

Statement on Modern Slavery Act

DANSKE BANK GROUP
4 FEBRUARY 2021

Introduction

Danske Bank Group supports the UK Modern Slavery Act 2015 and its objective to eradicate forced labour and human trafficking. We aim to be recognised as a trusted financial partner, acting in accordance with our core values while taking into account internationally recognised principles for environmental protection, human and labour rights, business ethics and anti-corruption. This includes improving business practices to combat modern slavery.

About Danske Bank Group

Danske Bank Group is a Nordic universal bank with strong regional roots and bridges to the rest of the world. For more than 145 years, we have been helping people and businesses in the Nordic countries realise their ambitions. Today, we have over 20,000 employees and serve more than 3.3 million personal, business, institutional and wealth management customers in 12 countries, including the United Kingdom and Northern Ireland. In addition to banking services, we offer life insurance, pension, mortgage credit, wealth management, real estate and leasing services and products. Our vision is to be recognised as the most trusted financial partner and to drive sustainable progress and positive impact in the societies we are part of.

Policies and commitments

We are committed to respecting human rights, and we work to combat any kind of modern slavery in our business and our supply chains. National legislation, our core values and international agreements form the basis for how we conduct our business in a responsible and transparent manner. We observe and support a number of initiatives of relevance to the Modern Slavery Act:

- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- The Universal Declaration of Human Rights
- The ILO Declaration of Fundamental Principles of Rights at Work
- The Principles for Responsible Investment
- The Principles for Responsible Banking

Danske Bank Group has a number of supporting policies and statements specifying our environmental, social and governance (ESG) commitments. These include our Societal Impact & Sustainability Policy; Sustainable Investment Policy; Compliance Policy; Credit Policy; Code of Conduct Policy for employees; Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Policy; Supplier Code of Conduct; Whistleblowing Policy; and position statements on industries with elevated ESG risks.¹ We also have a Global Framework Agreement with UNI Global Union on fundamental labour rights within Danske Bank Group. In addition, our subsidiary company Northern Bank Limited has a separate Modern Slavery Act Policy governing local practices.

With specific relevance to the Modern Slavery Act, we in 2018 published a position statement on human rights. This position statement provides guidance on how Danske Bank works to protect and respect human rights in our operations and through our business relationships with companies we procure from, lend to and invest in.

Processes and procedures

At Danske Bank Group, we have processes and procedures in place to ensure that human rights risks are identified, assessed and addressed. These include the following:

For our employees:

- We have HR management procedures in all the countries where we operate to ensure that all employees are recruited lawfully, and we work closely with trade unions in order to ensure compliance.
- To the extent it is legally acceptable, we require candidates to present a clean criminal record in order to ensure that the candidates do not have convictions for e.g. human trafficking. Further, we require that all employees have valid residence and work permits in order to ensure that they are living and working legally in the country in question.
- Employees can report possible wrongdoings through our whistleblower scheme.

For our suppliers:

- Our due diligence process includes assessing relevant modern slavery risks in our supply chain, and it ensures that our suppliers comply with our responsibility standards. We clarify our requirements in a Supplier Code of Conduct, which also states that suppliers are responsible for setting the same or comparable standards for their subcontractors.

For our customers:

- When lending, we consider the purpose for which the funds will be used and check for ESG issues. We do this to ensure that our customers' conduct is in accordance with our policies and the international principles we endorse.
- If our assessments show that continuing a customer relationship is contrary to our principles, we engage in dialogue and seek solutions in collaboration with the customer.
- In accordance with anti-money laundering regulations, we monitor our customers' activities with us, and take appropriate action when we identify suspicious behaviour that may indicate unlawful activity.

¹ During the course of 2021, the Societal Impact & Sustainability Policy will be replaced by an updated version of the Code of Conduct Policy and a new Sustainable Finance Policy. Similarly, the Sustainable Investment Policy will be replaced by a Responsible Investment Policy.

For our investments:

- We integrate ESG as a factor alongside financial factors into our investment processes. This includes thorough research of our portfolio companies as well as screening to identify ESG risks.
- We have established research processes and governance forums dedicated specifically to identifying and taking appropriate action on companies with exposure to, or active involvement in, human rights violations. The primary mechanisms that we use to mitigate such risks and exercise our influence include: voting at annual general meetings, bilateral engagement with issuers, collaborative engagement together with other investors, and finally, restricting specific companies across all our investment strategies.

Training

We have several training programmes to ensure that employees adhere to our policies and procedures, including eLearning modules on compliance, anti-money laundering and whistleblowing. Every year, all employees who engage with personal customers must complete a mandatory eLearning programme that covers Know Your Customer procedures. Procurement, investment and credit employees undergo specific training in ESG matters relating to their business.

Key actions in 2020

Throughout 2020, we carried out a number of actions across several areas of our business, as outlined below. Together, these initiatives contribute to a more robust framework for avoiding, detecting and eliminating slavery and human trafficking in our business. For our subsidiary company Northern Bank Limited, this is achieved through their risk management framework.

Lending:

- We have revised our ESG governance guidelines to help guide risk assessments and ensure a clear process overview.
- We have trained approximately 500 employees across our markets and business units in ESG risk assessment.
- We have included ESG risk in the ongoing review of sector risks and launched a comprehensive customer ESG assessment process, designed to help us identify, assess and respond to ESG risks associated with corporate lending.

Investments:

- We have strengthened our process for identifying and taking appropriate action on companies involved in ESG-related controversies or practices and activities that are considered unacceptable, including in relation to human rights risks and modern slavery. The new process leverages research and data from multiple specialised ESG vendors as well as input from NGOs, our own investment teams, our asset-owner client base and other sources that can provide high-quality information that allow for useful decision-making. Appropriate action can include active ownership activities or the exclusion of specific companies from our investment universe.
- With regards to human rights risks, Danske Invest & Danica Pension have in 2020 voted in favour of nine different shareholder proposals aimed at obliging companies to either start reporting or enhance their human rights disclosure, implement human rights policies and/or improve risk management oversight of human rights related issues. Specific proposals we have voted in favour of include "Adopt a Comprehensive Human Rights Policy" and "Report on Human Rights Due Diligence Process".

- Apart from voting activities, which are only available to equity strategies, Danske Invest & Danica Pension have in 2020 engaged with companies on topics such as labour standards/practices, supply chain management, business ethics, corporate behaviour, regulation, international norms & principles, sustainability integration & reporting, regulatory compliance and compliance procedures.
- We have strengthened the ESG data platform available to our portfolio managers to include data points such as “country data – modern slavery”, “country data – decent working time”, “country data – decent wages”, “country data – forced labour”, “supply chain labour standards” and “supply chain monitoring”.
- As of December 2020, Danske Invest & Danica Pension have identified and restricted 13 companies across all investment strategies due to risks of forced labour.

Procurement:

- In relation to our suppliers, we carried out four supplier audits, in which the selected suppliers were examined in relation to their compliance with the requirements stipulated in our Supplier Code of Conduct, including issues covered by the Modern Slavery Act.

Compliance:

- To underpin the importance of human rights, one of the key principles in our updated Code of Conduct Policy from 2020, is “We take responsibility for our role in society and the financial markets”. This includes Subprinciple 2.6: “We respect and promote human rights and labour rights”, under which we state that we do not tolerate human trafficking, child labour, or any type of forced labour instituted against a person’s will or choice.

Further insights

More information on our business and conduct can be found in our Annual Report 2020, Sustainability Report 2020 and Sustainability Fact Book 2020, as well as on our website – danskebank.com.

Approval

This statement covers the financial year 1 January 2020 to 31 December 2020.



Karsten Dybvad
Chairman, Board of Directors