

**Modern Slavery and Human Trafficking  
Statement  
2022**

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## 1 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 ending 31 December 2022.

## 2 About Nordea

Nordea is a Nordic bank with international presence. We are the largest financial services group in the Nordic region and one of the biggest banks in Europe. We are present in 21 countries including our four home markets – Denmark, Finland, Norway and Sweden – and serve more than ten million customers. Our four business areas – Personal Banking, Business Banking, Large Corporates & Institutions and Asset & Wealth Management – meet the needs of well-defined customer segments – from private households to very large corporates – with relevant and up-to-date advisory services, products and solutions.

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 into the core of our business, including caring for the environment, protecting and respecting labour and human rights, and combating corruption and bribery.

## 3 Policies and commitments

With our financing, we are committed to engaging with customers on environmental, social and governance (ESG) matters and understanding the challenges and opportunities they face in their business environments. We support the Universal Declaration on Human Rights and include human rights in our Code of Conduct, Sustainability Policy, Responsible Investment Policy, Supplier Code of Conduct and we are addressing human rights considerations in our sector guidelines.

Our efforts to handle actual and potential adverse impacts on fundamental human rights are guided by inter alia the following initiatives:

- 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 UN Universal Declaration of Human Rights
- UN Environmental Programme Finance Initiative
- The ILO Declaration of Fundamental Principles of Rights at Work
- The Children’s Rights and Business Principles

## **4 Value chain and due diligence processes**

At Nordea, we address human rights as a sustainability issue in all parts of our organisation and in our due diligence processes. We have identified our most critical human rights areas as being within investing, financing, transactions and sourcing.

### **4.1 Human rights assessment**

As described above; we support the Universal Declaration on Human Rights and address human rights in our due diligence processes. During 2022 we started the work with assessing the impacts of human rights in these processes and adapting risk frameworks to account for the risk to people in addition to the risk to business.

### **4.2 Integrating human rights in investments and financing**

Our target states that by the end of 2023, all investee companies in funds managed by Nordea Asset Management will be assessed against the minimum safeguards in the area of human rights (in line with the EU taxonomy). During 2022 we continued developing the process of assessing investee companies against the minimum safeguards through our norm-based screening, monitoring of Principal Adverse Impact indicators, and by using other sources of information such as the Corporate Human Rights Benchmark and World Benchmarking Alliance. Human rights is one of our focus areas, and so we engage with companies on their human rights performance and disclosures and use our voting power when relevant.

Nordea included human rights in the norm-based screening of all its funds and as at December 2022 Nordea had 11 companies on its exclusion list due to violations of human rights-related norms, including violations of the rights of indigenous peoples.

When conducting certain ESG assessments related to credit risk, ESG analysts in Group Credit Management use the Social and Political Risk Assessment Tool. The tool addresses policies and programmes in place to reduce potential harmful impacts on, for example, communities and indigenous rights.

### **4.3 Monitoring customer transactions for human rights breaches**

Alongside traditional transaction monitoring scenarios that provide a holistic coverage across all our customers and transactions, we also undertake targeted proactive, intelligence-based reviews of different financial and predicate crimes. Human trafficking causes tremendous harm and, as such, we treat human trafficking risk as a priority in our crime detection and prevention efforts. The Nordic region is primarily a destination for exploitation of victims trafficked from other countries. However, the recruitment and transport of people can also happen within the Nordic countries. Financial products and services can be abused by organised crime networks and individual perpetrators to finance crime, receive revenue from criminal activities or launder criminal proceeds. During 2021-2022, following the successful completion of our pilot exercise on human trafficking for sexual exploitation, we extended the analysis to and completed it for all of our Nordic markets. In this exercise we applied subject-matter expertise and investigative experience to our data analytics capabilities and succeeded in proactively identifying potential human trafficking activity, which we reported to the relevant authorities. We are continuing to develop this initiative by expanding our analysis to include forced labour typologies, and to establish a long-term approach to proactive identification of human trafficking.

#### **4.4 Human rights in supply chain**

Human rights risks are integrated into our supplier screening and monitoring processes where indicators such as the risk of child labour, the risk of modern slavery, the right to freedom of association and the decency of working conditions are being evaluated as part of the pre-screening.

The pre-screening and monitoring process also covers if the supplier has been subject to negative media exposure due to misconduct related to human rights, enabling us to take appropriate actions. In 2022 we conducted a risk assessment of our supply chain where we identified the areas with an elevated risk of human rights issues. The areas identified were IT hardware & accessories, consultants, facility management, branded material and travel. We intend to deep-dive into these areas in 2023 to assess if Nordea has caused or contributed to adverse impacts and, if so, define suitable measures to cease, prevent and mitigate the identified impacts. We will also improve the process for tracking implementation and remediation to ensure that we are on track to fulfil our target to have a human rights impact assessment of the supply chain in place by the end of 2023.

All suppliers in our contract database with whom we have an active agreement are subject to continuous monitoring. In case a risk is identified, a formal process will be initiated to determine the appropriate course of action. We believe that the best outcome will be achieved by engaging in dialogues with our suppliers, and termination of agreement is our last resort. Any validated risks are logged for improved oversight and to secure that these are being thoroughly investigated, mitigated and documented.

During the year we also held follow-up dialogues with suppliers that were subject to review in 2021. The result of the dialogues was that suppliers are generally progressing well with the implementation of recommended actions. This includes revising their Supplier Code of Conduct, establishing internal guidelines for improved due diligence, and implementing initiatives to support the transition to a circular economy. Another outcome of the reviews was that 58% of the products in our gift and giveaway portfolio now live up to a number of predefined criteria related to certifications and circularity. Efforts will continue in 2023.

#### **4.5 Training for employees and board**

To ensure adequate awareness of human rights, all Nordea employees are required to complete annual Code of Conduct training courses as part of their Licence to Work.

In 2022, the Nordea board members received training on key sustainability factors in our business environment as well as emerging risks.

#### **4.6 Grievance mechanism**

Nordea's whistleblowing function Raise Your Concern ensures that all stakeholders, including customers, partners, affected communities as well as 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. We also provide the possibility to report anonymously via an electronic reporting channel, WhistleB, which is managed by an external party. This 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 done in all countries where Nordea operates.

Cases reported through Raise Your Concern form part of the monitoring of compliance with the Code but are also reported to the Chief Compliance Officer, the Chief People Officer and the Chief Risk Officer in addition to being included in management reports and reports to the Board.

Helsinki, 22 February 2023

Nordea Bank Abp

Stephen Hester

Chair of the Board of Directors