



# Statement on Modern Slavery and Human Trafficking 2023

2 February 2024

## About this report

Danske Bank's statement on modern slavery and human trafficking is compiled in accordance with section 54 of the UK's Modern Slavery Act 2015 and applies to the Danske Bank Group for the financial period 1 January 2023 to 31 December 2023. The statement covers activities of the entire Danske Bank Group, which encompasses Danske Bank A/S and

all its subsidiaries, including Northern Bank Limited, UK. For the purpose of this statement, the Danske Bank Group is referred to as Danske Bank or the Group.

The statement has been approved by the Board of Directors of Northern Bank Limited and the Board of Directors of the Danske Bank Group.

### Find out more

Further information about the human rights agenda at Danske Bank can be found in our Position Statement on Human Rights and our Human Rights Report.

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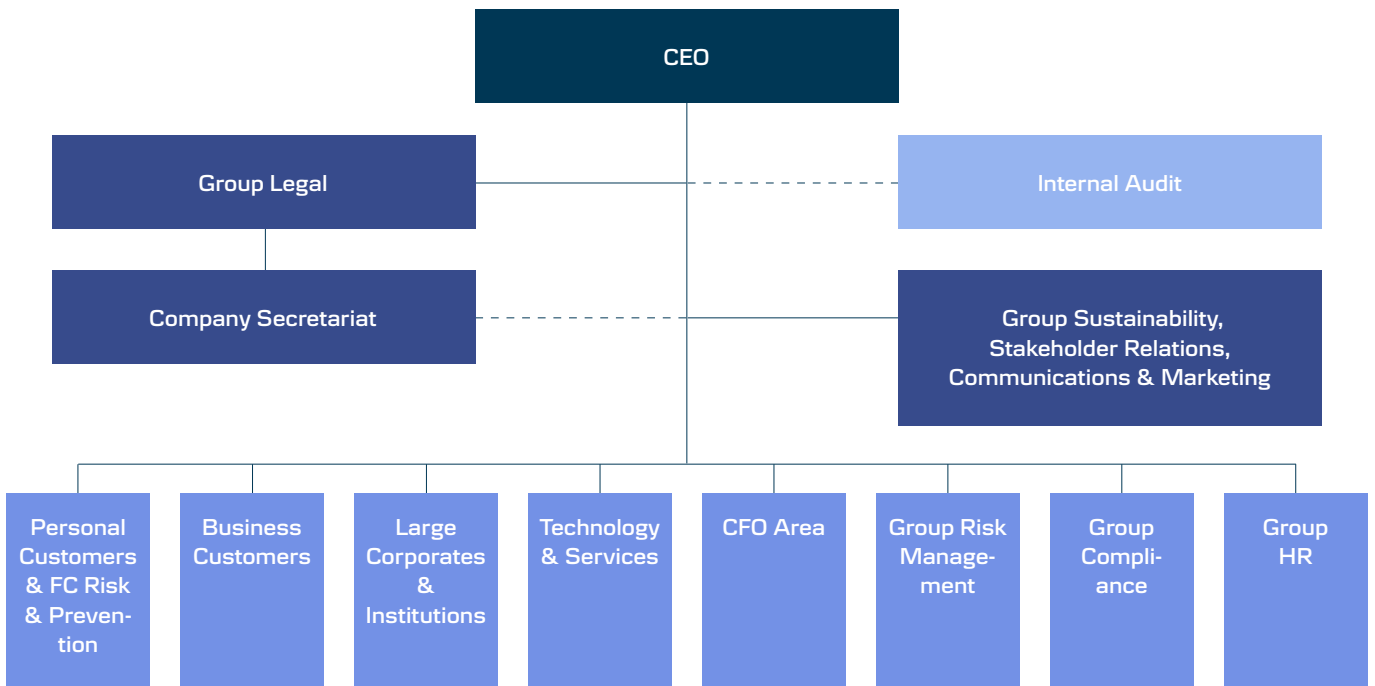
# Introduction

Modern slavery and human trafficking are serious crimes and grave violations of human rights. Because these crimes are prevalent in modern society, Danske Bank may be exposed to risks of human trafficking and modern slavery. The exposure may occur in Danske Bank's own operations, through the bank's business relationships with suppliers and customers, and through investment

activities. Throughout this Statement, the use of the term risk refers to risks of our activities having a negative impact on people's and communities' opportunity to have their human rights fulfilled, meaning the risk to people, not to business. Danske Bank supports the objective of the UK Modern Slavery Act 2015 to eradicate modern slavery in all its forms.

This statement outlines how we at Danske Bank work to identify and manage the risks of modern slavery and human trafficking as part of our human rights due diligence processes. This statement also describes steps we have taken during 2023 to mitigate human rights risks and informs about our focus areas for the year ahead.

## Sustainability governance in Danske Bank



# About Danske Bank

For more than 150 years, Danske Bank has been a driver of growth and development in society, and today Danske Bank has over 20,000 employees and serves more than 3.2 million personal

and business customers in eight countries<sup>1</sup>. 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 aim to deliver long-term value for our customers, employees, shareholders and the societies we are part of.

<sup>1</sup> Denmark, Sweden, Norway, Finland, UK, Ireland, Poland, and USA



# Our commitment

At Danske Bank, we are committed to meeting our responsibility to respect human rights, including decent working conditions, as stated in the International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.<sup>2</sup> Our Position Statement on Human Rights specifically addresses our commitment to respect human rights in our own operations and in our value chain, including our lending and investment activities.

As part of our efforts to identify, prevent and mitigate risks of modern slavery and human trafficking, we are guided by a number of international standards and principles with relevance to human rights, including:

- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
- UN Global Compact
- UN Principles for Responsible Investments
- UN Principles for Responsible Banking
- The Equator Principles (2020)
- UN Women’s Empowerment Principles
- ILO Global Business and Disability Network Charter
- Global Framework Agreement on fundamental labour rights
- Free, Prior and Informed Consent (FPIC) as covered in the ILO Convention No. 169 and the UN Convention on the Rights of Indigenous Peoples

<sup>2</sup> Throughout this report, all references to human rights cover fundamental human rights and labour rights, including decent working conditions, covered by the International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.



# Governance

At Danske Bank, governance of human rights risks, including the risks of modern slavery and human trafficking, is anchored at the highest level: the Board of Directors (BoD) and the Executive Leadership Team (ELT). We have several committees and councils governing sustainability, including human rights. Of these committees and councils, the ELT’s Business Integrity Committee (BIC) chaired by our CEO is the overall governing body.

In order to integrate our Position Statement on Human Rights, we have a number of Group-level policies in place that seek to implement our commitment to respect human rights. These include:

- Sustainable Finance Policy
- Responsible Investment Policy
- Procurement Policy
- Supplier Code of Conduct
- Credit Policy
- Financial Crime Policy
- Whistleblowing Policy
- Compliance Policy
- Treating Customer’s Fairly Policy
- Conduct Risk Policy
- Code of Conduct Policy

In addition, our subsidiary company Northern Bank Limited has separate governing structures and its own Modern Slavery Act Business Procedure to address local risks.







# Managing our human rights risks

We assess and manage risks of modern slavery and human trafficking as part of our human rights due diligence efforts at Danske Bank. As a means of implementing our policies, we have detailed procedures in place to identify, assess and manage human rights risks, including risks of modern slavery and human trafficking. As a financial institution we take on several roles. We are an employer, procurer, lender, and an investor. The following describes our human rights due diligence efforts within each of these roles.



## Employer

- We have HR management procedures in all the countries where Danske Bank has employees<sup>2</sup> to ensure that all employees are recruited lawfully and remunerated properly. They should also possess the right qualifications and skills for the job to avoid risks of exploitation.
- We work closely with trade unions in order to ensure compliance with established standards. In most countries where Danske Bank has employees, 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.
- All employees, no matter where they are based, can report possible wrongdoings or concerns about human rights violations through our whistleblowing scheme. In 2023 there were no reported cases relating to modern slavery.

<sup>2</sup> Denmark, Sweden, Norway, Finland, UK, Ireland, Poland, and USA.



## Procurement

- Our Supplier Code of Conduct acts as a reference point and guidance document for procurement activities at Danske Bank. The Supplier Code of Conduct defines the fundamental requirements on environmental, social and ethical standards for Danske Bank suppliers and is an integral part of the agreement with suppliers. The requirements are minimum standards that suppliers must comply with to do business with Danske Bank.
- Our due diligence process includes a sustainability assessment of all suppliers in scope, which are suppliers with an active contract with Danske Bank. The assessment includes several ESG topics, including risks of severe adverse human rights impacts such as forced labour and mistreatment, and it is conducted through a third-party ESG platform where suppliers are invited to conduct a self-assessment and to upload relevant certificates, which are verified by the third party assessment provider. 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 sub-suppliers to ensure the requirements are fulfilled throughout the supply chain.
- Danske Bank has a Sustainable Supply Chain escalation procedure in place, approved by our Business Integrity Committee, which Danske





Bank is mandated to 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 engage in dialogue with our supplier and agree on an improvement plan for the supplier to follow. This process is conducted in order to develop our suppliers and ensure that the standards laid out in our Supplier Code of Conduct are upheld. Consistently looking into this is part of our strategic initiative to design a detailed follow-up action plan. If the supplier fails to meet the targets of the improvement plan

as an outcome of this interactive process, Danske Bank exercises its right to escalate the risk or consider terminating the contract with the non-compliant supplier.

- We encourage our suppliers and their employees to raise any concerns regarding human rights and labour rights violations and other unlawful activities anonymously through our whistleblowing channel on the Danske Bank supplier webpage. In 2023, there were no reported cases relating to modern slavery.

#### Key actions of 2023

- In 2023, we initiated the design and described the principles of our ESG supplier risk and impact assessment framework. This framework is crucial in highlighting and ensuring our priorities and focus areas in the years to come, including an expansion of the inclusion of qualitative data in ESG assessments.
- There has been a continued focus on rolling out the ESG assessment of our suppliers as part of our ongoing work to improve our database and engagement trajectories. By the end of 2023, we were able to risk-assess all suppliers that have

## Case: New supplier of digital services – transfer of employees to new supplier

Effective from September 1st, 2023, Danske Bank has entered into a strategic partnership with a supplier of digital and consulting services. As part of the partnership, Danske Bank has sold its subsidiary Danske IT to the new supplier, Infosys.<sup>4</sup> Danske IT was a fully owned subsidiary of Danske Bank with its headquarters in Bangalore, and as part of the sale, 1,400 Danske IT employees have transferred to the new supplier.

A review of Danske Bank's human rights risks in 2022 identified a salient issue related to freedom of association and collective bargaining for Danske Bank employees in India due to lack of ratification of some fundamental ILO conventions in the country. For the first eight months of 2023, when Danske IT was still owned by Danske Bank, Danske Bank's Compensation and Benefits Policy, which applied to all employees in India, and local grievance mechanisms aimed to mitigate the risks related to lack of coverage by collective agreements [see our [Human Rights Report 2022](#) for further elaboration on this].

As Danske Bank employees were transferred to Infosys, the salient human rights issue in question became an issue in our supply chain. The decision to enter into a strategic partnership with Infosys was based on a thorough due diligence assessment of Infosys as a supplier, including an assessment of Infosys' adherence to Danske Bank's requirements for suppliers to adhere to labour rights and ensure fair working conditions.

The decision to sell Danske IT to Infosys meant that employees in Danske IT were offered the opportunity to transfer to Infosys effective from September 1st, 2023. This called for a close collaboration between procurement, business functions, and HR functions to ensure a smooth transition for all relevant employees. Going forward, risks related to lack of coverage by collective agreements for all Infosys employees will be managed and mitigated through contract governance in Danske Bank. As a business-critical supplier, Infosys will be under strict observation to follow up on specific requirements, including requirements to uphold fair working conditions.

<sup>4</sup> Read more in the press release here: [Danske Bank enters strategic partnership with Infosys](#)



active contracts. We invited 70% of suppliers from our supplier base to conduct an ESG self-assessment on a third-party platform, Integrity Next. The remaining 30% of suppliers were deemed out of scope for an ESG self-assessment due to their position, defined as low-risk and low-impact suppliers. Reviewing suppliers - both those in scope for

the ESG assessment and those out of scope - on a regular basis is part of our process design initiative which was initiated this year. Ensuring regular reviews will enable us to follow any growth or a change of factors regarding the suppliers' associated potential risks. The review might result in former out-of-scope companies being placed in scope for the ESG

assessment. Of the 70% of suppliers who conducted an assessment, 74% are scored as meeting Danske Bank's sustainability requirements. For suppliers who are not scored as meeting the sustainability requirements, improvement plans and tightly scheduled follow-up plans are set in motion to support the supplier on its sustainability journey.

## Extract from our Supplier Code of Conduct on topics related to modern slavery and human trafficking

The supplier ensures that working conditions, hours, rest periods, leave and wages are in accordance with local regulations and industry practice. They must be at a level that enables a fair standard of living according to local conditions. In addition, wages may not be withheld as a disciplinary sanction.

The supplier is to apply measures to prevent human trafficking or any type of forced labour. This includes work on a forced contract, slavery and other forms of work that are undertaken against a worker's will or choice.

The supplier is not associated with exploitative forms of child labour - such as labour that damages children's physical or mental health or prevents them from getting their education. When employing young workers, suppliers must act in accordance with the International Labour Organization's standards.



### Corporate lending

- When we lend to corporate customers, we consider a variety of ESG issues, including human rights and hereunder the 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.
- We conduct ESG risk assessments in relation to our corporate lending activities using our ESG Tracker. The ESG Tracker is a digital assessment tool that Danske Bank launched in 2020. The ESG risk assessments apply to all new and existing corporate customers across our markets and business areas who apply for credit facilities or have credit exposure larger than DKK 7 million.
- Once we become aware of a potential adverse impact on human rights,

including modern slavery, through the ESG risk assessments, our ESG Credit Risk Assessment Instruction, which is governed by our Credit Policy, specifies that Danske Bank can engage in dialogue with the customer. On a case-by-case basis, we can address the specific results of the ESG risk assessments with the customer and agree on an appropriate action plan to bring the customer in line with Danske Bank's policies. In this way, our continued engagement on human rights risks enables us to follow up on and support the customer's ability to move away from the activities that may cause adverse impacts on human rights.

- Additionally, if the ESG risk assessment of a large company reveals a high risk, a further in-depth assessment of the company will be performed within Danske Bank, and

a decision on credit approval or rejection will be made by the appropriate authority-level.

#### Key Actions of 2023

- By the end of 2023, we have ESG risk assessed 86.7% of the exposure we have to corporate customers in scope. As part of our overall ESG risk assessment, we screen for ongoing or recent controversies using data relevant for reputational risk with input from the data provider RepRisk, which draws information from multiple media sources to identify reputational risk exposure to ESG issues. In addition, we also screen for ESG risks in the companies' supply chains, including expectations for suppliers in terms of compliance with labour law and fair labour standards.



- In October 2023, we have additionally implemented a dedicated human rights module into our ESG risk assessment. This dedicated human rights module now enables us to screen in more detail for the identified human rights risks in the relevant sectors, dependent on size and region. Besides exploring controversies and supply chain

issues related to human rights in more detail, the new human rights module also screens more broadly for human rights risks related to our lending activities, including working conditions and occupational health and safety of employees; adverse impacts on the livelihood of local and indigenous communities and any contribution to forced labour and

child labour. Corporate customers that were ESG risk assessed before the new human rights module was implemented in the ESG risk assessment, will be exposed to the new human rights questions, when the corporate customers are reassessed as part of their periodic review or as a minimum within 3 years of the previous assessment.

## Combatting modern slavery and human trafficking as a financial crime

Human trafficking is a universal issue, and almost every country in the world features as a point of origin, transit or destination for trafficked persons. Human trafficking is also viewed as one of the fastest growing forms of international crime. Considered a predicate offence to money laundering, human traffickers may utilise a bank's services to launder the funds they receive from the trafficking of people or to launder the proceeds of the sale of services rendered through human trafficking.

A number of sanctions regimes observed by Danske Bank, including the UN, EU, US and UK, have employed sanctions measures to tackle the global challenge of modern slavery and human trafficking, or have started to develop legal frameworks to allow for their eventual employment.

Given that traffickers and their victims may use financial institutions to move funds related to human trafficking, Danske Bank has an integral role to play in the market areas it operates in when it comes to combatting these crimes together with

local authorities through effective and diligent financial crime prevention.

Danske Bank has internal processes in place to identify and report on suspicion of modern slavery and human trafficking to the relevant authorities as required by the local legislation. For example, Danske Bank collects and disseminates risk indicators of human traffickers and trafficking victims, and the bank reviews national and global reports on trends and typologies in human trafficking-related suspicious activity to inform investigators better. In addition, Danske Bank also undertakes knowledge sharing on typologies and risk indicators of human trafficking with partner financial institutions and law enforcement agencies by participating in public-private partnerships in the Nordic region focused on improving collaboration to fight financial crime. Representatives of the bank also attend national conferences on the matter to stay up to date with the latest trends.

## Investments

- As a responsible investment manager, we are mindful of not only how sustainability factors impact investment performance, but also how our investments may have positive and/or negative impacts on society. We believe that attentiveness to these sustainability dimensions when investing is a cornerstone of our fiduciary duty to create value for customers and to create a responsible investment product offering that supports the transition to a more sustainable 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 from our own sustainability analysts. When problematic companies are identified, we

exercise our influence by voting at annual general meetings; engaging with issuers, directly or in collaboration with other like-minded investors; or we may, in certain cases, choose to exclude the companies from our investment universe.

- When we screen for violations of the UN Guiding Principles on Business and Human Rights or the UN Global Compact principles, we look at the severity of the case and at the impact and scale. An important part of our analysis is to assess the responsiveness of the companies towards our engagement requests, and we assess the likelihood of a positive engagement outcome. Although we always prefer to engage with companies to promote a positive human rights outcome, there will be cases where our ability to influence the investee companies is limited. In such cases, where influence is assessed to be limited and where both the potential and actual human rights risks are high, we may decide to divest.
- In 2022, Danske Bank and Danica Pension joined the Advance initiative from the UN Principles for Responsible Investing (UN PRI). Advance is a stewardship initiative in which investors work together to engage with companies to take action on human rights and social issues. The initiative focuses on the metals and

mining sector and the renewables sector, and 40 companies within these sectors have been selected for engagement.

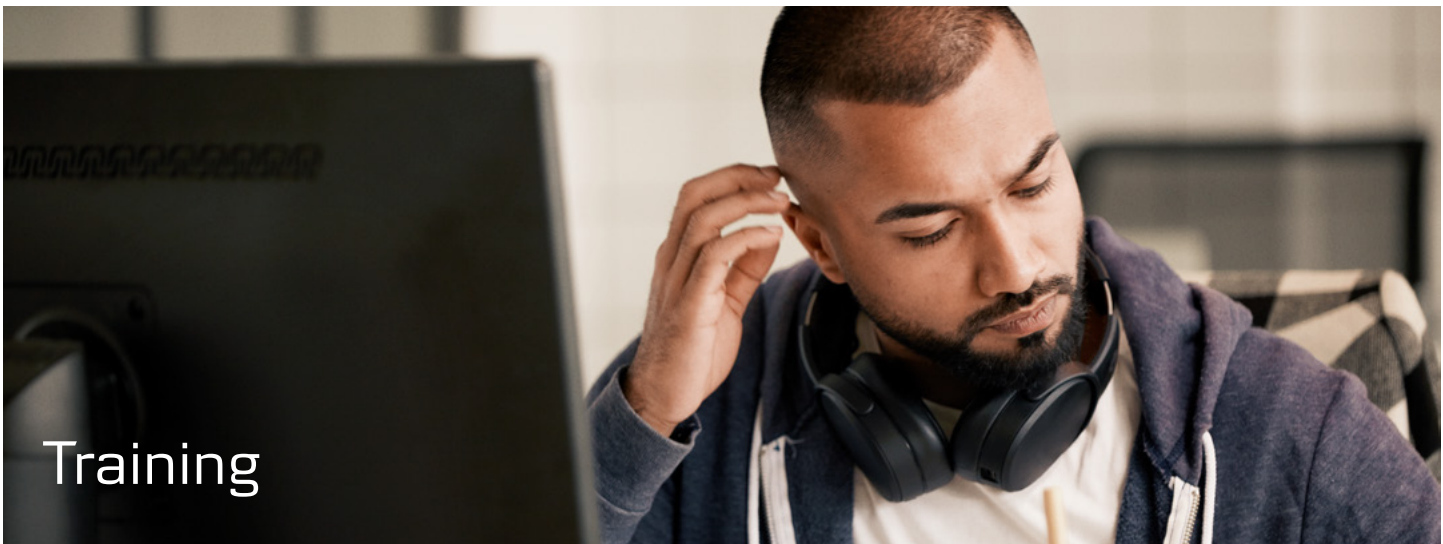
**Key Actions of 2023**

- Throughout 2023, as is standard practice under the Enhanced Sustainability Standards Screening<sup>5</sup>, we monitored and screened companies at particular risk of violating international standards such as the UN Guiding Principles on Business and Human Rights.
- As a result of our enhanced screening and identification process for companies involved in significant sustainability-related controversies or risks, we maintain exclusions for 26 companies across all investment strategies due to risks of forced labour.
- In 2023, over 48 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, including the analysis and integration of human rights risks and/or impacts into the investment process.

- During 2023, Danske Bank Asset Management and Danica Pension voted in favour of 3 out of 7 proposals urging companies to conduct and report on human rights impact assessments and due diligence. Danske Bank Asset Management and Danica Pension did not vote in favour of the remaining four proposals as it was assessed that those companies already provided adequate disclosures.
- In addition to voting activities, Danske Bank Asset Management and Danica Pension in 2023 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.

<sup>5</sup> Enhanced Sustainability Standards - ESG screening in investments screening (danskebank.com)



To ensure that employees adhere to our policies and procedures, we have several training programmes, including mandatory Group-wide eLearning courses on sustainability, compliance, fighting financial crime and whistle-

blowing. Every year, all employees who are in contact with personal customers must complete a mandatory eLearning programme that covers Know Your Customer procedures. Employees working with procurement, investment and credit

undergo specific training in ESG matters related to their field of business. The training programmes include training in topics related to Danske Bank's human rights efforts.





## Looking ahead

Danske Bank integrates safeguarding of human rights in our activities as we implement processes to identify and mitigate risks of adverse impacts on human rights in alignment with the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Our continuous commitment to respecting human rights shapes our efforts going forward.

Going forward, we will elaborate on how our existing grievance mechanisms and remediation processes address and handle cases of modern slavery and human trafficking.

As part of our ongoing human rights due diligence implementation, we will review whether we need to adjust existing procedures and guidelines to improve our efforts in combating modern slavery and human trafficking in our own operations and through our value chain.

Martin Blessing  
Chairman, Board of Directors

### Approval and signature

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Marting Blessing  
Chairman of the Board of Directors



