

# Statement on Modern Slavery Act

THE DANSKE BANK GROUP  
3 FEBRUARY 2022

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## Introduction

The Danske Bank Group recognises the UK Modern Slavery Act 2015 and supports its objective to eradicate forced labour and human trafficking. We aim to be the best possible bank for the benefit of our customers, employees, shareholders and the societies we are a part of, and as an integrated part of this ambition we support and comply with 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

The Danske Bank Group is a Nordic universal bank with strong regional roots and bridges to the rest of the world. For more than 150 years, we have been helping people and businesses in the Nordic countries realise their ambitions. Today, we have over 22,000 employees and serve more than 3.3 million personal and business customers in 10 countries, including the United Kingdom and Northern Ireland. Our customers are served by two business units: Personal & Business Customers and Large Corporates & Institutions. In addition to banking services, we provide life insurance and pension products, mortgage finance, asset management, real estate agency services and leasing. With long-term sustainable development as our ambition, we will continue to work every day to be the best possible bank for the benefit of our customers, employees, shareholders and 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

The Danske Bank Group has a number of supporting policies and statements specifying our environmental, social and governance (ESG) commitments. These include our Sustainable Finance Policy; Responsible 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. We also have a Global Framework Agreement with UNI Global Union on fundamental labour rights within the 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 have a position statement on human rights. This position statement provides guidance on how the Danske Bank Group 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 the 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 who are offered employment to present a clean criminal record. Furthermore, 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 whistleblowing 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 stipulate our requirements in our 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 we lend to customers, 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.

**For our investments:**

- We integrate ESG factors alongside financial factors into our investment processes. This includes thorough research of our portfolio companies and 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 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 mandatory Group-wide eLearning modules on sustainability, 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 2021**

Throughout 2021, 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 enhanced our existing sectoral ESG risk assessment process, which has allowed us to identify sectors prone to human and labour rights risks and enables us to define appropriate actions where the risk is deemed to be high. As a result of this process, customers active in sectors with high inherent human and labour rights risks will be subject to extended ESG risk assessment to capture their performance in relation to human rights commitment and management, labour standards, health and safety and/or social dumping risks. If the ESG risk exposure is found to be substantial, enhanced due diligence must be conducted.
- Across our markets and business units, we have implemented an ESG risk assessment process, which includes training programmes. Since the launch of our ESG Tracker digital assessment tool in October 2020, over 10,000 corporate customers (corresponding to over 20% of total corporate lending exposure) have been assessed in terms of track record, regulatory compliance, country and supply chain risks, where social risks are underlying risk factors. If the ESG risk exposure is found to be substantial, based on the risk level and credit exposure, an action plan to bring customers into compliance must be executed.

**Investments:**

- We have established processes for screening and identifying companies that are involved in significant sustainability-related controversies or that lack appropriate governance of sustainability-related risks. This process specifically includes screening for potential violations of ILO conventions and breaches related to human rights and forced labour. Our process leverages research and

data from multiple specialised ESG vendors, NGOs, media, asset owners, and our own sustainability analysts. When companies with risk flags are identified, 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 and Danica Pension have in 2021 voted for multiple 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. Examples of specific proposal items we have voted in favour of include: Report on Human Rights Due Diligence, Report on Human Rights Impact Assessment, Additional Reporting on Human Rights, Produce a Human Rights Risk Report, Production of an Annual Report on Risks to Human Rights Arising Out of the Use of Third-Party Employment Agencies, and Require Independent Director Nominee with Human and/or Civil Rights Experience.
- In addition to voting activities, which are only available to equity strategies, Danske Invest and Danica Pension have in 2021 engaged with companies on topics such as labour standards/practices, management of the legal/regulatory environment, human rights and community relations, business ethics, corporate behaviour and supply chain management.
- As of November 2021, Danske Invest and Danica Pension have identified and restricted 14 companies across all investment strategies due to risks of forced labour.

#### **Procurement:**

- In relation to our suppliers, we have carried out systematic supplier assessments in connection with the tendering process, in which high risk 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 that “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.
- A new Sustainability Compliance team has been established to provide dedicated regulatory compliance support across the Danske Bank Group to strengthen Danske Bank’s sustainability strategy and the fulfilment of regulatory obligations within the sustainability area.

#### **Further insights**

More information on our business and conduct can be found in our Annual Report 2021, Sustainability Report 2021 and Sustainability Fact Book 2021, as well as on our website - [danskebank.com](https://danskebank.com).

#### **Approval**

This statement covers the financial year 1 January 2021 to 31 December 2021.



Karsten Dybvad  
Chairman, Board of Directors