

# Enhanced Sustainability Standards

March 2022

## Enhanced Sustainability Standards: Methodology and Criteria

Enhanced sustainability standards is Danske Bank's proprietary screening model that supports the exclusion of companies that are engaged in activities and conduct harmful to society from all investment products and pension products manufactured within Danske Bank, which apply this exclusion criteria as a characteristic of the portfolio.

Specifically the exclusion criteria aims to restrict issuers and companies that:

- are involved in activities, or with a conduct, leading to significant principal adverse impacts and/or as relevant significant harm on sustainable investment objectives;
- otherwise express weak sustainability practices; or
- do not have minimum social safeguards.

Enhanced Sustainability Standards is an incident based review of companies that are alleged to be violating international norms as defined by international organizations such as the OECD, ILO, UN, and others treaties or conventions deemed to be material.<sup>1</sup> To identify companies potentially violating international norms, a quarterly review is undertaken of information from multiple ESG data providers, our investment teams, Danske Bank group positions<sup>2</sup> and customers/Nordic institutions serving as proxies for the Nordic Investor as well as other relevant sources and stakeholders (e.g. NGOs).

A sample non-exhaustive list of factors that the model takes into consideration and assesses companies' policies and management practices against is available below.

### Sample list of factors

Comprehensiveness of mitigation measures in place to address community and ecosystem water requirements in areas where environmental impact assessments identify that significant impacts to water resources are likely

Involvement in the mining and trading in conflict materials

Operations in locations where the consequences of an accident for the environment are unmanageable

Operations in weak governance zone or conflict-affected areas if they are able to demonstrate that they are not causing or contributing to human rights abuses

Prevention of conflict over land rights and acquire natural resources only with free, prior and informed consent (FPIC) of indigenous peoples and/or peoples with customary tenure rights

Prevention of negative impacts for the populations or the number of animal species that are on the IUCN Red List of Threatened Species

Prevention negative impacts on High Conservation Value (HCV) areas within their business operations and the areas they manage

<sup>1</sup> As set out in the appendix.

<sup>2</sup> As set out in the appendix.

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#### Riverine tailings disposal and sub-marine tailings disposal

Supply of arms and weapon systems, military transport systems, and other military goods should be avoided if there is an overriding risk that the arms will be used for serious violation of international human rights and humanitarian law

Supply of arms and weapon systems, military transport systems, and other military goods to countries having a failed or fragile state, should be avoided

Supply of arms and weapon systems, military transport systems, and other military goods to countries that are severely corrupt, should be avoided

Supply of arms and weapon systems, military transport systems, and other military goods to countries that severely violate human rights, should be avoided

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As all decisions related to exclusions are anchored within the investment organisation, each quarter, an analysis of the individual company cases together with a recommendation on how to approach each individual case is presented to the ESG Integration Council. Danske Bank's ESG Integration Council, which comprises of the Heads of investment strategies, has been created to support ESG integration into the core of our investment processes. The recommendations are discussed and endorsed by the ESG Integration Council and approved by the Responsible Investment Committee, prior to implementation.

The review and application of exclusions under this category are conducted on a quarterly basis.

For further information on the investment restriction definitions, activities, criteria, scope and thresholds employed by Danske Bank go to, [danskebank.com](https://www.danskebank.com).

## Appendix

Danske Bank Group Position Statements<sup>3</sup>:

- Danske Bank Position Statement Agriculture
- Danske Bank Position Statement Arms and Defence
- Danske Bank Position Statement Climate Change
- Danske Bank Position Statement Human Rights
- Danske Bank Position Statement Forestry
- Danske Bank Position Statement Fossil Fuels
- Danske Bank Position Statement Mining and Metals

International Conventions, Treaties or Standards:

- Aquatic Animal Health Code
- AWS International Water Stewardship Standard
- Bamako convention on the ban of the import into Africa and the control of transboundary movement and management of hazardous wastes within Africa (1991)
- Bangladesh Fire and Building Safety Agreement
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal
- Basel Criteria for Responsible Soy Production
- Basic Principles and Guidelines on Development-based Evictions
- Basic Principles on the Use of Force and Firearms by Law Enforcement Officials
- Chemical Weapons Convention
- Children's Rights & Business Principles
- Collevocchio Declaration on Financial Institutions and Sustainability
- Convention against Corruption
- Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment
- Convention against Transnational Organised Crime
- Convention concerning the Protection of the World Cultural and Natural Heritage
- Convention for the Protection of the marine Environment of the North-East Atlantic
- Convention for the Protection of the Ozone Layer
- Convention for the Safeguarding of the Intangible Cultural Heritage
- Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters
- Convention on Biological Diversity
- Convention on Certain Conventional Weapons
- Convention on Civil Liability for Oil Pollution Damage and Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea
- Convention on Cluster Munitions
- Convention on International Trade in Endangered Species of Wild Fauna and Flora
- Convention on Long-range Transboundary Air Pollution
- Convention on Nuclear Safety
- Convention on Oil Pollution Preparedness, Response and Co-operation
- Convention on the Conservation of Migratory Species of Wild Animals
- Convention on the Elimination of All Forms of Discrimination against Women
- Convention on the Elimination of All Forms of Racial Discrimination
- Convention on the Law of the Sea

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<sup>3</sup> See Danske Bank Group Societal Impact & Sustainability Policy & Position Statements:  
<https://danskebank.com/sustainability>

- Convention on the Prevention of Marine Pollution by Dumping of Wastes and other Matter of the United Nations International Maritime Organization
- Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction.
- Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction
- Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction
- Convention on the Protection and Use of Transboundary Watercourses and International Lakes
- Convention on the Rights of the Child, including the Optional Protocol on the sale of children, child pornography and child prostitution
- Convention on Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment
- Convention on Wetlands of International Importance especially as Waterfowl Habitat
- Convention relating to the Status of Refugees
- Council Directive concerning the protection of animals (98/58EG)
- Declaration of European Council, Madrid, 27.6.1989: Arms embargo on China
- Directive on the Management of waste from the extractive industries
- Electronic Industry Citizenship Coalition
- Ethical Trading Initiative
- EU Capital Requirements Directive IV (2013/36/EU)
- EU Common Position on Burma/Myanmar 1996/635/CFSP
- EU Common Position on Iran 2007/140/CFSP
- EU Council Common Position 2002/145/CFSP (2002) and 2004/161/CFSP (2004): Arms embargo on Zimbabwe
- EU Council Decision on Burma/ Myanmar 2013/184/CFSP
- EU Council Decision on Côte d'Ivoire 2010/656/CFSP
- EU Council Decision on Sudan 1994/165/CFSP
- EU Council Decisions on Belarus 2011/357/CFSP and 2012/642/CFSP
- EU Council Regulation No 36/2012 concerning restrictive measures in view of the situation in Syria
- EU Council Regulation No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine
- EU Council Regulation No 960/2014 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine
- EU Timber Regulation
- EU's Anti-Money Laundering Directive
- European Banking Authority Guidelines on Remuneration Policies and Practices
- European Convention for the Protection of Pet Animals
- European Convention for the Protection of Vertebrate Animals used for Experimental and Other Scientific Purposes
- European Convention on the Protection of Animals Kept for Farming Purposes
- European directive 2013/30/EU on safety of offshore oil and gas operations
- Extractive Industries Transparency Initiative (EITI)
- Fair Labor Association
- FAO Code of Conduct for Responsible Fisheries
- First Additional Protocol to the Geneva Convention, relating to the Protection of Victims of International Armed Conflicts
- Fourth European Money Laundering Directive
- General Assembly Resolution (XVII) of 14 December 1962, "Permanent Sovereignty over Natural Resources"

- General Comment No. 15 (2002) - The right to water (arts. 11 and 12 of the International Covenant on Economic, Social and Cultural Rights)
- Geneva Convention on Long-range Transboundary Air Pollution
- Geneva Conventions (I-IV)
- Global Network Initiative
- Global Sullivan Principles
- Greenhouse Gas Protocol
- IFC Performance Standards
- IFC Policy on Social and Environmental Sustainability
- IFOAM Norms for Organic Production and Processing
- ILO Convention 1 on Hours of Work
- ILO Convention 155 on Occupational Safety and Health
- ILO Convention 158 on Termination of Employment
- ILO Convention 169 on Indigenous and Tribal Peoples
- ILO Convention 174 on Prevention of Major Industrial Accidents
- ILO core Convention 100 concerning Equal Remuneration
- ILO core Convention 105 concerning Abolition of Forced Labour Convention
- ILO core Convention 111 concerning Discrimination (Employment and Occupation)
- ILO core Convention 138 concerning Minimum Age
- ILO core Convention 182 concerning Worst Forms of Child Labour
- ILO core Convention 29 concerning Forced Labour
- ILO core Convention 87 concerning Freedom of Association and Protection of the Right to Organise
- ILO core Convention 98 concerning the Application of the Principles of the Right to Organise and to Bargain Collectively
- ILO Minimum Convention 29 on Wage Fixing
- ILO Recommendation 198 concerning the employment relationship
- ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy
- Industry initiative: CEO Water Mandate
- Industry initiative: Telecommunications Industry Dialogue
- Industry initiative: ZDHC (Zero Discharge of Hazardous Chemicals) Group
- Instituto Carvão Cidadão (Citizen's Coal Institute)
- International Cocoa Initiative
- International Code of Conduct for Private Security Service Providers
- International Code of Marketing of Breast-milk Substitutes
- International Convention for the Prevention of Pollution from Ships
- International Convention for the Regulation of Whaling
- International Convention on Oil Pollution Preparedness, Response and Cooperation
- International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families
- International Council on Metals & Mining on communities consultation
- International Court of Justice advisory opinion on the Legality of the Threat or Use of Nuclear Weapons
- International Finance Corporation Environmental, Health and Safety Guidelines for Mining
- International Finance Corporation Environmental, Health and Safety Guidelines for Offshore Oil and Gas Development
- International Management Code for the use of Cyanide
- International Maritime Organization Protocol on Preparedness, Response and Co-operation in pollution Incidents by Hazardous and Noxious Substances

- International Petroleum Industry Environmental Conservation Association on community consultation
- International Principles for Responsible Shrimp Farming
- International Union for Conservation of Nature (IUCN) Red List of Threatened Species
- Iroco Declaration
- ISO 26000
- Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management
- Kimberley Process and Kimberley Process Certification Scheme
- Kyoto Protocol to the United Nations Framework on Climate Change
- Law of the Sea Convention
- Lisbon Treaty on animal welfare
- Manual of Diagnostic Tests and Vaccines for Terrestrial Animals and the Manual of Diagnostic Tests for Aquatic Animals
- Minamata Convention on Mercury
- Multi-stakeholder initiative: Women's Empowerment Principles
- Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity (2010)
- New York Declaration on Forests
- NTA 8080:2009 Sustainability criteria for biomass for energy purposes
- Nuclear Non-Proliferation Treaty
- OECD Anti-bribery Convention
- OECD Base Erosion and Profit Shifting Action Plan
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions
- OECD Guidelines for Multinational Enterprises
- OECD Recommendation on Digital Security Risk Management for Economic and Social Prosperity
- OECD Revised Guidelines Governing the Protection of Privacy and Transborder Flows of Personal Data
- OSPAR Convention
- Pacto Nacional pela Erradicação do Trabalho Escravo (National Pact to Combat Forced Labour)
- Partnering Against Corruption Initiative and PACI Principles
- Protocol to the Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter
- Ramsar Convention on Wetlands
- Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)
- Rio Declaration on the Environment and Development, Principles
- Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade
- Roundtable on Sustainable Palm Oil
- RSB Principles & Criteria for Sustainable Biofuel Production
- Safety and Health in Mines Convention
- Second Optional Protocol to the International Covenant on Civil and Political Rights, aiming at the abolition of the death penalty
- Social Accountability International
- Sustainable Agriculture Standards
- Terrestrial Animal Health Code
- The Cartagena Protocol on Biosafety
- The Declaration of Helsinki

- The Equator Principles
- The Hague Convention
- The ICH Good Clinical Practice
- The International Covenant on Civil and Political Rights
- The International Covenant on Economic, Social and Cultural Rights
- The Montreal Protocol on Substance that Deplete the Ozone Layer
- The Stockholm Convention on Persistent Organic Pollutants
- The Sustainable Development Framework of the International Council on Minerals & Metals
- The UN Human Rights Norms for Business
- The Universal Declaration of Human Rights
- The UNWTO Global Code of Ethics for Tourism
- The WHO International Ethical Guidelines for Biomedical Research Involving Human Subjects
- Tirana Declaration
- Treaty on the Non-Proliferation of Nuclear Weapons
- UN Code of Conduct for Law Enforcement Officials
- UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
- UN Declaration on the Rights of Indigenous Peoples
- UN FAO International Code of Conduct on the Distribution and Use of Pesticides
- UN Framework Convention on Climate Change
- UN General Assembly Resolution 64/292 on the human right to water and sanitation, 28 July 2010
- UN Global Compact
- UN Guiding Principles on Business and Human Rights
- UN Human Rights Council Report of the fact-finding mission to investigate the implications of the Israeli settlements on the civil, political, economic, social and cultural rights of the Palestinian people throughout the OPT, including East Jerusalem
- UN Security Council Resolution 1737 on Iran
- UN Security Council resolutions 1556 (2004), 2591 (2005)
- UN Security Council resolutions 1572 (2004), 1946 (2010), 1980 (2011) on Côte d'Ivoire
- UN Security Council resolutions 252 (1968), 446 (1979), 465 (1980)
- UN Stockholm Declaration on the Human Environment
- UN Straddling Stocks Agreement
- UN Under-Secretary-General for Legal Affairs Legal Opinion to the Security Council 2002
- UNESCO World Heritage Convention
- WHO Recommended Classification of Pesticides by Hazard
- Vienna Convention for the Protection of the Ozone Layer
- Voluntary Principles on Security and Human Rights
- World Commission on Dams Best Practice Framework
- World Conservation Union
- The WHO Framework Convention on Tobacco Control