

Human rights

Position statement
Danske Bank

September 2019



Introduction

About Danske Bank Group

Danske Bank is a Nordic universal bank with strong regional roots and close ties to the rest of the world. For more than 145 years, we have helped people and businesses in the Nordic countries realise their ambitions. Today, we serve more than 3.3 million personal, business and institutional customers in 16 countries. 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.

Societal impact and sustainability at Danske Bank Group

As one of the largest Nordic financial institutions, Danske Bank Group has a responsibility and sizeable societal impact. By being solid, balanced and predictable, we aim to conduct our business in a responsible, accountable and transparent manner that supports financial stability. We are driven by an ambition to create value for all our stakeholders, and we use our expertise to drive sustainable progress and make a positive impact in the societies we are part of.

We have committed to respecting human and labour rights, mitigating adverse environmental impacts and eliminating corruption in all of its forms throughout our business. Internationally recognised principles dealing with environmental, social and governance (ESG) aspects of business lay the foundation for how we conduct our business in a responsible and transparent manner. Furthermore, these provide a shared framework for our relations and dialogue with stakeholders.

Danske Bank Group observes and supports the following international agreements, guidelines and voluntary standards:

- 2030 Agenda and the UN Sustainable Development Goals¹
- UN Global Compact²
- OECD Guidelines for Multinational Enterprises³
- UN Guiding Principles on Business and Human Rights⁴
- UN-supported Principles for Responsible Investment (PRI)⁵
- Principles for Responsible Banking⁶
- Task Force on Climate-related Financial Disclosures⁷
- The Universal Declaration of Human Rights⁸
- UN Environment Programme Finance Initiative (UNEPFI)⁹
- The ILO Declaration of Fundamental Principles of Rights at Work¹⁰

Purpose and scope of position statements

Danske Bank Group works continually to improve its sustainable business practices, and we expect the companies we work with to do the same by integrating ESG in their business practices.

Our position statements clarify how Danske Bank Group operates and also outline the expectations we have for our business partners, our customers and companies

we actively invest in. These position statements establish a shared framework for a constructive and forward-looking dialogue about risks and opportunities. The statements apply to all of the markets we operate in and encompass all the operations of Danske Bank Group.

Existing policies and position statements

The internationally recognised principles that Danske Bank Group has endorsed lay the foundation for several of our policies and procedures. We have sector-specific position statements on agriculture, arms & defence, fossil fuel, mining & metals, and forestry. These position statements are complemented by cross-sector position statements on climate change and human rights.

In addition to the position statements, we have a Societal Impact & Sustainability Policy, Code of Conduct Policy, Whistleblower Policy, Sustainable Investment Policy, Supplier Code of Conduct and Credit Policy as well as Credit Directives on ESG risks in specific industries. We also publish an annual statement of carbon neutrality and annual statement on the steps taken over the course of the past financial year to eradicate and prevent modern slavery in the supply chain and any other parts of our business.

Engagement, feedback and contact

For more information about how we work in this area, please visit our website at www.danskebank.com/responsibility. Please contact Kristina Øgaard, Head of Sustainability Strategy & Governance, Danske Bank (krga@danskebank.com) if you have any questions or comments.

1) <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

2) <https://www.unglobalcompact.org/what-is-gc/mission/principles>

3) <http://www.oecd.org/>

4) http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

5) <https://www.unpri.org/about/the-six-principles>

6) <https://www.unepfi.org/wordpress/wp-content/uploads/2019/06/PRB-Consultation-Document-12-Web-june-2019.pdf>

7) <https://www.fsb-tcfd.org/>

8) <http://www.un.org/en/universal-declaration-human-rights/>

9) <http://www.unepfi.org/about/unep-fi-statement/>

10) http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_467653.pdf



Human rights

POSITION STATEMENT
DANSKE BANK

1. Introduction

In a globalised world, companies can have a major impact, both positive and negative, on human rights. The UN Guiding Principles on Business and Human Rights stipulate that states have a duty to protect against human rights abuses and that businesses have a corporate responsibility to respect human rights.

At Danske Bank, we work to protect and respect human rights across our business. We operate in line with the UN Guiding Principles on Business and Human Rights, and perform human rights due diligence accordingly. We refer to human rights as the internationally recognised human rights including labour rights as stated in the International Bill of Human Rights and in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

2. Our approach

We acknowledge that Danske Bank can directly cause or contribute to human rights impacts in our own operations and supply chain, for example in the way we deal with our employees or our suppliers' adherence to labour rights. In the area of investing or lending, we recognise that we can contribute or be linked to the human rights impacts of the businesses and sectors that we invest in or lend to. Because of this, we are working to identify, assess and address potential and actual adverse human rights impacts, also taking into account the severity and probability of these.

3. Implementation

A number of measures have been implemented to ensure that we respect human rights. We will continue to increase and monitor our efforts in order to meet our own standards and to meet the needs and expectations of our customers and stakeholders in the best possible manner. To support this, we report annually on our progress to the UN Global Compact and PRI. All reporting is carried out in accordance with the Danish reporting requirements on non-financial information - requirements that include disclosures on human rights, social responsibility and treatment of employees, and gender diversity at company board and management level.

Guided by international standards and principles

Our business conduct is guided by a number of international standards and principles related to human rights. We expect the companies in our investment portfolio, our customers portfolio and our business partners to adhere to these whenever relevant:

- UN Global Compact¹
- OECD Guidelines for Multinational Enterprises²
- UN Guiding Principles on Business and Human Rights³
- UN-supported Principles for Responsible Investment (PRI)⁴
- The Universal Declaration of Human Rights⁵
- UN Environment Programme Finance Initiative (UNEPFI)⁶
- The ILO Declaration of Fundamental Principles of Rights at Work⁷
- Global Framework Agreement on Human Rights and Corporation with Unions⁸
- Minimum Age Convention (No 138)⁹
- Worst Forms of Child Labour Convention (No 182)¹⁰
- Free, Prior and Informed Consent (FPIC) as covered in the ILO Convention No 169¹¹ and the UN Declaration on the Rights of Indigenous Peoples¹²

Foster a responsible and diverse workplace

As an employer, Danske Bank uses its five core values – expertise, integrity, value, agility and collaboration - as the foundation for how we train and develop our employees, foster a culture of diversity and inclusion and maintain a safe and healthy working environment. Specific measures include, but are not restricted to:

- Zero-tolerance regarding any type of discriminatory behaviour and harassment, human trafficking or any type of forced labour as stated in our Code of Conduct Policy and internal Human Rights Guidelines
- HR management procedures in all countries where we operate to ensure that employees are treated fairly, according to our ethical standards, and in accordance with applicable regulations
- Close collaboration with unions and local representatives
- Working environment management system that enables the identification of cases involving working environment issues, discrimination or similar
- Employee training and professional development programmes to ensure that employees adhere to our policies and procedures, and continuously develop their competencies
- On-going efforts to prevent illness among employees and to ensure a healthy workplace both physically and mentally
- A whistle-blower scheme that enables employees to report possible wrong-doings

As part of our efforts to improve gender equality, we have set 2020-targets for the gender composition of our Board of Directors, Executive Board and management positions; we aim to have at least 38-40% participation and equal access of women in senior level positions by 2020. A range of initiatives are in place to help us realise these targets, including Diversity & Inclusion Committees and management training specifically focussed on raising awareness of unconscious bias. We have also launched a pilot project in our Corporates & Institutions business unit focusing on attracting, retaining and developing female employees. The project also aims to nurture an inclusive culture by setting up a think tank with internal and external experts.

Other ways we address gender equality include working actively with equal pay, often in collaboration with unions, through collective agreements, through the disclosure of data and through dialogue in our European Works Council or local working councils. We monitor this area internally and report our data and statistics annually to the relevant organisations and authorities in the markets where we operate. Additionally, we carry out annual pay gap mapping to ensure that we are living up to our strategy and our targets.

Taking social risks into consideration

The aforementioned international standards and principles together with our Societal Impact & Sustainability Policy, Sustainable Investment Policy, Credit Policy and Supplier Code of Conduct form the foundation for our analysis and consideration of environmental, social and governance (ESG) risks in our investment, lending and procurement practices.

We continuously assess the social risks of our investments as part of our overall screening and ESG risk analysis. If any issues of concern are identified, we engage with the companies we invest in in order to verify the scope of the social issues and, if relevant, encourage the development of higher standards for responsibility. We prefer to engage instead of excluding a company, but if the portfolio company does not change behaviour, we will withdraw and refrain from the investment whenever possible.

As part of our general credit process, we consider the purpose for which the funds will be used, and we also assess possible social risks associated with our lending. If our assessments show that a customer relationship does not comply with our policies, we initiate a dialogue in order to determine a solution together with the customer. If this process is fruitless and our only remaining option is to terminate the credit agreement, we will do so in a controlled process that takes all legal aspects into consideration.

Together with external partners, we conduct an ESG assessment of suppliers that have elevated risk profiles, and in our Supplier Code of Conduct we clarify our expectations towards responsible business conduct based on recognised international standards in our Supplier Code of Conduct. In our Supplier Code of Conduct, it is also clearly stated that suppliers are responsible for setting the same or comparable standards for their subcontractors. Should a supplier be unable to live up to the requirements, we will initiate a constructive dialogue with the company to find a better solution.

Expecting the companies we lend to and invest in to follow international guidelines

Some sectors are more prone to human rights risks than others, and our sector-specific position statements on agriculture, arms and defence, forestry, fossil fuel, mining and metals address these. Generally, we expect the companies we lend to and invest in to follow the internationally recognised standards listed below whenever relevant:

- Respect human rights as stated in the Universal Declaration of Human Rights¹³ and the ILO Declaration of Fundamental Principles of Rights at Work¹⁴
- Respect and ensure working conditions that enables a fair standard of living according to local conditions e.g. a maximum set of working hours and rest periods¹⁵
- Ensure equal treatment and working conditions for all employees, including women and migrant workers

- Have management systems or processes that not only deal with employee complaints, labour law violations and conflicts, but which also monitor and ensure compliance with labour laws
- Adopt policy commitments on health and safety
- Mitigate the risk of accidents and have contingency plans in place
- Respect the rights of children and refrain from using exploitative forms of child labour, such as labour that damages children's physical or mental health or prevents them from going to school as stated in the Minimum Age Convention¹⁶ and Worst Forms of Child Labour Convention¹⁷

1) <https://www.unglobalcompact.org/what-is-gc/mission/principles>

2) <http://www.oecd.org/>

3) http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

4) <https://www.unpri.org/about/the-six-principles>

5) <http://www.un.org/en/universal-declaration-human-rights/>

6) <http://www.unepfi.org/about/unep-fi-statement/>

7) http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_467653.pdf

8) <http://www.uniglobalunion.org/about-us/global-agreements>

9) http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C138

10) http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100_ILO_CODE:C182:NO

11) http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312314:NO

12) http://www.un.org/esa/socdev/unpfi/documents/DRIPS_en.pdf

13) <http://www.un.org/en/universal-declaration-human-rights/>

14) http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_467653.pdf

15) *Whereas we encourage all the companies that we lend to to follow these expectations, we recognise that some smaller companies may not have the scale and resources to fully comply*

16) http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C138

17) http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100_ILO_CODE:C182:NO

18) http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312314:NO

19) *Whereas we encourage all the companies that we lend to and invest in to follow these expectations, we recognise that some smaller companies may not have the scale and resources to fully comply*