

# Statement on Modern Slavery Act

DANSKE BANK GROUP  
3 FEBRUARY 2023

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## Introduction

The Danske Bank Group supports the objective of the UK Modern Slavery Act 2015 to eradicate modern slavery in all its forms. We aim to be the best possible bank for the benefit of our customers, employees, shareholders and the societies we are a part of. As an integrated part of this ambition we support and comply with internationally recognised principles for human rights, including labour rights, environmental protection, business ethics and anti-corruption. This includes improving practices to combat modern slavery across our business activities, including our own operations, our financing activities and our supply chains.

In 2022, the Danske Bank Group conducted a high level review of Danske Bank's salient human rights risks. The review identified forced labour and human trafficking as likely salient risks within Danske Bank's business activities and identified concrete actions to manage and mitigate the risks. The review is a step towards further alignment with human rights due diligence requirements in upcoming legislation such as the Norwegian Transparency Act, the minimum social safeguards of the EU Taxonomy, the Corporate Sustainability Due Diligence Directive and the Corporate Sustainability Reporting Directive.

## 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 21,500 employees and serve more than 3.3 million personal and business customers in 8 countries, including the United Kingdom and Northern Ireland. Our customers are served by three business units: Personal Customers, 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 UN Universal Declaration of Human Rights
- The ILO Declaration of Fundamental Principles and Rights at Work
- The UN Principles for Responsible Investment
- The UN Principles for Responsible Banking

The Danske Bank Group has a number of supporting policies, codes of conduct, and statements specifying our sustainability commitments, including our commitment to respect human rights. These include our Sustainable Finance Policy; Responsible Investment Policy; Compliance Policy; Credit Policy; Code of Conduct Policy; Financial Crime Policy; Whistleblowing Policy; Supplier Code of Conduct; and position statements on sectors with elevated Environmental, Social and Governance (ESG) risks. Our Position Statement on Human Rights specifically addresses our commitment to protect and respect human rights in our operations and through our business relationships with companies we procure from, lend to and invest in.

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 Business Procedure governing local practices.

## Processes and procedures

At the Danske Bank Group, we have processes and procedures in place to ensure that human rights risks, including risks of modern slavery, are identified, assessed and addressed in our own operations and through our business relations. These processes and procedures provide guidance on how we work to protect and respect human rights within our business and in our business relations. Processes and procedures relevant to preventing modern slavery in our business activities are:

### **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. In most countries where we operate, we have union agreements to support equal rights and fair terms of employment. In the countries with no union agreements, we respect the statutory labour laws and salary practices in place.
- Employees can report possible wrongdoings or concerns about human rights violations through our whistleblowing scheme. In 2022 there were no reported cases relating to modern slavery.

### **For our suppliers:**

- Our Supplier Code of Conduct acts as a reference point and guidance document for procurement activities in Danske Bank. It mirrors Danske Bank's values and reflects our focus on human rights, health and safety, environment, business

integrity, anti-bribery, and anti-corruption. It is a requirement that our suppliers adhere to this, or a comparable code, as part of their contract with Danske Bank.

- Our due diligence process includes mandatory sustainability assessment for all suppliers with active contracts to ensure compliance with our Supplier Code of Conduct. The assessment includes several ESG topics, including risks of severe human rights impacts, such as modern slavery, and it is conducted through a third-party platform where suppliers are invited to conduct a self-assessment and to upload relevant certificates which are verified by Danske Bank. For additional tiers in the supply chain, our Supplier Code of Conduct states that suppliers are responsible for setting the same or comparable standards for their subcontractors.
- Danske Bank has a Sustainable Supply Chain escalation procedure in place, approved by the highest sustainability body in Danske Bank, which we may use if a supplier declines to participate in the assessment or if the assessment results indicate that a supplier is non-compliant. However, in cases where a supplier is assessed as being non-compliant, we believe in joint efforts and a supportive dialogue for development and therefore engage in dialogue in order to seek out options for positive supplier development within the identified risk areas. If the supplier fails to deliver an improvement plan as an outcome of an interactive process, we exercise our right to escalate or consider terminating the contract with the non-compliant supplier.
- We encourage our suppliers and their employees to raise any concerns regarding human rights violations and other unlawful activities anonymously through our whistleblowing channel on the Danske Bank supplier webpage. In 2022 there were no reported cases relating to modern slavery.

**For our customers:**

- When we lend to corporate customers, we consider the purpose for which the funds will be used and check for ESG issues, including risks of modern slavery. 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.
- We conduct ESG risk assessments in relation to our corporate lending activities using our ESG Tracker digital assessment tool. Corporate customers across our markets and business units are assessed in terms of track record, regulatory compliance, country and supply chain risks, capacity and governance in managing ESG risks and impacts, where social risks are underlying risk factors and include risks related to modern slavery. The ESG risk assessments are conducted periodically depending on previously identified risk exposure. The periodic assessments allow us to continuously identify sector-specific human rights risks and to define appropriate actions when the risks are deemed too high.
- If the ESG risk exposure is found to be substantial, enhanced due diligence is conducted. If the ESG risk exposure is found too high to accept, based on the overall risk level and credit exposure, an action plan to ensure that customers become compliant will be executed.
- In accordance with anti-money laundering regulations, we monitor our customers' activities with us, and we take appropriate action when we identify suspicious behaviour that may indicate unlawful activity.

**For our investments:**

- We aim to protect the value of investments and generate attractive returns while also analysing the impacts that investments have on environmental issues and human rights.
- Double materiality considerations are integrated into our investment processes: it is our fiduciary duty to identify risks that could have a financial impact on our investments, and it is also our fiduciary duty to analyse and assess the negative and positive impact our investments have on society.
- We screen and identify 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. Our process leverages research and data from multiple specialised ESG vendors, NGOs, media, asset owners, and our own sustainability analysts. When problematic companies are identified, we exercise our influence by voting at annual general meetings, through bilateral engagement with issuers, through collaborative engagement together with other investors, and in certain cases by excluding specific companies.

**Training**

To ensure that employees adhere to our policies and procedures, we have several training programmes, including mandatory Group-wide eLearning modules on sustainability, compliance, fighting financial crime, and whistleblowing. Every year, all employees who are in contact 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 related to their field of business. The training programmes include training in topics related to Danske Banks human rights efforts.

**Key actions and achievements in 2022**

In 2022, the Danske Bank Group conducted a review of 1) Danske Bank's salient human rights risks and 2) existing capacity to conduct human rights due diligence through a governance review. The review supports our efforts to identify, assess and manage our human rights risk in our own operations and through our business relations.

In addition to taking into account the findings of the review, we throughout 2022 focused on implementing and strengthening the efforts we have initiated in previous years. Collectively, our efforts to anchor our focus on human rights in all areas of the business contribute to a more robust framework for avoiding, detecting and eliminating modern slavery connected to any of our activities.

**Lending:**

- In 2022, we continued to focus on conducting risk assessments in relation to lending activities using our ESG Tracker tool which was launched in 2020. By end 2022 we have assessed 58 % of corporate customers in scope, which is equivalent to 71% of the exposure we have to corporate customers in scope.
- In an effort to continuously strengthen our human rights due diligence process, the Danske Bank Group is in the process of expanding further the human rights risk assessment in the ESG tracker tool which will include specific human rights questions.

**Investments:**

- As a result of our enhanced screening and identification process for companies

involved in significant sustainability-related controversies or risks, we maintain exclusions for 14 companies across all investment strategies due to risks of forced labour.

- In 2022, over 70 colleagues across the organisation participated in the EFFAS Certified ESG Analyst® (CESGA) education programme, which is targeted towards portfolio managers and builds their competencies across a broad spectrum of the ESG agenda.
- During 2022, Danske Invest and Danica Pension voted in favour of 7 out of 10 proposals urging companies to conduct and report on human rights impact assessments and due diligence. Danske Invest and Danica Pension did not vote in favour of the remaining three proposals as it was assessed that those companies already provided adequate disclosures.
- In addition to voting activities, Danske Invest and Danica Pension in 2022 engaged with companies on topics such as labour standards and practices, management of the regulatory environment, human rights and community relations, business ethics, corporate behaviour, and supply chain management. For further information on voting and engagement practices, see our biannual Active Ownership Report.
- In our 2022 Q3 Enhanced Sustainability Screening, we monitored and assessed specific companies in relation to high-risk regions in relation to concerns over forced labour.

**Procurement:**

- In 2022, we focused on rolling out further the ESG assessment of our suppliers as part of our ongoing work to improve our database and engagement trajectories. In 2022, we assessed approximately 30 % of our total supplier base where critical supplier categories were prioritised of which min. 80 % were considered to be compliant.
- We have entered into dialogue with suppliers that received a non-compliant assessment result, and in some cases the question of further engagement with the supplier has been escalated to management.

**Legal and Compliance:**

- A new legal team was established in 2022 to provide expertise and specialised legal advice and guidance across the Danske Bank Group on interpretation of applicable sustainable finance regulation. The team collaborates closely with the Sustainability Compliance team which was established in 2021 and provide dedicated regulatory compliance support across the Danske Bank Group to support 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 2022, Sustainability Report 2022 and Sustainability Fact Book 2022, as well as on our website - [danskebank.com](https://danskebank.com).

**Approval**

This statement covers the financial year 1 January 2022 to 31 December 2022.

Martin Blessing  
Chairman, Board of Directors