

Modern Slavery and Human Trafficking Statement

2019

Background

Nordea Bank Abp ("Nordea") is a signatory to the Principles for Responsible Banking and to the UN Global Compact and its underlying principles on human rights, labour rights, environment and anti-corruption. These principles are being increasingly incorporated into a rapidly growing body of law and policy at the national level such as the UK Modern Slavery Act 2015 ("The Act"). The Act sets out a range of measures on how modern slavery and human trafficking are dealt with under UK law. A commercial organisation that supplies goods or services in the UK and that has a total global turnover exceeding £36 million is required to prepare and publish a statement. This is Nordea's statement for the financial year 2019.

About Nordea

Nordea is a Nordic bank with global presence. We are the largest financial services group in the Nordic region and one of the biggest banks in Europe. We have representation in 20 countries including our four

home markets – Denmark, Finland, Norway and Sweden – together representing the world's tenth largest economy.

Nordea has approximately 9.8 million customers, 9.3 million of which are household customers, 530,000 small and medium-sized companies and 2,650 are large corporates and institutions. Our four business areas – Personal Banking, Business Banking, Large Corporates & Institutions and Asset & Wealth Management – are designed to support the relationship strategy specific to each customer segment.

As a financial services company, we are in the business of trust. Our success relies on the confidence our stakeholders have in us, and every one of us has a crucial role in building and maintaining that trust. We are committed to integrating sustainability, including caring for the environment, protecting and respecting labour and human rights, and combating corruption and bribery, into our business strategy and operations.

Policies and commitments

Nordea is committed to respecting human rights. Nordea's approach to human rights is included in our Code of Conduct, Sustainability Policy, Responsible Investment Policy, Supplier Code of Conduct and in our Sector Guidelines as relevant for specific industries.

The following initiatives support us in our work against modern slavery and human trafficking:

- The Principles for Responsible Banking
- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- UN Principles for Responsible Investment
- The Universal Declaration of Human Rights
- UN Environment Programme Finance Initiative
- The ILO Declaration of Fundamental Principles of Rights at Work
- The Children's Rights and Business Principles
- UN Convention on the Rights of the Child

Value chain and due diligence processes

At Nordea, we address human rights in all parts of the organisation and due diligence processes. We have identified our most critical areas with regards to modern slavery and human trafficking as being within investing, financing and sourcing.

Human rights assessment

In 2019, we conducted an independent human rights assessment of Nordea. The assessment covered our internal operations and value chain and included our governance

and policy commitments, human risk and impact management, and remedies and grievance mechanisms. The assessment also included country risk profiles of all the countries in which Nordea is represented. The assessment identified the need to further develop our due diligence processes for all parts of our value chain and also the need for alignment of our policies and statements covering human rights. We already work to embed human rights into the organisation and to strengthen our due diligence processes, for instance in relation to our suppliers, among which human rights will be a focus area in 2020. The assessment thus confirms that we are focusing on the right things.

Investments and financing

Our investment and financing decision-making processes include assessing companies' risk exposure, risk management and performance related to environmental, social and governance issues, including human and labour rights.

All Nordea-managed funds are subject to annual norm-based screening which identifies companies that are allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption. The screening also identifies companies that are subject to exclusion based on our exclusion criteria. Nordea's exclusion list is published on nordea.com and updated regularly. As per September 2019, we have 11 companies on our exclusion list due to violation of human rights-related norms, including norms violation of indigenous peoples' rights¹. No companies are excluded based on modern slavery and/or human trafficking.

¹ nordea.com/exclusion-list

For our large corporate customers, we perform ESG evaluations. In cases where we identify any adverse human rights violations, this could affect a company's risk score in the credit memorandum.

All customer transactions are monitored for a wide range of behaviours which can be indicative of potential financial crime risk. Individual transaction behaviour and monitoring scenarios (for example, transactions with certain high-risk jurisdictions, indications of funnel account behaviour, etc.) can relate to many types of financial and predicate crime. Know Your Customer ("KYC") information is often crucial in identifying the ultimate predicate crime behind potentially risky transaction behaviour, including modern slavery and laundering crime proceeds. Nordea is continuing to enhance its KYC processes and its intelligence-based analytics monitoring capabilities.

Supply chain

Nordea's Supplier Code of Conduct outlines our expectations of suppliers and is aligned with the Nordea Code of Conduct and the UN Global Compact. Our supply chain primarily features purchasing IT, Facility Services, Cards, Travel, Consulting Services and Office Supplies. Our suppliers operate primarily in the Nordics, and our largest single spend area is within IT. To be able to take proper action with regards to human trafficking and modern slavery, we plan to conduct a human rights risk assessment of our supply chain in 2020, drawing on conclusions from the overall human rights assessment of the Nordea Group that was performed in 2019.

We apply a risk-based approach to our supply chain, focusing our efforts where they have the greatest impact. All potential suppliers are pre-screened before contracting on a number of parameters such as country risk, sector risk, reputational risk as well as for compliance with sanctions and laws on financial crime. Based on the pre-screening, all high-risk suppliers are assessed using a sustainability questionnaire, which then determines whether additional engagement is required. This engagement can result in mitigating actions, on which follow-up is performed, or even disqualification.

By encouraging suppliers to share our standards and continuously collaborate on improvements, we believe we can have a significant impact and at the same time mitigate risks. Supplier risk management is a continuous process, and each year several of our suppliers are subject to engagement dialogues or in-depth sustainability reviews in relation to our Supplier Code of Conduct. If the review identifies non-compliance, the outcome of the review is a jointly agreed mitigating action plan, which can contain actions from both Nordea and the supplier. The purpose of the action plan is always to drive positive change from a sustainability perspective. We recognise that the IT sector is exposed to human rights issues including modern slavery, and we have therefore conducted reviews of two of our IT suppliers in India. The outcome of the reviews was that none of the suppliers were in breach of the Nordea Supplier Code of Conduct. However, both suppliers were given recommended actions for improvements.

Training

All Nordea employees are required to complete annual Code of Conduct training as part of their Licence to Work to ensure adequate awareness and knowledge of our ethical principles including human rights. In 2019, 98.5% of all employees (excluding those on long-term leave) completed their Licence to Work.

Grievance mechanism

Nordea's whistleblowing function "Raise Your Concern" encourages all stakeholders, including customers, partners, affected communities as well as our own employees, to always speak up if they have concerns about suspected misconduct such as breaches of human rights, or irregularities such as fraudulent, inappropriate, dishonest, illegal or negligent activity or behaviour in our operations, products or services. This includes any action that constitutes a violation of laws or regulations, or of Nordea's internal policies, instructions or guide-

lines. In 2017 this framework was strengthened by implementing an electronic reporting channel called WhistleB that enables anonymous two-way communication. In 2019, no cases concerning modern slavery and/or human trafficking were reported through WhistleB.

Helsinki, 20 February 2020
Nordea Bank Abp

Torbjörn Magnusson
Chairman of the Board of Directors

