



# *Position Statement on Human Rights*

31 May 2023

# Introduction

The Universal Declaration of Human Rights states that all human beings are born free and equal in inherent dignity and rights without distinction of any kind based on colour, ethnic origin, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Danske Bank’s approach to human rights is based on these fundamental principles.

As one of the largest Nordic financial institutions, Danske Bank Group has sizeable societal impact and a responsibility to respect human rights, which is independent from the state’s duty to protect such rights. We use policy, governance and due diligence to avoid infringements and complicity in the infringements of others, whether in our role as an employer, as a procurer of goods and services, as a provider of financial services or any other role. 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.

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.

In a globalised world, companies have a major impact, both positive and negative, on the opportunity of people and communities to enjoy the protections and freedoms of their human rights. The UN Guiding Principles on Business and Human Rights stipulate that businesses have a corporate responsibility to respect human rights. This statement specifically addresses our ambitions to meet our responsibility through the implementation and integration of due diligence processes.

## Our commitment

At Danske Bank, we are committed to respecting internationally recognised human rights, including labour rights, through managing our risks of adversely affecting the rights of our own employees and people in the societies in which we operate.

We acknowledge that Danske Bank can cause, contribute or be linked to adverse human rights impacts in our own operations and through our business relationships, for example in the way our employees are treated or through our suppliers’ adherence to labour rights. Within our lending and investment activities, we recognise that we can contribute or be linked to adverse human rights impacts caused by the businesses that we lend to or invest in.

Our commitment means that we continuously work to identify, prevent and mitigate our risks of adverse impacts on human rights, including all human rights as stated in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. We continually strive to improve our sustainable business practices, and we expect those we do business with to do the same. We expect our suppliers, the companies in our investment portfolio, our customer portfolio, and our business relationships to also respect human rights and apply the UN Guiding Principles on Business and Human Rights, and other relevant international human rights standards. We use our leverage where possible, including to drive actions to cease any adverse human rights impact, if we become aware of such an impact.

We expect all employees to protect and respect human rights and to act in accordance with our Code of Conduct Policy and our sustainability related policies, instructions and guidelines.

# Position Statement on Human Rights

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## 1. Objective and purpose of the position statement

Danske Bank’s position statement on human rights aims to create transparency and predictability on our commitment, governance and due diligence with regards to meeting our responsibility to respect human rights in our own business. Our position statement also outlines the expectations we have for our business relationships.

The position statement establishes a shared framework for a constructive and forward-looking dialogue with our stakeholders on this topic.

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## 2. Scope of position statement

This position statement applies to the Danske Bank Group and all legal entities under its control. Specific sector-level requirements and expectations are listed in our sector-specific positions.

### Geography

The position statement is global in scope with no exceptions.

### The Danske Bank Group’s activities

The position statement applies to all of Danske Bank’s activities, including our own operations, our procurement activities, our financial services, advisory services, and our

investment activities relating to assets managed by Danske Bank, including services through Danske Invest and Danica Pension.

### Industries and subsectors

Danske Bank’s position on human rights applies to all sectors where we have exposure within our procurement, lending, and investment activities. However, we recognise that some sectors are more exposed to human rights risks, and we take this into account in our implementation of human rights due diligence.

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## 3. Definitions

Adverse human rights impacts are those impacts which have a negative effect on people and communities. An adverse human rights impact occurs when an action removes or reduces the ability of an individual to enjoy his or her human rights<sup>1</sup>. The term ‘human rights’ includes in this context labour rights.

Danske Banks risks of adverse impacts on human rights can be divided into three categories:

- adverse impacts we might cause through our own operations, e.g. adverse impacts on our employees

- adverse impacts we might contribute to, e.g. through providing credit or loans to business customers
- adverse impacts we might be linked to, for example through our investments

In the pursuit of respecting human rights throughout our business, Danske Bank strives to take all three categories into account and address the human rights risks accordingly.

<sup>1</sup> UN Guiding Principles Interpretative Guide

## 4. Rules and standards of the position statement

Several due diligence measures based on the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises have been implemented to ensure that we respect human rights. We will continue to increase and monitor our efforts 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 in our Human Rights Report and our Sustainability Report to the UN Global Compact and Principles for Responsible Investments. All reporting is carried out in accordance with the Danish reporting requirements on non-financial information – requirements that include disclosures on human rights, including social responsibility, treatment of employees, and gender diversity at company board and management level – as well as local reporting requirements.

### 4.1. Respecting human rights in our own operations

At Danske Bank, we want to grow an inclusive, sustainable, and engaging workplace, where we maintain a safe and healthy work environment and promote diversity and inclusion. Specific measures include but are not limited to:

- zero-tolerance regarding any type of discriminatory behaviour and harassment 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 harassment
- employee training and professional development programmes to ensure that employees adhere to our policies and procedures, and continuously develop their competencies.
- ongoing efforts to prevent illness among employees and to ensure a healthy workplace both physically and mentally
- a whistleblowing scheme that enables employees to report possible wrongdoings

Part of our Diversity and Inclusion policy is to ensure that all employees are provided with equal opportunities and terms. As part of our efforts to improve gender equality, we regularly update our targets for the gender composition of our Board of Directors, Executive Leadership Team and management positions<sup>2</sup>.

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 carry out annual pay gap mapping to ensure that we are living up to our strategy and our targets. In addition, from a diversity perspective, we remain focused on the gender composition in recruitment and selection process, performance management process and KPIs, and when preparing the pipeline of talents and successors for key positions.

A range of initiatives, policies and guidelines are in place to help us realise our targets, including the establishment of our Diversity & Inclusion Council, management training specifically focussed on raising awareness of unconscious bias, our Diversity & Inclusion Policy and our Global Transgender Instruction.

### 4.2. Respecting human rights in our value chains

Our Sustainable Finance Policy, Responsible Investment Policy, Credit Policy and Procurement Policy form the foundation for consideration of environmental, social and governance (ESG) risks in our investment, lending and procurement practices.

We continuously assess risks of adverse impacts on human rights in relation to our financial and procurement activities. Generally, we expect our business relationships to;

- respect human rights as declared as a minimum in the International Bill of Human Rights and the International Labour Organisation Declaration of Fundamental Principles of Rights at Work and apply the UN Guiding Principles on Business and Human Rights as well as the OECD Guidelines for Multinational Enterprises.
- 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 periods;
- 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 in accordance with local standards and conditions.
- mitigate the risk of accidents and have contingency plans

<sup>2</sup> More information about our targets can be found in our Sustainability Report



in place; and

- 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 International Labour Organisation Minimum Age Convention and Worst Forms of Child Labour Convention.

### Investments

We expect the companies and issuers we invest in to respect human rights, and we strive to assess this through our due diligence and screening processes

Our Responsible Investment Policy defines our approach to being a responsible investor and covers investment activities relating to assets managed by Danske Bank on behalf of customers. The Responsible Investment Policy is supplemented by underlying instructions and specific commitments at the level of the investment products we make available.

Our investment analysis and decisions consider sustainability risks, including risks caused by human rights related issues impacting our investments. The adverse impacts our investments might have on human rights are mainly captured through our enhanced sustainability standards screening and, for certain strategies, pre-defined level of tolerance. Subject to data availability, our enhanced screening covers companies alleged to be violating international norms, and while we prefer to be an active owner and influence companies through dialogue, we also exclude companies from our investment portfolios.

### Lending

Our customer relationship and engagement start with setting clear standards, expectations and restrictions. We value collaboration and engage in dialogue with our customers to encourage them to continuously improve.

Danske Bank's internal Credit Policy sets policy requirements to be met by the Group, including restrictions related to human rights risks. The requirements identify specific activities of companies that we refrain from lending to and

investing in. These include specific activities within arms and defence and activities related to land rights, acquisition and resettlement.

In addition to meeting these requirements, Danske Bank will not knowingly finance customers' whose activities in high-risk areas are contrary to that which is outlined in our other position statements<sup>3</sup>.

In some cases, we can leverage our position to drive change. Where the customer does not initially meet the requirements of our ESG restrictions, our ESG Credit Risk Assessment Instruction specifies that Danske Bank can engage with the customer to agree to an appropriate action plan to bring the customer in line with Danske Bank's policies.

### Procurement

We perform supply chain due diligence related to human rights. The framework for fostering social responsibility in Danske Bank's supply chain is based on our Supplier Code of Conduct, which defines our requirements for suppliers in terms of their responsible business conduct, and our third party ESG assessment of suppliers.

Together with an external independent partner, we conduct an ESG assessment of all suppliers with active Danske Bank contracts. Our suppliers are invited to complete a self-assessment questionnaire, which include questions relating to governance, human rights and health and safety. Suppliers are also asked questions related to the level of control in their own supply chain.

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. This is a mandatory sign-off for relevant suppliers with active contracts. If a supplier is unable to live up to the requirements, we will initiate a constructive dialogue with the company to find a better solution. In our Supplier Code of Conduct, we also reserve the right to audit to make sure that our suppliers live up to the ethical standards of Danske Bank.

<sup>2</sup> More information about our targets can be found in our Sustainability Report



## 5. Supporting standards and principles

Recognising the importance of human rights, we are guided by the following standards to avoid human rights infringements:

- The International Bill of Human Rights, including the Universal Declaration on Human rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights
- The International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, including the ILO Minimum Age Convention and the ILO Worst Forms of Child Labour Convention
- UN Guiding Principles on Business & Human Rights
- OECD Guidelines on Multinational Enterprises
- UN Global Compact
- The UN Principles for Responsible Investments
- The UN Principles for Responsible Banking
- The Equator Principles (2020)
- United Nations Women's Empowerment Principles
- International Labour Organisation Global Business and Disability Network Charter
- Global Framework Agreement on Human Rights and Corporation with Unions
- Free, Prior and Informed Consent (FPIC) as covered in the ILO Convention No 169 and the UN Convention on the Rights of Indigenous Peoples

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## 6. Implementation and disclosure

Danske Bank will continuously work to ensure the implementation of this position statement throughout the organisation by identifying actions to integrate it into the bank's risk and management policies, processes and procedures. Because the topic of human rights is dynamic in risk and scope, we will ensure the relevance of this position statement by regularly reviewing and updating it.

Should this position statement be breached, there are several escalation paths in Danske Bank's governance structure through which breaches could be addressed. On a group level, relevant forums include:

- Danske Bank's Business Integrity Committee (BIC), and
- The Sustainable Finance Council (SFC).

Danske Bank aims to provide to all stakeholders transparency on our human rights risks and due diligence efforts and to provide relevant disclosures through several reporting channels. Disclosures can be found in our Human Rights Report, Sustainability Report, Sustainability Fact Book, and Annual Report.