

# **Norwegian Transparency Act Statement 2022**

**Nordea Eiendomskreditt 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 the OECD Guidelines for Multinational Enterprises (“OECD Guidelines”) and the UN Guiding Principles on Business and Human Rights (“UNGP”). These principles form a base for the Act.

This statement constitutes NEK’s account for the financial year 2022 as required by the Norwegian Transparency Act (the “Act”).

## 2. About Nordea Bank

Nordea is a Nordic bank with international presence. It is the largest financial services group in the Nordic region and one of the largest banks in Europe, present in 21 countries including the four home markets – Denmark, Finland, Norway and Sweden. The Nordea Group is organized according to the "one bank" principle. This means that support and specialist functions are largely common in the group. This outsourcing of services is regulated by separate outsourcing agreements.

Nordea supports the Universal Declaration on Human Rights and includes human rights in its Code of Conduct<sup>1</sup>, Sustainability Policy<sup>2</sup>, Responsible Investment Policy<sup>3</sup>, Supplier Code of Conduct<sup>4</sup> and sector guidelines<sup>5</sup>. Furthermore, Nordea addresses human rights as a sustainability issue in all parts of the organisation and in the due diligence processes.

## 3. About Nordea Eiendoms kreditt AS

Nordea Eiendoms kreditt (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 of NOK 323bn at the end of 2022. At 1 November 2022 Nordea Direct Boligkreditt was merged into NEK.

NEK has a small organisation with around 20 employees and is therefore to a large extent dependent on purchasing services from the parent bank. Such services covers inter alia sales and distribution of mortgage loans, management of the loan portfolio and customer contact, funding, risk control, accounting, reporting, HR, Procurement and IT related services.

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

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<sup>1</sup> <https://www.nordea.com/en/doc/nordea-code-of-conduct-2022.pdf>

<sup>2</sup> <https://www.nordea.com/en/doc/nordeasustainabilitypolicy.pdf>

<sup>3</sup> <https://www.nordea.com/en/doc/nordea-responsible-investment-policy-july-2022.pdf>

<sup>4</sup> <https://www.nordea.com/en/doc/nordea-supplier-code-of-conduct-2019.pdf>

<sup>5</sup> <https://www.nordea.com/en/sustainability/policies-sector-guidelines>

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.

## 4. Guidelines and procedures

NEK, as a subsidiary of Nordea, has the same approach to human rights as Nordea. Nordea's approach is included in the Code of Conduct, Sustainability Policy, Responsible Investment Policy, Supplier Code of Conduct and in the Sector Guidelines.

Nordea's efforts to handle actual and potential adverse impacts on fundamental human rights are guided by the following initiatives:

- 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

### 4.1 Grievance mechanisms

All companies in the Nordea group are committed to conducting business with the highest ethical standards and according to applicable laws, rules and regulations. For this reason, Nordea encourage all customers, partners as well as our own employees to always report any suspected fraudulent or unethical behaviour by Nordea group or its employees.

This procedure is intended solely for reporting suspected misconduct or irregularities, such as fraudulent, inappropriate, dishonest, illegal or negligent activity or behaviour, and should not be used for customer complaints or to report on issues related to personal disputes.

## 5. Due Diligence process

### 5.1 Human rights assessment in the supply chain

NEK has outsourced its procurement activities to Nordea. NEK's suppliers and business partners ("suppliers") are therefore covered by Nordea's due diligence procedure. NEK spends around NOK 13 million annually on goods and services from its external Suppliers. Ensuring that our Suppliers are committed and work diligently with sustainability is paramount for our joint ability to deliver on the sustainability goals. Our Supplier Code of Conduct, which is aligned with the Nordea Code of Conduct and the UN Global Compact, sets the standard for how we expect our Suppliers to act. It is not enough that our Suppliers abide by the laws and regulations in the countries where they operate, but we expect them to proactively move beyond compliance. By having a contractual commitment from our Suppliers, we ensure that the sustainability requirements are governed as an integrated part of the supplier and contract management.

## 5.2 Monitoring and screening

Human rights risks are integrated in 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 evaluated as part of the pre-screening. The pre-screening and monitoring process also investigates whether the Supplier has been subject to negative media exposure due to misconduct related to human rights, enabling us to take appropriate actions.

In 2022 Nordea have further matured the process for pre-screening and monitoring supply chain sustainability risks. Nordea has implemented a new version of our screening system, trained sourcing managers in using the system, and implemented a four-eyes principle on assessing Suppliers with an inherent high-risk evaluation. All Suppliers in Nordea's 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 the Suppliers, and terminating an agreement is the last resort. Any validated risks are logged for improved oversight and to secure that they are thoroughly investigated, mitigated and documented.

## 5.3 Training for employees and Board

All our employees are required to complete an annual Code of Conduct training to ensure adequate awareness and knowledge of our ethical principles including human rights.

In 2023, the relevant ESG targets and development plans were presented for the board.

## 6. Due diligence findings and way forward

As part of Nordea's continuous and ongoing due diligence of Suppliers, Nordea has conducted a risk assessment of the supply chain, identifying areas where there is an elevated risk of human rights issues. The areas identified are IT hardware and accessories, consultants, facility management, branded material and travel.

In 2022 Nordea also conducted sustainability reviews of a sample of Suppliers. It was evident from the reviews that sustainability issues are receiving more attention in general and have grown in importance at executive levels of organisations. No severe findings were found, but minor gaps were identified specifically related to lack of formalisation of Human Rights policies and immature integration of sustainability to the day-to-day practises, lack of human rights and environmental measures in the purchasing policy and lack of impact measures for equality initiatives in the Diversity and Inclusion area. Agreed actions are followed up with the Suppliers.

In 2023 Nordea intend to deep-dive into the high-risk areas identified during 2022, applying a risk-based approach, where it will be assessed if Nordea has caused or contributed to adverse impacts, and if so, define suitable measures to cease, prevent and mitigate the identified impacts. Nordea will also improve the process for tracking implementation and remediation, to ensure the fulfilment of the target to have a human rights impact assessment of the supply chain in place by end of 2023.

Nordea's efforts in 2022 have been focused on the supply chain, whereas impacts on business operations will be further developed in 2023.

Signatures for the Norwegian Transparency Act Statement for year 2022

Oslo, 14 June 2023

Randi Marjamaa  
Chair

Gro Elisabeth Lundevik  
Vice Chair

Ola Littorin  
Board member

Asbjørn Rødal  
Board member

Pål Ekberg  
Board member

Lene Steinum  
Board member

Anne Sofie Knoph  
Employee representative

Elen M. Stiksrud  
Acting Chief Executive Officer