The members of the Board of Directors of Northern Bank Limited consider,
both individually and collectively, that they have acted to promote the success
of the Bank taking into account the needs of customers, colleagues, members
and other stakeholders and the Bank’s wider role in society. In doing so they
have taken into account the following matters set out in s172 (1) (a) to (f) of the
Companies Act 2006:

  a) the likely consequences of any decision in the long term,
  b) the interests of the company’s employees,
  c) the need to foster the company’s business relationships with suppliers, customers and others,
  d) the impact of the company’s operations on the community and the environment,
  e) the desirability of the company maintaining a reputation for high standards of business conduct, and
  f) the need to act fairly as between members of the company.

The Board is mindful that the long term success of the Bank is critically dependent on the way we
work with a large number of notable stakeholders. The table below sets out our focus on the key
relationships and shows how engagement with them is addressed by the Board of Directors (or Board
committees) to help inform the Bank’s decision making. It is important for all members of the Board to
gain sufficient understanding of the issues relating to every stakeholder so that their views are taken
into account in Board discussions.

A robust corporate governance framework is in place to ensure that stakeholder considerations are
captured and enhancements made to strengthen the views of our stakeholders in the boardroom.
Further information is set out in the Bank’s Corporate Governance Statement.
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<tr>
<th>Stakeholder Group</th>
<th>Form of engagement</th>
<th>How this stakeholder group influenced the Board agenda and long term decision-making (s172(1)(a))</th>
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| **Our people – s172(1)(b)(e)** | At Board level: Colleagues are a core pillar in the Bank’s strategy and form a fundamental part of the Board-approved Corporate Plan. The Board receive regular updates on progress against the Bank’s Colleague-focused strategic objectives and KPIs in addition to an annual update on our People Plan agenda provided by the HR Director. | During 2019 the Bank has delivered Board approved colleague initiatives to motivate, engage and support high performance and retain key talent.  
**Early Careers**  
In 2019 we increased the number of entry points to our organisation as the first bank in Northern Ireland to launch a school leaver to degree apprenticeship programme through our Danske Futures initiative and we continue to run an annual Graduate Programme. |
| | At Business level: Our people are a fundamental asset of our business and play a key role in the success of the Bank. Their views are taken into account throughout the Bank’s Corporate Planning process, in which the HR Director plays a key role as a member of the Executive Committee.  
Engagement with our people takes many forms with regular and ongoing discussions, both at 1-2-1 and team level, divisional 2-way update sessions, CEO and ExCo roadshows and Employee Engagement surveys. |  
**Continuous development**  
We invested more than ever before in both face to face and digital training - over 20% of colleagues are currently studying for professional qualifications, while c.40,000 hours were completed across digital and face to face channels.  
**Leadership Development**  
A suite of Leadership development programmes and interventions are in place to support all key milestones in a leadership journey.  
**Diversity and Wellbeing**  
In 2019 we launched ‘Danske Belong’ to connect our various Equality, Diversity and Inclusion (EDI) networks and to enhance our cohesive and consistent strategy. In 2019 the Bank won the Business in the Community’s and the CIPD’s Diversity & Inclusion awards. We entered into partnerships and were awarded external charter marks by Legal Island, Diversity Chartermark NI, HM Treasury Women in Finance and Stonewall.  
Our commitment to helping our employees manage their physical and mental wellbeing was reflected in our decision to work closely with Action Mental Health as our charity partner. New third-party partnerships provide colleagues with convenient access to services, new policies and training, providing additional support. As a result of this focus the Bank won Business in the Community’s Wellbeing award. |
| | To facilitate engagement we have established a People Board including Executive Committee members. |  
At the end of December we had c.1400 employees. |
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| **Our Customers – s172(1)(c)(d)(e)** | At Board level: The Bank has a number of dedicated teams that focus on delivering positive customer outcomes. This includes our Conduct and Customer Experience (CX) team that reports to the Executive Committee on a monthly basis, and updates are provided to Board on a regular basis in relation to Conduct and managing our Customer Satisfaction Key Performance Indicator (KPI).  
At Business level: The Bank uses customer feedback and insights as a core input to help shape strategic investment decisions utilising independent customer research, Satisfaction surveys, mystery shopping and impact assessments.  
We have also established cross-functional Customer Journey Squads to drive enhancements across key journeys. Additionally, the Bank’s Data Team provide key insights and analytics on customer behaviour to shape decisions and take action.  
One particular focus for the Bank is supporting customers in vulnerable circumstances. External partnerships and stakeholder engagement with vulnerable customer representative groups are key facets of this work to ensure our services are accessible to all our customers. |
| Customer satisfaction scores and feedback received influences decision-making at Board level. This has been reflected with customers as one of the Bank’s four Making More Possible strategic pillars and core values which are a fundamental part of the Bank’s Corporate Plan.  
We aim to be the first choice for helping our customers and businesses to achieve their financial goals in Northern Ireland.  
Every employee of the Bank has improving customer satisfaction as a core, and significant, element of their KPIs.  
As part of an ongoing multi-year programme, we remain committed to delivering a distribution network which meets the varying needs of our customer base. The growth of digital banking supports our investment plans in these areas, but we continue to recognise the importance of branch services to the communities we serve and the resulting benefits to the Bank of providing a network that covers all of the major towns across the province with at least one branch in each county.  
In 2019 the Bank decided to focus on supporting customers in vulnerable circumstances and became the first bank to sign up to the Northern Ireland Equality Commission’s Every Customer Counts initiative. |

| **Our Suppliers – s172(1)(c)(e)** | At Board level: Reports are submitted to the Board on matters of importance regarding the supply of goods and services. They are also advised when adverse incidents that affect the Bank’s ongoing operations are live and have been resolved.  
At Business level: The Bank has robust procurement policies (including sustainability, responsible sourcing and supply chain resilience) and manages its obligations under outsourcing in accordance with EBA guidelines. Supplier/Stakeholder meetings are conducted on a regular basis in accordance with Bank policy on outsourcing. The Bank maintains service level agreements with its parent Danske Bank A/S for the provision of key services to the Bank such as IT. |
<p>| The Board approves the Modern Slavery Statement annually and we expect all our suppliers to be compliant with the Modern Slavery Act. We work closely with our suppliers and peers to build on our knowledge and promote best practice particularly in relation to anti-bribery and corruption. |</p>
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<td><strong>Our Regulators – s172(1)(c)</strong></td>
<td>At Board level: It is the Bank’s policy to interact with the Regulators in an open and cooperative way. Members of the Board meet with the FCA and PRA on a regular basis. The Regulatory Reporting Committee meets bi-monthly and is attended by two members of the Board. The FCA and PRA also receive copies of Board papers. At Business level: We submit an extensive range of returns to the Regulators on all areas of the business as and when required. Senior management regularly engage with the Regulators to ensure all submitted returns are complete, accurate, consistent, timely and in compliance with the Regulators’ requirements. Regulators also undertake onsite visits and reviews covering specific topics of interest.</td>
<td>Feedback received from the Regulators influences decision making at Board level including areas of critical importance such as the review and approval of risk appetite. We aim to maintain our positive relationship with the Regulators by following an approach of early and regular engagement regarding such decisions.</td>
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| **Our Community and the environment – s172(1)(d)(e)** | At Board level: Society is a core pillar of the Bank's Making More Possible strategy and firmly embedded in the culture of the Bank. It is a key pillar in the Bank's strategy and forms a core part of the Board-approved Corporate Plan. The Board is regularly updated on progress against the Bank's Society-focused strategic objectives and KPIs in addition to receiving an annual update on our Society agenda. At Business level: The Bank’s Responsible Business Board meets quarterly, and is chaired by our Chief Executive Officer. The Bank’s impact on the environment, both direct and indirect, has become a factor in decision making. We recognise both the UK’s recent policy announcements in addition to the EU’s guidance in relation to the Non-Financial Reporting Directive, which encourages reporting in this area using the recommendations of the Climate Change Taskforce on Climate-related Financial Disclosures (TCFD). We are committed to supporting local communities and do so through our charity initiatives, volunteering, sponsorships and financial education programmes. | The Bank’s Corporate Plan recognises this focus by including strategic objectives and selected Key Performance Indicators aimed at supporting our local community within the Board-level Balanced Scorecard that is reviewed at each Board meeting. The Board recognises that climate change must take greater prominence both at senior management and Board levels in 2020. Positive outcomes resulting from our community programmes include:  
• Named Business in the Community’s (BITC) Responsible Business of the Year 2019;  
• Achieved Gold (the highest) level in BITC’s CORE responsible business standard;  
• Achieved Platinum level in BITC’s NI Environmental Benchmarking Survey for the second year;  
• Our three year partnership with Action Mental Health raised over £200k helping to support children’s mental health education in schools;  
• Our employees volunteered over 1,600 hours in local communities during 2019;  
• Our SMART financial education programme in schools helped to educate 5,500 children and young people in 2019;  
• Development of our first biodiversity policy and achieved BITC’s Business & Biodiversity Charter at Platinum level. |
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<td>Business Relationships and Conduct – s172(1)(e)</td>
<td>At Board level: The Bank’s Corporate Governance framework allows the Board and management to assess and monitor culture. The Board has oversight of the culture and the standards of business culture promulgated throughout the Bank. At Business level: Acting responsibly and ethically, our Responsibility Policy governs and outlines our approach to conducting our business in a responsible and transparent manner and is integrated in daily decision-making through strategies, policies, targets, business procedures and processes. Corporate Responsibility is integrated in our core business through our vision and strategy. This provides the strategic framework including KPIs and reporting. High standards of professional conduct are communicated via our Code of Conduct and also workforce training in anti-bribery and corruption, anti-money laundering and ethics. The Bank has a dedicated Conduct and Customer Experience team led by a Senior Manager that reports into the Bank’s Conduct Committee which is attended by Executive Committee members.</td>
<td>The Board is committed to embedding the section 172(1) factors in the culture of the business and decision making at all levels of management. This is evidenced by the empowerment of sub committees and management teams for each key stakeholder group. The Bank’s focus on conducting its business responsibly was also externally recognised by being named Business in the Community’s (BITC) Responsible Business of the Year 2019. Further information is available in the Bank’s Responsible Business Report on our website <a href="http://www.danskebank.co.uk">www.danskebank.co.uk</a>.</td>
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<td><strong>Our Company and its Parent – s172(1)(f)</strong></td>
<td>At Board level The Bank, its Executive Management and Board are closely engaged with our Parent. The Bank’s Board includes two Group Directors (both of whom are members of the Group’s Executive Leadership Team). Group updates are also provided by these two Directors to the Bank’s Board. The Bank’s Executive Committee is closely aligned to Group counterparts and through regular Board updates provides insight into Group interactions. At senior decision-making level we share with Group a strategic vision to promote the success of the Bank for the benefit of all its Stakeholders. Our Corporate Plan is developed in conjunction with senior Group colleagues and has received endorsement from both the Group Executive, Leadership Team and Group Board. The Bank has an annual Board Meeting at its parent site in Copenhagen, at which senior Group employees present updates to the Board on specific areas of interest. The Bank’s three Executive Directors also attended the Group Leaders Conference in September 2019. In addition to Bank employees, the Board regularly receives updates from Group stakeholders across areas including Finance, IT, Risk, Business Development and Strategy. These stakeholders also provide inputs to the Bank’s Corporate Planning process and are integral parts of delivering developments for the Bank.</td>
<td>The Board in its decision making process takes into account the impacts of the decision on the return to the Group on its capital investment in the company. The Board also considers annually whether a dividend should be paid from surplus capital.</td>
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