

# **Norwegian Transparency Act Statement 2023**

## **Nordea Eiendoms kreditt AS**

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## **1 Background**

Nordea Eiendoms kreditt AS (NEK) is a wholly owned subsidiary of Nordea Bank Abp ("Nordea").

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. Nordea's approach to counteract human right violations is also aligned with the principles in OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights. These principles form a base for the Norwegian Transparency Act ("The Act"). The Act applies to Nordea's Norwegian Branch, due to it being a large foreign enterprise which is tax liable in Norway. The Act also applies to NEK, due to being a large Norwegian company.

This statement constitutes Nordea's account for the financial year 2023 as required by the Act.

## **2 About Nordea**

Nordea is the largest bank in the Nordics, present in 20 countries including four home markets – Denmark, Finland, Norway and Sweden. The four business areas – Personal Banking, Business Banking, Large Corporates & Institutions and Asset & Wealth Management – cater to the needs of different customer segments, ranging from private households and small businesses to the largest enterprises in the Nordic region.

## **3 About Nordea Eiendoms kreditt AS**

NEK is a wholly owned Norwegian subsidiary of Nordea Bank Abp. The head office of NEK is in Oslo and the business registration number is 971 227 222. NEK is part of the Personal Banking Business Area in Nordea. The company operates solely as a mortgage credit institution, licenced by the Norwegian Financial Supervisory Authority (FSA) to issue covered bonds. The business objective is to grant and acquire residential mortgage loans and loans to holiday homes, including secured construction loans, and to finance its lending activities primarily by issuing of covered bonds. The mortgage loan portfolio was NOK 334bn at the end of 2023. During 2024, NEK will prepare for an acquisition and integration of mortgage loans from Danske Bank towards the end of the year.

## **4 Guidelines and procedures**

### **4.1 Human rights commitment**

NEK, as a subsidiary of Nordea, has the same approach to human rights as Nordea. Nordea is committed to respecting internationally recognised human rights standards and meeting the corporate responsibility to respect human rights as defined in the UN Guiding Principles on Business and Human Rights. We expect the same from our suppliers, our lending customers and other business relationships.

Nordea's definition of human rights rests on declarations and treaties such as:

- The Universal Declaration of Human Rights
- The nine core international human rights treaties under the UN
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The UN Declaration on the Rights of Indigenous Peoples

Our approach to respecting human rights is guided by the principles and recommendations of:

- the UN Guiding Principles on Business and Human Rights
- the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct

We are also guided by the following voluntary commitments to which we have pledged our support as signatories:

- UN Global Compact – corporate sustainability initiative
- Principles for Responsible Banking
- Equator Principles for financial institutions

In addition, Nordea are a partner of the Investor Alliance for Human Rights and UN Principles for responsible Investments

## **4.2 Human rights governance**

Nordea human rights governance is integrated in our Sustainability governance structure, which in turn is founded on the principles of accountability, transparency, and ethical principles. Nordea governance is designed to embed the respect for human rights across our operations. It fosters collaboration, engagement, and accountability throughout the organisation, enabling us to address human rights challenges effectively.

The Board Operations and Sustainability Committee, Board Risk Committee, Board Remuneration and People Committee and Board Audit Committee assist the Group Board (the Board of Directors of Nordea) in fulfilling its oversight responsibilities regarding Group adherence to human rights commitments and goals, and associated remuneration.

The Group Leadership Team (GLT) is responsible for overseeing the implementation of our human rights commitments as part of our Group strategy. GLT is supported by the Sustainability and Ethics Committee, Risk Committee and Asset & Liability Committee, coordinating within the Group to ensure commitment to and ownership of Group-wide prioritisations, decisions and implementation of human rights considerations. In addition, we have a Group Accountable Executive in GLT responsible for sustainability, including human rights.

Upholding human rights in our daily business practices is the responsibility of each employee, regardless of their role or department. All employees are accountable for integrating respect for human rights into their work and contributing to Nordea's collective efforts, as stated in the Nordea Code of Conduct.

## **4.3 Human rights policies**

In addition to Nordeas's Human Rights Policy<sup>1</sup>, Nordea commitment to respect human rights is explicitly stated in different policies and statements that further explain the operational application of the commitments in the Human Rights Policy. Nordea Code of Conduct, together with other internal rules as well as our sustainability strategy serve as the foundation for our management of

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<sup>1</sup> Human Rights Policy available at [www.nordea.com/en/doc/nordea-human-rights-policy-3.pdf](http://www.nordea.com/en/doc/nordea-human-rights-policy-3.pdf)

human rights. Human rights is addressed *inter alia* in our Code of Conduct<sup>2</sup>, Sustainability Policy<sup>3</sup>, Responsible Investment Policy<sup>4</sup>, Diversity & Inclusion Policy<sup>5</sup>, Supplier Code of Conduct<sup>6</sup>, and sector and thematic guidelines<sup>7</sup>.

#### **4.4 Grievance mechanisms**

Nordea's whistleblowing function Raise Your Concern (RYC) ensures that all stakeholders, including customers, partners, affected communities and 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.

Cases reported through RYC form part of the monitoring of compliance with the Code of Conduct. A summary of key trends and statistics on cases are also reported on a no-names basis 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 Group Board. Furthermore, the RYC process and investigations are subject to regular quality controls with defined escalation procedures to report any process deviations. In 2023, no cases concerning severe human rights issues and incidents connected to the Group's own workforce (for example forced labour, human trafficking or child labour) were reported via RYC. At Nordea, in accordance with internal policies, we do not intimidate or retaliate against colleagues or others who raise a concern in good faith or against those who assist with inquiries or investigations of such violations.

#### **4.5 Training for employees and members of the Board of Directors**

All our employees are required to complete annual Code of Conduct training to ensure proper awareness and knowledge of our ethical principles including human rights. In 2023 the entire Group Board of Directors received training on human rights. The Board in NEK received training on the Norwegian Transparency Act prior to deciding on the 2023 statement.

### **5 Due Diligence processes**

NEK has outsourced its procurement activities to Nordea. NEK's suppliers and business partners ("suppliers") are therefore covered by Nordea's due diligence procedure. Services related to sales and distribution of mortgage loans, management of the loan portfolio, customer contact, information and communication technology, funding and risk management, accounting and reporting are purchased from other units in the Nordea Group. NEK rely on Nordea's Transparency

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<sup>2</sup> Code of Conduct available at [www.nordea.com/en/doc/code-of-conduct.pdf](http://www.nordea.com/en/doc/code-of-conduct.pdf)

<sup>3</sup> Sustainability Policy available at [www.nordea.com/en/doc/nordea-sustainability-policy.pdf](http://www.nordea.com/en/doc/nordea-sustainability-policy.pdf)

<sup>4</sup> Responsible Investment Policy available at [www.nordea.com/en/doc/responsible-investment-policy-2023-august.pdf](http://www.nordea.com/en/doc/responsible-investment-policy-2023-august.pdf)

<sup>5</sup> Diversity & Inclusion Policy available at [www.nordea.com/en/doc/nordea-diversity-inclusion-policy.pdf](http://www.nordea.com/en/doc/nordea-diversity-inclusion-policy.pdf)

<sup>6</sup> Supplier Code of Conduct available at [www.nordea.com/en/doc/nordea-supplier-code-of-conduct-2023-0.pdf](http://www.nordea.com/en/doc/nordea-supplier-code-of-conduct-2023-0.pdf)

<sup>7</sup> Sector guidelines available at [www.nordea.com/en/sustainability/policies-sector-guidelines](http://www.nordea.com/en/sustainability/policies-sector-guidelines)

Act Statement<sup>8</sup> and due diligence assessment of the supply chain, including assessment of own operations in Nordea.

Nordea recognises both the significance of and challenges associated with upholding human rights. Nordea also recognise that it may contribute or be linked to adverse human rights impacts through our operations, suppliers or the businesses we lend to or invest in. Nordea are committed to continuously improving our human rights due diligence in these different areas to align with the UN Guiding Principles on Business and Human Rights. This includes identifying and assessing potential adverse human rights impacts and measures to address them.

## **5.1 Due diligence for own workforce**

Ensuring human rights and decent working conditions are in place for our workforce is crucial to our role as an employer and our commitment to uphold fundamental human rights, including labour rights. Nordea operate in a number of different countries, creating a complex legislative landscape with local and EU requirements to uphold. We follow and, in many instances exceed minimum requirements, as stated in our Code of Conduct, Diversity & Inclusion Policy and policy against discrimination and harassment<sup>9</sup>. Nordea condemn all kinds of discrimination, harassment or other victimisation and strive to be a safe and inclusive workplace, promoting equality, fair treatment and respect. In 2023, 12 discrimination and harassment cases were reported in Nordea through various channels including our whistleblowing function, Raise Your Concern, or to Group People, which led to disciplinary action. None of these cases was related to employer in NEK.

We take mistreatment of any kind seriously and continue to proactively ensure a safe and inclusive workplace for all employees and have tools and trainings available for leaders and teams. With respect to decent working conditions, we promote and support physical, mental, social and financial well-being by building awareness with trainings and events and providing tools for our people and leaders.

Performing due diligence regarding Nordea's own workforce is key to efforts to respect fundamental human rights and work is ongoing to formalise this process.

## **5.2 Due diligence in the supply chain**

The respect for human rights is embedded throughout our procurement process. As part of Nordea's supplier due diligence prior to contracting and continuous supplier management after contracting we conduct screening on indicators such as the risk of child labour, the risk of modern slavery, the right to freedom of association and decent working conditions. The screening process also covers if the supplier is subject to negative media exposure or regulatory actions due to misconduct related to human rights, enabling us to take appropriate actions.

All Nordea suppliers must contractually commit to the principles in our Supplier Code of Conduct. The Supplier Code of Conduct is a mandatory document in all Nordea's supplier contracts and includes positions on human rights and labour rights and an obligation for suppliers to ensure that these principles also apply to subcontractors. By having a contractual commitment from our

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<sup>8</sup> Norwegian Transparency Act Statement 2023 available at <https://www.nordea.com/en/doc/norwegian-transparency-act-statement-2023.pdf>

<sup>9</sup> Policy against Discrimination and Harassment available at [www.nordea.com/en/doc/nordea-policy-summary-against-discrimination-and-harassment-0.pdf](https://www.nordea.com/en/doc/nordea-policy-summary-against-discrimination-and-harassment-0.pdf)

suppliers, we ensure that sustainability requirements are an integrated part of our supplier and contract management. To increase our assurance, the Supplier Code of Conduct also includes an audit clause, where we reserve the right to audit the supplier and its subcontractors to validate that the principles stated in Nordea's Supplier Code of Conduct are also implemented in practice. Every year Nordea complete a number of sustainability audits with the support of an external auditor.

During 2023 Nordea further formalised the human rights due diligence process and detailed these principles in the Sustainable Procurement Guideline. The guideline describes how Nordea identify and assess, take action to prevent and mitigate, take action to track progress and communicate about the risks and impacts identified in the different stages of the procurement process.

Nordea also conducted a human rights impact assessment of the supply chain during 2023, where it was identified in which industries in our supply chain there might be an elevated risk of negative impact on people. Based on the operating context of our suppliers and the nature of the service or product they deliver to us, we identified the salient human rights issues in our supply chain, i.e. the human rights that are at risk of most severe negative impact. Nordea identified poor working conditions, child labour and forced labour as the areas of greatest importance in our supply chain. This information will be reflected in our requirements towards the suppliers in the sectors exposed to enhanced risk. Our frameworks and internal guidelines will be updated to secure this is enforced. In 2024 Nordea will focus on improving the understanding and tracking of our impacts, to ensure that our actions have the intended effect.

### **5.3 Due diligence in financing**

As a key principle of effective risk management, NEK maintain a diversified geographical lending portfolio in Norway. The lending portfolio consist of residential mortgage loans and loans to holiday homes. For all impacted financial risk categories, existing processes are progressively being enhanced to identify, evaluate, and monitor material ESG-related risks.

Integrating human rights into sector guidelines, industry credit policies and ESG risk assessment tools is key to embedding human rights in our lending process.

### **5.4 Due diligence in customer transactions**

Nordea fully recognise the threat that societies face from human trafficking, terrorism, corruption, drug smuggling, tax evasion and other forms of illegal activity and have over the years built strong defences to prevent that our resources, products, and services are used to facilitate financial crime<sup>10</sup>. Alongside traditional transaction monitoring scenarios 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

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<sup>10</sup> AML/CTF/ATE Policy Statement available at [www.nordea.com/en/doc/nordea-aml-ctf-ate-policy-statement-0.pdf](https://www.nordea.com/en/doc/nordea-aml-ctf-ate-policy-statement-0.pdf)

by organised crime networks and individual perpetrators to finance crime, receive revenues from criminal activities or launder criminal proceeds.

Since completing Nordea analysis on human trafficking for sexual exploitation (2021-2022), Nordea continued in 2023 to work on investigations that covered a wide scope of human trafficking typologies, including possible forced labour and sexual exploitation.

## **6 Next steps in due diligence**

In 2023, as part of Nordea efforts to further embed respect for human rights in our business, Nordea complemented social responsibility pillar with a human rights policy and a social responsibility thematic guideline<sup>11</sup>. To support the implementation, Nordea educated the Group Board of Directors on the topic of human rights and developed an e-learning for all employees (including consultants), which will be launched in 2024.

Nordea aspire to continually make our human rights due diligence more robust. To this end, in 2024, Nordea will enhance the processes and Group-level coordination to facilitate the integration of human rights due diligence. By taking these steps, we aim to strengthen our human rights practices and further integrate them into our decision-making processes.

Customers, suppliers or investee companies identified as breaching the human rights policy will be managed in line with our sustainability governance.

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<sup>11</sup> Social responsibility thematic guideline available at [www.nordea.com/en/doc/nordea-thematic-guideline-on-social-responsibility-2.pdf](https://www.nordea.com/en/doc/nordea-thematic-guideline-on-social-responsibility-2.pdf)



**Signatures to the Norwegian Transparency Account for the year 2023**

Oslo, 14 May 2024

Randi Marjamaa  
*Chair*

Gro Elisabeth Lundevik  
*Vice Chair*

Asbjørn Rødal  
*Board member*

Tina Sandvik  
*Board member*

Ola Littorin  
*Board member*

Lene Steinum  
*Board member*

Anne Sofie Knoph  
*Employee representative*

Elen M. Stiksrud  
*Chief Executive Officer*