

Nordea

**Modern Slavery and Human
Trafficking Statement**

2020



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 2020.

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 22 countries including our four home markets – Denmark, Finland, Norway and Sweden – together representing the world’s tenth largest economy.

Nordea has approximately 9.7 million customers, 9.2 million of which are household customers, 540,000 small and medium-sized companies and 2,350 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 efforts to counteract 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, transactions 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. In 2020, we have taken measures to embed human rights further into the organisation and to strengthen our due diligence processes.

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](https://www.nordea.com) and updated regularly. As per December 2020, we have 10 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.

For our large corporate customers, we perform ESG evaluations. From a financing perspective,

¹ [nordea.com/exclusion-list](https://www.nordea.com/exclusion-list)

identified adverse human rights violations might affect a customer's credit assessment.

Transaction monitoring

Human rights is one perspective taken into account when monitoring customer transactions for a wide range of behaviours that can be indicative of potential financial crime risk. Individual transaction behaviour and monitoring scenarios such as transactions with certain high-risk jurisdictions or indications of funnel account behaviour can relate to many types of financial and predicate crime including modern slavery and human trafficking. In 2020, we have undertaken an extensive intelligence-gathering exercise on human trafficking typologies in the Nordics, drawing on our investigative experience of the crime. We have begun to apply this to our data analytics capabilities and expect these efforts to improve our ability to identify potential human trafficking activity proactively.

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 has global outreach and primarily features purchasing IT (31%); People, Insurance and Legal services (17%); Premises and Facility Management (13%); and Transaction Banking (8%).

Potential suppliers are subject to pre-screening, and any alerts on human rights, labour rights, environmental or anti-corruption issues result in a more in-depth investigation before proceeding to engagement. For existing suppliers, we are working to further enhance the ongoing due diligence process and have established a contract management team which will be responsible for the continuous oversight of suppliers including potential adverse impacts on human rights, labour rights and the environment. We will continue to engage in dialogues with suppliers where risks have been identified to determine appropriate action. That could mean asking the supplier for evidence showing their actions to mitigate the issue, or facilitating a dialogue with such suppliers to understand the issue from their perspective. We believe that engaging in a partner-to-partner spirit gives the best outcome, and termination of agreements is our last resort. In 2020 we reviewed one direct supplier of debt collection services as well as two sub-suppliers offering IT equipment recycling and office material and personal protection equipment, respectively. No severe findings were identified in any of the reviews.

In 2020, we performed a preliminary assessment of the human rights risk picture of our supply chain based on country, sector and actual spend. The assessment revealed that 92% of our spend is placed in countries at low risk of human rights breaches. In 2021 and onwards, we will deep-dive

into high-risk areas like modern slavery and conflict minerals, via engagement and collaboration with stakeholders. We have set a target that, by 2023, we will have a human rights impact assessment of our supply chain in place, in which high-risk areas are identified and appropriate actions have been taken to mitigate and manage these.

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 2020, 94% of all employees (excluding those on long-term leave) completed their Licence to Work.

Grievance mechanism

Our whistleblowing function Raise Your Concern (RYC), ensures that all our stakeholders, including customers, partners, affected communities as well as our own employees, have the right to speak up and always feel safe in doing so 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 our internal policies, instructions or guidelines.

We offer the possibility to report openly, by providing name and contact details, as all reports are handled with strict confidentiality. However, we also provide an electronic reporting channel, WhistleB, which is managed by an external party. The system is separate from our IT systems and does not track IP addresses or other data that could identify the sender of a message. Reports can be in English, Danish, Finnish, Norwegian and Swedish.

Cases reported through RYC form part of the monitoring of compliance with the Code of Conduct and are as such included in regular reports to the Chief Compliance Officer, the Chief People Officer, the Chief Risk Officer, the Group CEO and the Board of Directors. In 2020, no cases concerning modern slavery and/or human trafficking were reported to RYC.

Helsinki, 24 February 2021
Nordea Bank Abp

Torbjörn Magnusson
Chairman of the Board of Directors