

Mining and metals

Position statement
Danske Bank

September 2018



Danske Bank

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 Nordics realise their ambitions. Today, we serve more than 3.2 million personal, business and institutional customers in 16 countries, and 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

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

We are 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. Further, they 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
- The Universal Declaration of Human Rights⁶
- UN Environment Programme Finance Initiative (UNEPFI)⁷
- The ILO Declaration of Fundamental Principles of Rights at Work⁸

Purpose and scope of position statements

Danske Bank Group works continually to improve its responsible 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 outline our expectations to companies we actively invest in (the “portfolio companies”), our business partners and our customers. They establish a shared framework for a constructive and forward-looking dialogue about risks and opportunities.

The statements apply to all 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 Responsibility Policy, Code of Conduct Policy, Whistleblower Policy, Responsible 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 to eradicate and prevent modern slavery in the supply chain and any other parts of our business in the past financial year.

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@dankebank.com) with any questions or comments.

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- 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) <http://www.un.org/en/universal-declaration-human-rights/>
 - 7) <http://www.unepfi.org/about/unep-fi-statement/>
 - 8) http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_467653.pdf

Mining and metals

POSITION STATEMENT
DANSKE BANK

1. Introduction

The mining and metals industry provides raw materials that are used every day around the world. According to the United Nations mining and extraction, when managed effectively and properly, offer an opportunity to stimulate broad-based economic development and reduce poverty⁹.

By its very nature, mining is environmentally invasive. It causes substantial changes in the landscape, consumes large amounts of energy and water, and produces great quantities of waste in the form of waste rock and tailings¹⁰. These environmental aspects are reflected in the identified ESG risks in the mining and metals industry as they concern water and chemical use, biodiversity, mineral waste as well as emissions. The governance and social risks concern bribery, corruption, indigenous peoples rights, employee health and safety as well as employment terms.

At Danske Bank, we acknowledge the need for sustainable mining practices as it can contribute to sustaining natural resources and reducing poverty around the world. When working with portfolio companies, business partners and customers in the mining and metals industry, we aim to minimise potential adverse environmental and social effects and support good governance by promoting recognised international principles whenever relevant.

2. Our approach

In promoting sustainable mining practices, Danske Bank is guided in its business by a number of international principles. We expect our business activities and the companies we lend to and invest in to operate in accordance with relevant international norms as well as regional and national laws, regulations and permits.

As set forth in our Responsible Investment Policy, Supplier Code of Conduct and Credit Policy, we consider ESG risks based on international standards and principles in our investment, procurement and lending practices.

3. Implementation

To ensure that we manage our investments, business activities and lending associated with ESG risks on the basis of the international principles we endorse, we have implemented processes that have a risk-based approach and are structured around two phases: 1) Screening and ESG risk analysis and 2) Dialogue and engagement. We will continue to monitor our efforts in order to meet our customers' and stakeholders' needs and expectations in the best possible manner.

Screening and ESG risk analysis

- We integrate ESG considerations in investment and lending practices and monitor the development on an ongoing basis.
- When investing in listed companies in the mining and metal industry, we conduct an ESG screening of the portfolio companies in collaboration with our screening and research partners to ensure that their conduct is in accordance with our Responsible Investment Policy and the international principles we endorse.
- When investing in unlisted companies in the mining and metal industry, we screen for possible ESG risks as part of the due diligence process. If the ESG risks are assessed to be of significant importance, the results will be examined with the Sustainability & Impact Investment team in Danske Bank.
- When lending and renewing credit to the mining and metal industry, we conduct an ESG assessment in order to ensure that our customers' conduct is in accordance with our Credit Policy, Responsibility Policy and the international agreements we endorse.

Dialogue and engagement

- We seek to influence the companies we invest in through on-going dialogue and voting at general meetings and participation in nomination committees when we believe it will have a substantial impact.
- If there are allegations of potential breaches of international agreements, identified ESG issues or if the customer is not compliant with our Credit Policy or our Responsibility Policy, we initiate a dialogue in order to determine a solution with the customer. The aim is to clarify the circumstances, recommend that they follow a set of international standards and principles (as set forth in section 4) and to determine whether the company plans to change its behaviour.
- We prefer to engage with the companies and encourage the development of higher standards of responsibility instead of excluding them from our portfolio or terminating the credit relationship. However, if the company fails to demonstrate sufficient commitment towards improvement, we reserve the right to terminate the relationship whenever possible and in a controlled manner.

4. Standards and principles

Whenever relevant, we expect the companies we lend to and invest in to operate in accordance with the following sets of international agreements and frameworks:

- UN Global Compact¹¹
- UN Guiding Principles on Business and Human Rights¹²
- The Universal Declaration of Human Rights¹³
- The ILO Declaration of Fundamental Principles of Rights at Work¹⁴
- OECD Guidelines for Multinational Enterprises¹⁵

Industry specific

For the companies we invest in and lend to in the mining and metal industry, we expect them to follow the guidelines listed below:

- Reduce extractive waste and implement responsible disposal processes
- Mitigate the possibility for accidents and have contingency plans in place
- Do not have a negative impact on the cultural and natural sites on the UNESCO World Heritage List¹⁶
- Do not have a negative impact on the wetlands covered by the Ramsar convention¹⁷
- Do not have a negative impact on the protected areas that fall under the categories I-IV of the International Union for Conservation of Nature (IUCN)¹⁸
- Include the environmental and health effects of a mine after its closure in plans for the development of new mines

- Ensure the recovery of ecosystems after commercial activities have been completed
- Have management systems or processes that deal with employee complaints, labour law violations and conflicts, and monitor and ensure compliance with labour laws
- Have policy commitments on health and safety
- Ensure equal treatment and working conditions for all employees, including women and migrant workers
- Respect the rights of children and not use 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 Convention¹⁹ and Worst Forms of Child Labour Convention²⁰
- Respect the indigenous people and their right to customary lands by obtaining acceptance when entering such land as described in the principles of Free, Prior and Informed Consent (FPIC)²¹

For the listed companies we invest in, we perform a screening in collaboration with our screening and research partners to make sure that they act in line with the below international principles and conventions:

- UNESCO World Heritage List²²
- Ramsar convention²³
- International Union for Conservation of Nature (IUCN)²⁴
- Minimum Age Convention²⁵
- Worst Forms of Child Labour Convention²⁶
- Free, Prior and Informed Consent (FPIC) as covered in the ILO Convention 169²⁷ and the UN Declaration on the Rights of Indigenous Peoples²⁸
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal²⁹
- Rio Declaration on Environment and Development³⁰

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- 9) <https://sustainabledevelopment.un.org/index.php?menu=1259>
 - 10) <http://www.unep.fr/shared/publications/pdf/3124-FinancialMineral.pdf>
 - 11) <https://www.unglobalcompact.org/what-is-gc/mission/principles>
 - 12) http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_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) <http://www.oecd.org/>
 - 16) <http://whc.unesco.org/en/list/stat>
 - 17) <http://www.ramsar.org/sites/default/files/documents/library/sitelist.pdf>
 - 18) <https://www.iucn.org/theme/protected-areas/about>
 - 19) <http://www.ramsar.org/sites/default/files/documents/library/sitelist.pdf>
 - 20) <https://www.iucn.org/theme/protected-areas/about>
 - 21) Covered in the ILO Convention 169: http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312314:NO and the UN Declaration on the Rights of Indigenous People: http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf
 - 22) <http://whc.unesco.org/en/list/stat>
 - 23) http://www.ramsar.org/sites/default/files/documents/library/scan_certified_e.pdf
 - 24) <https://www.iucn.org/theme/protected-areas/about>
 - 25) http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C138
 - 26) http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100_ILO_CODE:C182:NO
 - 27) http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312314:NO
 - 28) http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf
 - 29) <http://www.basel.int/Portals/4/Basel%20Convention/docs/text/BaselConventionText-e.pdf>
 - 30) <http://www.un.org/documents/ga/conf151/aconf15126-1annex1.htm>