed to on-going carbon neutrality of the total carbon footprint of its

Provision of a new-to-bank mortgage service*

Carbon Trust Assurance has certified that this project has met all of the requirements for using the Carbon Trust Carbon Neutral Label.



A full description of the scope of certification and a detailed list of certified results can be found in the associated Certification Letter CERT-13459.

Awarded: 24 July 2022

Valid Until: 23 July 2023

for and on behalf of Carbon Trust Assurance Ltd,

A handwritten signature in black ink, appearing to read "M Hockaday".

Martin Hockaday,
Head of Assurance

This certificate is for presentation purposes only. Please do not copy or circulate this certificate without the Certification Letter and associated Annexes where full details on the scope of the certification are documented. This certificate remains the property of Carbon Trust Assurance Limited and is bound by the conditions of the contract. Information and Contact: Carbon Trust Assurance Limited is registered in England and Wales under Company number 06547658 with its Registered Office at Level 5, Arbor, 255 Blackfriars Road, London SE1 9AX, UK. Telephone: +44 (0) 20 7 770 7000. Carbon Trust Assurance Limited is a fully owned subsidiary of the Carbon Trust.

Annex 5: Additional supporting information for interested parties

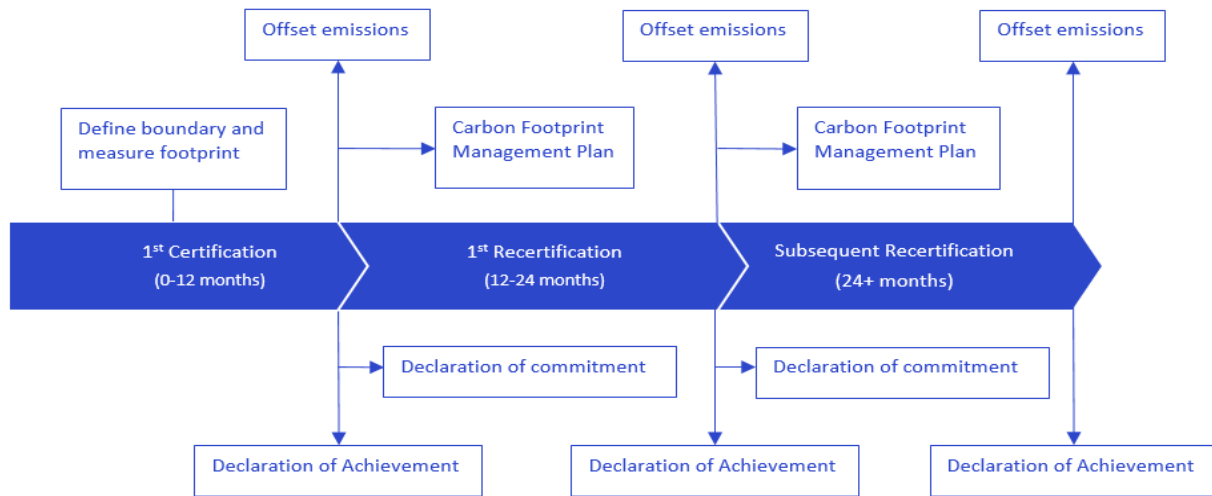


Figure 1. PAS 2060 certification process

Source: Carbon Trust. Adapted from “BSI - PAS 2060:2014: *Specification for the demonstration of carbon neutrality: Figure 1 – Illustration of the cyclical process for demonstrating carbon neutrality, taking into account permitted baseline period exceptions*”. [Simplified version]

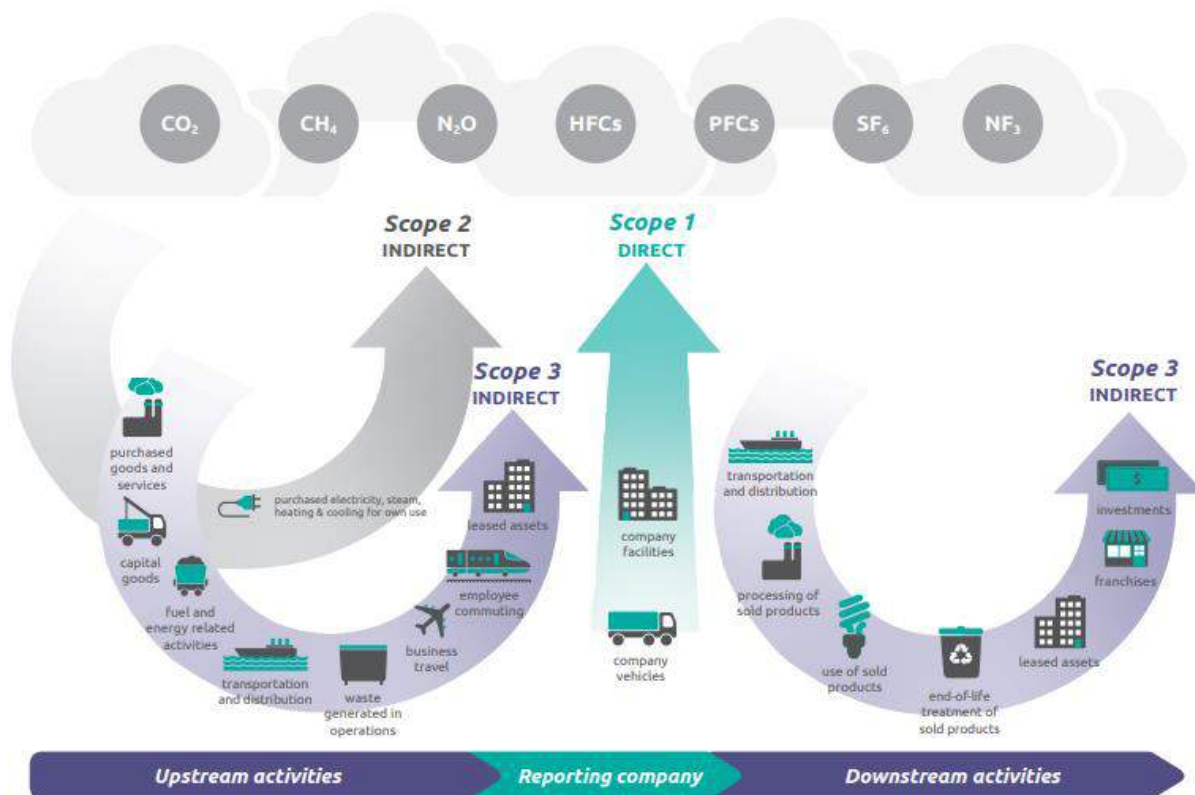


Figure 2. Organisational carbon footprinting

Source: Greenhouse Gas Protocol: <http://ghgprotocol.org/>