

# **Nordea Principles for Responsible Banking 2024**

# Contents

1	Responsible Banking Progress Statement .....	3
	Principle 1: Alignment .....	3
	Business Model.....	3
	Strategy Alignment .....	4
	Principle 2: Impact & Target Setting .....	6
	Impact Analysis.....	6
	Targets, Target Implementation, and Action Plans/Transition plans .....	9
	Principle 3: Clients & Customers .....	14
	Client and Customer Engagement .....	14
	Business Opportunities.....	14
	Principle 4: Stakeholders.....	16
	Stakeholder Identification and Consultation .....	16
	Principle 5: Governance & Culture .....	17
	Governance Structure for Implementation of the Principles .....	17
	Promoting a Culture of Responsible Banking .....	18
	Risk and Due Diligence Processes and Policies .....	19
	Principle 6: Transparency & Accountability .....	21

## 1 Responsible Banking Progress Statement

The chapters below set out the reporting and self-assessment requirements for signatories of the Principles for Responsible Banking (PRB). In this report we provide our response and self-assessment in relation to the principles and provide references and links to where in our existing reporting and at public domains the required information can be found. For details about the third-party assurance performed by PricewaterhouseCoopers Oy, see their assurance report on pages 380-381 in Nordea Annual Report 2024.

### Principle 1: Alignment

**We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.**

#### Business Model

**Describe (high-level) your bank's business model, including the main business lines, customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, business areas or by disclosing the number of customers and clients served.**

#### Response

Nordea is the leading financial services group in the Nordics. In 2024 Nordea was present in 20 countries, including its four Nordic home markets – Denmark, Finland, Norway and Sweden. Each business area is responsible for providing services to its customer segments and is fully accountable for its income, costs, risks, customer experience, investment decisions and capital management.

Through the parent company and its subsidiaries, the Nordea Group offers a comprehensive range of banking and financial products and services to household and corporate customers, including financial institutions. The Nordea Group's products and services comprise a broad range of household banking services, including mortgages and consumer loans, credit and debit cards as well as a wide selection of savings, life insurance and pension products. In addition, the Nordea Group offers a wide range of corporate banking services, including business loans, cash management, payment and account services, risk management products and advisory services, debt and equity-related products for liquidity and capital raising purposes as well as corporate finance, institutional asset management services and corporate life and pension products. Nordea also distributes general insurance products. As the largest financial services group in the Nordics, Nordea can have significant impact through its operation and value chain.

The business areas are united under a single pan-Nordic operating model and share the same Group functions, which ensures optimal delivery and a competitive cost structure, increases time spent with customers, and allows Nordea to bring new products and services to market more quickly.

#### Personal Banking

In Personal Banking we provide household customers with easy and convenient everyday banking and advice for all stages of life. We are committed to supporting their financial well-being with a comprehensive and attractive range of financial products and services, along with a great customer experience.

## Business Banking

In Business Banking we aim to be the preferred bank for small and medium-sized enterprises, helping them develop and grow in a sustainable way. Our advisory services and comprehensive range of products and solutions enable our customers to be successful both locally and internationally.

## Large Corporates & Institutions

In Large Corporates & Institutions we support large Nordic corporate and institutional customers with a range of financial solutions. We also provide services through the product and specialist units Markets and Investment Banking & Equities and through our international corporate branches in New York, London and Shanghai.

## Asset & Wealth Management

In Asset & Wealth Management we offer an extensive range of award-winning private banking, life and pensions, and wealth management services. Our ambition is to be the preferred wealth manager in each Nordic market and a leading European asset manager, providing our customers with valuable advice, global reach and a competitive sustainability offering.

## **Links & References**

See pages 27 “Our four business areas” and 89 “Business model and value chain” in Nordea Annual Report 2024 for information about our business areas, products, presence and legal structure.

See note G8.5 “Gender distribution and number of employees” on page 269 in Nordea Annual Report 2024 for a list of the countries in which we have operations (employees).

See note G2.1. “Segment reporting” on page 204 in Nordea Annual Report 2024 for operating income distribution between our business areas, geographies and product groups.

## **Strategy Alignment**

**Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and other international frameworks such as the Kunming-Montreal Global Biodiversity Framework (GBF), the United Nations Guiding Principles on Business and Human Right (UNGPs), the forthcoming instrument on plastic pollution etc. Include any other national and/or regional frameworks that your bank has a strategy to align with where relevant.**

## **Response**

Nordea’s ambition is to be the preferred partner for people and businesses in need of a broad range of financial services. Within the area of sustainability, this implies to actively engage to drive transition and capture growth opportunities for a greener and more sustainable society. Sustainability efforts are structured around four strategic pillars: financial strength, climate and environmental action, social responsibility, and governance and culture. For each of these areas, Nordea has identified relevant UN Sustainable Development Goals as well as specific sustainability-related matters that impact the Group or its value chain – through financing, investments and internal operations. As the largest financial services group in the Nordics, Nordea has an opportunity to help build a low-carbon economy. This transition should be balanced and just, creating opportunities for all.

Nordea’s climate change policies are set to be aligned with international standards and initiatives such as the United Nations Framework Convention on Climate Change (UNFCCC), the Paris Agreement, the UN Global Compact, the Task Force on Climate-related Financial Disclosure (TCFD), the Principles for Responsible

Investments (PRI), the Principles for Responsible Banking (PRB), the Glasgow Financial Alliance for Net Zero, the Equator Principles, the UN Net-Zero Banking Alliance and the Net-Zero Asset Owner Alliance. In addition, Nordea's policies seek to be compliant with the European Union's environmental policy objectives of a climate-neutral economy by 2050 and the EU Action Plan for Financing Sustainable Growth. Nordea's sector guidelines are also in line with sectoral initiatives.

In 2025 we published Nordea Group's first standalone Human Rights Report alongside our Annual Report. Nordea is committed to respect internationally recognised human rights standards and to meet the corporate responsibility to respect human rights as defined in the United Nations Guiding Principles (UNGP) and OECD Guidelines. We expect the same from our suppliers, the companies in our investment portfolio, our lending customers and other business relationships. This commitment to support and respect human rights is stated and further elaborated in our Code of Conduct and our Human Rights Policy.

Our commitment to respecting human rights, along with the implementation steps, has been consistently included in our sustainability reporting, and in the UK Modern Slavery Act and Norwegian Transparency Act statements. Additionally, Nordea's Thematic Guideline on social responsibility outlines our approach to embedding respect for human rights across our operations and value chain.

The EU Taxonomy does not have a direct impact on Nordea's strategy. However, the Taxonomy can facilitate the strategy implementation through, for example, dialogues with customers. Nordea has integrated the obligations under the Taxonomy Regulation applicable to Sustainable Finance Disclosure Regulation (SFDR) products into its product processes. Nordea discloses at product-level disclosures whether each product takes the EU criteria for environmentally sustainable economic activities into account and if so, whether the product commits to making Taxonomy-aligned investments.

#### **Links & References**

See pages 88 "Strategy, business model and value chain", 104 "Integrating the EU Taxonomy Regulation", and 144 "Policies related to climate change mitigation and adaptation" in Nordea Annual Report 2024 for information about our commitment and strategy alignment.

See pages 5-7 "Why a separate human rights report?" and 10 "Our commitment to respect human rights" in our Human Rights Report, available at [nordea.com](https://nordea.com)

Nordea's Sector Guidelines, Code of Conduct, Human Rights Policy, and Thematic Guidelines are all available at [nordea.com](https://nordea.com)

## Principle 2: Impact & Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

### Impact Analysis

Show how your bank has identified, prioritized and measured the most significant impacts associated with its portfolio (both positive and negative). Determine the priority areas for target- setting. Include details regarding: Scope, Portfolio Composition, Context, and Performance Measurement. The impact analysis should include assessment of the relevance of the four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector](#), as part of its initial or ongoing impact analysis.

### Response

#### Scope

As of the financial year 2024 the Corporate Sustainability Reporting Directive (CSRD) has introduced new sustainability reporting requirements on the basis of a double materiality assessment (DMA) concept. The DMA determines the sustainability matters that are material to Nordea by evaluating impacts on environmental, social and governance factors (inside out perspective) while also considering how such ESG factors may influence risk and opportunities (outside in perspective). The 2024 DMA covered impacts, risks and opportunities connected to Nordea's direct business relationships. The assessment considered the asset and liability perspective as well as on- and off-balance sheet activities. Nordea's DMA incorporates direct business relationships in both the upstream and downstream value chains. The DMA, in the context of the CSRD, was initiated for the first time during 2023. Prior to this, Nordea performed a combined materiality and impact analysis of activities, in accordance with the requirements set out in the Global Reporting Initiative Standards and in the Principles of Responsible Banking. The DMA was performed to identify material ESG-related impacts on society and its stakeholders and ESG-related financial impacts on Nordea.

The identification of impacts was performed through extensive desk research using internal rules and external guidelines, previous materiality assessments as well as expert judgement and due diligence. Materiality was assessed through both qualitative and quantitative assessment criteria, expert evaluation and by setting materiality thresholds. As prescribed by the ESRS, identified impacts were assessed based on the scale and scope of the impacts on society and Nordea's stakeholders, alongside their likelihood of materialising. Regarding negative impacts, irremediability was also considered. In assessing these input criteria, a wide range of internal expert stakeholders were involved. To ensure a standardised quantitative approach to assessing the scope of impacts, information about Nordea's lending and investment portfolio exposures was mapped against the UNEP FI impact mapping framework. The assessment of impacts relating to Nordea's own operations, such as procurement and own workforce, was subject to a separately structured approach compared to exposures in upstream or downstream value chains.

#### Portfolio Composition

The composition of Nordea's portfolio: PeB 52%, BB 28%, LC&I 16% and AWM 4% based on Loans to the public 2024.

The portfolio is geographically well-diversified with no market accounting for more than 30% of total lending measured by the geographical location of the customer handling unit.

## Context

The UNEP FI Impact mapping framework provides a comprehensive and standardised approach to assessing environmental and social impacts associated with different sectors and activities. This assessment included the screening of lending and investment portfolios to identify actual and potential impacts, including those related to pollution, water and marine resources as well as circular economy and resource use. The assessment of impacts relating to Nordea's own operations, such as procurement and own workforce, was subject to a separately structured approach compared to exposures in upstream or downstream value chains. This own operations approach considers factors such as strategic importance and organisational significance when assessing the scope of impacts. In order to determine impact materiality at a consolidated Group level, the outcome of each of the standardised assessment approaches has been subject to thresholds which include scoring across criteria for each assessed impact. Impacts related to lending and investment portfolios were also subject to thresholds based on sectoral exposures.

The 2024 DMA outcome was validated with internal representatives of Nordea's six main stakeholder groups. These stakeholder engagements leveraged the regular dialogues with affected stakeholders to consult and incorporate their considerations where applicable.

Climate and environmental topics are among the main concerns for Nordea and its stakeholders. The bank is expected to contribute to a just transition towards a net zero emissions economy, taking also environmental impact drivers into consideration in both own operations and the value chain.

### **Climate change**

As a leading financial services company, Nordea recognises its responsibility to contribute to the transition to net zero, while also relying on a supportive policy environment and the underlying real economy transition throughout society to be able to reach its climate commitments. With measurable targets, strong governance and a broad sustainability offering, Nordea progresses actively across the value chain to contribute to the transition. Its products and services offer customers the possibility to make better decisions about emissions reductions, its lending and investment decisions widely contribute to allocating capital to where it is most needed and its actions related to own operations and the supply chain help to reduce its internal carbon footprint.

As a result of the DMA 2024, Nordea considers its own operations and the composition of its lending and investment portfolios identifying climate change as material.

### **Biodiversity**

Biodiversity loss and ecosystem degradation are rapidly emerging topics and of high concern for Nordea and its stakeholders. Expectations are increasing to acknowledge impacts and dependencies on biodiversity and ecosystems, to take action across sectors and to manage associated risks and opportunities. Nordea recognises its responsibility to prevent and reduce negative impacts on biodiversity and ecosystems through its financing, investment and sourcing activities as well as through Nordea's own operations. We have a thematic guideline on biodiversity, which recognises all drivers of biodiversity loss, including climate change, change of the use of land, freshwater and sea, direct exploitation, invasive alien species and pollution.

Nordea Asset Management's (NAM) Responsible Investment Policy concludes that biodiversity loss can pose systemic financial risks across investment portfolios. Nordea invests across a vast number of sectors and geographies and its portfolio is consequently exposed to a wide range of biodiversity risks and opportunities. In 2024 NAM republished its white paper on biodiversity and nature describing their approach to biodiversity and nature.

Nordea Life & Pension's (NLP) Responsible Investment Policy for 2024 includes expectations for investee companies to disclose material biodiversity and nature-related impacts, dependencies and risks and how these are integrated into their business strategy and risk management. They are also expected to prevent biodiversity loss and aim to be nature positive.

Nordea's DMA 2024 did not identify biodiversity and ecosystems as material in relation to impacts and opportunities, but this view may change in the future as the nature-related agenda evolves.

### Performance Measurement

At the global level, the Paris Agreement sets the general climate agenda. Nordea plays a key role in reaching society's goals through redirecting investments and financing towards more sustainable technologies and businesses and contributing to the creation of a low-carbon, climate-resilient economy, while at the same time strengthening its business to make it more resilient and future-proof.

### **Climate change**

The material impacts, risks and opportunities identified as a part of the 2024 DMA in relation to climate change are among the key drivers of Nordea's commitment to climate and environmental action, one of the four pillars of the bank's sustainability strategy. These material sustainability matters – positive impacts and opportunities related to financing and supporting the transition of customers to a low-carbon economy, negative impacts related to GHG emissions and energy consumption from both the value chain and own operations, and risks related to climate-related transition and physical risks in the value chain – impact and contribute to Nordea's business model and are key priorities of its 2022–2025 strategic plan.

Nordea performs a business environment scanning (BES) to cover the most relevant climate policies and regulations as well as sector decarbonisation roadmaps in the Nordic region. The BES is a sector-specific analysis of the climate vulnerable sectors aligned with the Group's climate and environment materiality assessment. Sectors are individually assessed for risks and opportunities within climate and environmental drivers. The results are used throughout the organisation to inform strategic decisions on climate and environmental goals and policies. Nordea reviews the BES results on an annual basis to adapt to the drivers that affect these climate and environmental risks and opportunities.

Most of our financed emissions are generated by corporate customers in carbon-intensive industries, such as shipping, mining, agriculture, and power production. To monitor our progress, we have implemented science-based carbon emissions reduction targets for eight of these climate-vulnerable sectors. The targets cover the majority of our financed emissions and approximately two thirds of our lending exposure.

Nordea's total GHG emissions generated from lending and investment portfolios as well as from own operations (market-based) were at 23,932,784 tCO<sub>2</sub>e in 2024 (details in the table "Gross scopes 1, 2, 3, and total GHG emissions" on page 162). There are potential additional facilitated emissions from capital market activities that are to be quantified during 2025. These scope 1, 2 and 3 emissions are partially caused by high energy consumption across the value chain and contribute to the negative climate-related impacts that Nordea has on people and the environment. However, it is not possible to estimate the direct or indirect effects of these emissions on people or the environment due to the complex nature of climate change. It is also not possible to allocate a time horizon for these negative impacts as CO<sub>2</sub> emitted into the atmosphere is expected to continue warming the planet for tens of thousands of years.

### **Biodiversity**

Having set practice targets in 2023 aimed at building internal competence and capacity on biodiversity and ecosystems, Nordea has continued a progressive approach to building understanding across its organisation to



enable the incorporation of nature-related issues into its business, stakeholder engagements and offerings. Nordea's strategic response shows the commitment to address the biodiversity- and ecosystem-related impacts, dependencies, and associated risks and opportunities which Nordea is exposed to. This will continue to evolve, especially with the projected increased availability and quality of data.

During 2024 NAM developed initiation targets focused on nature and biodiversity in accordance with the commitments made under the Finance for Biodiversity Pledge. With the limited availability of value chain information, these developments are still in progress and are not subject to 2024 performance monitoring.

### **Links & References**

See pages 17 "Managing the lending portfolio", 83 "Basis of preparation", 92-96 "Double materiality assessment", 140-173 "E1 Climate change", and 174-176 "E4 Biodiversity and ecosystems" in Nordea Annual Report 2024 for information about our impact analysis and targets.

See note G2.1 "Segment reporting" in Nordea Annual Report 2024 for a full list of exact exposure per sector and country on pages 204-205.

See also our other Policies & sector guidelines at [nordea.com](https://nordea.com) for other relevant information.

### **Targets, Target Implementation, and Action Plans/Transition plans**

**Show that your bank has set and published a minimum of two SMART targets which address at least two different areas of most significant impact that your bank identified in its impact analysis. Once targets are set, explain the actions taken and progress made. Include details regarding: Alignment, Baselines, Targets, Target Implementation & Monitoring (and KPIs), Action Plans/ Transition plans and Milestones. Banks are encouraged to disclose information regarding actions they are taking in four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector](#).**

### **Response**

#### Alignment

As a financial institution, both Nordea's largest challenge and most significant impact come from scope 3 emissions from its investment and lending portfolios, referred to as financed emissions. In 2024 these represented 99.9% of Nordea's total disclosed GHG emissions. Total scope 1, scope 2 and scope 3 emissions for 2024 can be seen in the table on page 162.

Nordea's transition plan is embedded in and aligned with the overall business strategy and financial planning.

#### **Climate Change**

Nordea's business objective is to achieve net-zero emissions across its value chain in terms of scope 1, 2 and 3 emissions by the end of 2050 at the latest. To support this long-term commitment and to align Nordea's business with the goals of the Paris Agreement, Nordea has set targets to reduce emissions by 2030 across both its lending and investment portfolios. Instead of setting a specific Scope 1, Scope 2, Scope 3 gross target, Nordea has implemented separate measurable and time-bound outcome-oriented targets for its own operations and supply chain, and relevant lending and investment portfolios. The targets on the lending and investment portfolios are set in line with Nordea's voluntary commitments.

Overall, the bank's objectives, targets, policies and actions aimed at reducing GHG emissions constitute Nordea's transition plan for climate change. In 2023 and 2024 Nordea performed a benchmarking analysis of its current transition plan against three existing frameworks. As a result, Nordea continuously monitors its transition plan maturity and will address most material gaps found during 2025, thereby strengthening its

transition planning. To secure a successful transition, Nordea has established sustainability-related KPIs that have been integrated into variable pay plans. Further details can be found in “General information” on page 86.

### **Biodiversity**

Having set practice targets in 2023 aimed at building internal competence and capacity on biodiversity and ecosystems, Nordea has continued a progressive approach to building understanding across its organisation to enable the incorporation of nature-related issues into its business, stakeholder engagements and offerings. Nordea’s strategic response shows the commitment to address the biodiversity- and ecosystem-related impacts, dependencies, and associated risks and opportunities which Nordea is exposed to. This will continue to evolve, especially with the projected increased availability and quality of data.

#### Baselines

Base year is disclosed for all climate targets and baselines for all sector targets.

### **Climate change**

Nordea cannot disclose the exact share of financed emissions at a 2019 base year as the sector targets were set using different base years. The difference in base years is due to Nordea following the NZBA guidelines of setting the baseline no more than two full reporting years prior to the setting of new targets and choosing the earliest point in time for which the sector has more reliable data. Detailed information on our methodology is included in the “Financed emissions methodology for the lending portfolio” and “Climate target methodologies for the lending portfolio” at [nordea.com](https://www.nordea.com).

### **Biodiversity**

Having set practice targets in 2023 aimed at building internal competence and capacity on biodiversity and ecosystems, Nordea has continued a progressive approach to building understanding across its organisation to enable the incorporation of nature-related issues into its business, stakeholder engagements and offerings. Nordea’s strategic response shows the commitment to address the biodiversity- and ecosystem-related impacts, dependencies, and associated risks and opportunities which Nordea is exposed to. This will continue to evolve, especially with the projected increased availability and quality of data.

#### Targets

Instead of setting a specific Scope 1, Scope 2, Scope 3 gross target, Nordea has implemented separate measurable and time-bound outcome-oriented targets for its own operations and supply chain, and relevant lending and investment portfolios. The targets on the lending and investment portfolios are set in line with Nordea’s voluntary commitments.

Each business area has set individual climate-related targets and actions for 2024–2025 and 2030 that are monitored and reported on a continuous basis. To support the lending portfolio interim objective to reduce absolute financed emissions by 40–50% by 2030, Nordea has performed climate risk sector-specific deep dives and set sector-specific targets in order to align with regional sector roadmaps and scientific pathways. Several of Nordea’s targets are closely aligned with the requirements set out in the existing standard for financial institutions provided by the Science Based Targets initiative (SBTi). As the SBTi is currently working on a Net-Zero Standard for the financial sector, which will replace the existing standard, a potential validation of Nordea’s climate targets through the SBTi will be assessed and considered once the new Net-Zero Standard is published.

Our overall and sector specific targets are further elaborated in our Annual Report 2024 on pages 18, 150-154, and 160.

### **Climate change**

Nordea has set a clear direction to become a net-zero emissions bank across value chain in terms of scope 1, 2 and 3 emissions by 2050 at the latest. To support this long-term commitment and to align Nordea's business with the goals of the Paris Agreement, Nordea has set medium-term targets to reduce emissions by 40-50% by 2030 compared with 2019 levels across both its lending and investment portfolios. For our own operations, the target is a reduction of 50%. Nordea is committed to a just transition towards a low carbon economy across the value chain. Nordea contributes to the transition through its investment and lending decisions, its engagement with customers and portfolio companies in reducing their climate impact, and its actions to reduce emissions from internal operations. An overview of Nordea's climate objective and targets are further elaborated in our Annual Report 2024 on page 141.

As a financial services company, Nordea's largest challenge and impact both come from financed emissions, which refer to scope 3 category 15 emissions from investment and lending portfolios. In 2024 these represented 99.9% of Nordea's total GHG emissions. Against this background, Nordea has also set a group of targets to support emissions reductions across both lending and investment portfolios.

New targets for NLP were launched and existing targets were updated in Q1 2025 in order to take the next steps towards 2030. These targets were set in accordance with the NZAOA's fourth edition of the Target Setting Protocol, which was issued in 2024. These new targets include 1) Reducing the carbon footprint intensity for listed equities, corporate bonds and directly held real estate portfolios by 40-50% by the end of 2029 compared with 2019, 2) Engaging annually with top-30 emitters on net zero alignment during the period 2025–2029, and 3) Increasing the share of Assets under Management (AuM) supporting nature and the climate transition by 20% by the end of 2029, compared with 2023.

In addition, all NAM's targets, 1) Doubling the share of net-zero-committed AuM by the end of 2025 compared with 2021, 2) Ensuring that 80% of the top 200 emissions contributors in Nordea Asset Management's portfolios are either aligned with the Paris Agreement or are subject to active engagement to become aligned by the end of 2025, and 3) Reducing the weighted average carbon intensity (WACI) of listed equities and corporate bonds by 50% by the end of 2030 compared with 2019, are all well on track.

### **Biodiversity**

Nordea has not set measurable time-bound outcome-oriented targets on biodiversity and ecosystems due to the current lack of data. Instead, Nordea has measured the progress of building internal competence and capacity through the practice targets set in 2023, which were formed as part of Nordea's commitment to the UNEP FI Principles for Responsible Banking. With internal operations and procurement being assessed not to be material, the focus is on further strengthening the assessment and management of the corporate lending portfolio risks related to impacts and dependencies on biodiversity and ecosystem services.

### Target Implementation & Monitoring

#### **Climate change**

Nordea's lending portfolio has included targeted financed emissions development in regional policy frameworks and real customer level transition plans in the financial planning to ensure progress towards the lending portfolio targets for 2030 and 2050. Portfolio emissions and climate risk analysis have been performed in several areas to understand the portfolio footprint, resulting in actions to derisk and steer the balance sheet in the right direction.

The methodology for estimating GHG emissions is based on the principles, requirements and guidance provided by the GHG Protocol Corporate Standard (version 2004) and Partnership for Carbon Accounting Financials (PCAF, 2nd edition), but also applies certain deviations and own methods to meet specific characteristics of Nordea's lending and investment portfolios. Nordea's total emissions provide transparency on climate-related risks and negative impacts. In a similar way, it contributes to set actions on supporting positive impacts and seeking business opportunities. In 2024 Nordea's total emissions were 23,932,784tCO<sub>2</sub>e, representing a 29% reduction from the 2019 baseline. Financed emissions from the lending and investment portfolios represent the most significant portion (99.9%) of Nordea's total emissions. Therefore, Nordea is focused on supporting its customers' transition to a low-carbon economy. There are potential additional facilitated emissions from capital market activities that are to be quantified during 2025. These scope 1, 2 and 3 emissions are partially caused by high energy consumption across the value chain and contribute to the negative climate-related impacts that Nordea has on people and the environment.

To support our customers in the transition journey, we helped facilitate EUR 185bn in sustainable financing as at end-2024 (2025 target: EUR >200bn), which was a EUR 50bn increase. We see this as a strong progress towards our strategic targets.

### **Biodiversity**

During 2024 NAM developed initiation targets focused on nature and biodiversity in accordance with the commitments made under the Finance for Biodiversity Pledge. With the limited availability of value chain information, these developments are still in progress and are not subject to 2024 performance monitoring.

### Action Plans

#### **Overall**

To ensure that sustainability is integrated into all business areas and Group functions, a Group-wide implementation programme has been established with dedicated work streams and an Operational Steering Committee. The progress of the programme is monitored by the Sustainability and Ethics Committee (SEC), the Group Leadership Team (GLT), and the Board Operations and Sustainability Committee (BOSC) on a quarterly basis.

Nordea has set a clear direction to become a net-zero emissions bank by 2050 at the latest. To achieve this objective, Nordea is committed to a just transition towards a low-carbon economy across the value chain. Nordea contributes to the transition through its investment and lending decisions, its engagement with customers and portfolio companies in reducing their climate impact, and its actions to reduce emissions from internal operations.

Nordea uses stress testing and scenario analysis to assess the resilience of its business model and its sustainability strategy.

#### **Climate change**

Nordea's transition plan for climate change entails the objective to achieve net-zero emissions across its value chain in terms of scope 1, 2 and 3 GHG emissions by the end of 2050 at the latest. Nordea aims to provide the best possible support for customers transitioning to reach the goals of the Paris Agreement. Nordea continuously monitors and forecasts its portfolio development in relation to the long-term business strategy. A key part of this exercise is to make sure the business develops in accordance with the transition plan to support societal change in line with the bank's net zero commitment.

Financing and investing to support the transition of customers and sectors have a positive climate impact when the transition of counterparties aligns with meeting the temperature objectives set out in the Paris

Agreement, for example by scaling solutions to address climate change or achieving very rapid GHG reductions in high emitting sectors. Nordea's transition financing to help its counterparties align with the Paris Agreement is seen as a particular opportunity to tap into even further into. In relation to sustainable funding, Nordea performs positive impact reporting in terms of water saved, energy saved through energy efficiency, clean energy produced as well as avoided emissions on the Green Bond asset portfolio. Nordea strives to increase its positive impact by pursuing opportunities to scale sustainable funding connected to activities that mitigate climate change and opportunities that arise from financing and investing in adaptation solutions. Additional details about managing the impacts of climate change are described in "Transition plan" on page 143.

### **Biodiversity**

Nordea has not set measurable time-bound outcome-oriented targets on biodiversity and ecosystems due to the current lack of data. Instead, Nordea has measured the progress of building internal competence and capacity through the practice targets set in 2023, which were formed as part of Nordea's commitment to the UNEP FI Principles of Responsible Banking. With internal operations and procurement being assessed not to be material, the focus is on further strengthening the assessment and management of the corporate lending portfolio risks related to impacts and dependencies on biodiversity and ecosystem services. The 2024 assessment using the ENCORE tool was based on global sector impacts and dependencies and should only be interpreted as indicative in a Nordea context. The 2024 assessment will be used as a basis for further assessments. Nordea is pursuing efforts to explore and develop its capability to quantify biodiversity impacts and ecosystem dependencies for its financing activities and the related risks.

### **Links & References**

See pages 8 "Sustainability: an integral part of our business strategy", 18 "On the way to being net zero by 2050: selected sustainability targets", 140-173 "E1 Climate change", and 174-176 "E4 Biodiversity and ecosystems" in Nordea Annual Report 2024 for information about our targets and action plans.

### **Principle 3: Clients & Customers**

**We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.**

#### **Client and Customer Engagement**

**Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. It should include information on the client engagement strategy including but not limited to the impact areas identified/ targets set, awareness raising activities with clients and customers, relevant policies and processes, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.**

#### **Response**

We believe that actively engaging with our customers and supporting their transition through financing and other financial services is an effective way to accelerate the transition to a low-carbon economy. Our actions have included improving customer experience by collecting feedback to inform remediation of customer complaints, providing training in local communities to promote financial well-being and support customers with less digital experience, engaging with and supporting customers in their net zero transition planning, assessing sustainability preferences of customers and further expanded Nordea Sustainable Selection offering, and improving industry credit policies to address sector-specific topics.

Through ESG-related product offerings, Nordea supports sustainable practices and actively engages with customers and investees, a key enabler of the sustainability strategy and targets. These offerings allow for the incorporation of sustainability into the funding and liquidity strategy, including sustainability-related funding activities. Over the past couple of years there has been a significant increase in the demand for Nordea's sustainability offering, accelerated by customer demand and the strengthening of the available product range, advice and engagement. With its experience and deep knowledge about sustainability-linked and green lending, ESG-focused investment products as well as active ownership, Nordea is in a good position to continue to support its customers' and investee companies' transition to a sustainable future.

Nordea focuses on developing products and solutions that both support its transition and enable it to increase the positive impact (financing sustainable activities) while decreasing the negative impact (financing the transition away from high-emitting activities). Through close dialogue, we encourage our customers to further develop and strengthen their transition plans whilst providing customers with financing to enable their transition. And we provide them with financing to enable their transition. These activities go hand in hand with our 2025 commitments to facilitate more than EUR 200bn in sustainable financing and ensure that 90% of our exposure to large corporate customers in climate-vulnerable sectors is covered by transition plans.

#### **Links & References**

See pages 88 "Sustainability-related products and services" and 90-91 "Stakeholder engagement" in Nordea Annual Report 2024 for information about our engagement and actions regarding our clients and customers.

See also our Climate targets and actions for the lending portfolio, available at [nordea.com](https://www.nordea.com)

#### **Business Opportunities**

**Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how your bank has developed these in the reporting period. Provide information on sustainability-related products and services and frameworks in place that support the transition needs of clients, size of the sustainable finance portfolio in USD or local currency**

and/or as a % of your bank's portfolio,\* and which SDGs or impact areas you bank is striving to make a positive impact on (e.g. green mortgages—climate, social, sustainability bonds—financial inclusion, etc.).

**\* Provide information on the sustainable finance frameworks/standards/taxonomies used to label sustainable finance volumes**

## Response

As the largest financial services group in the Nordics, Nordea can have a significant impact through the advice, products and support offered to customers for making sustainability-focused investment choices. In DMA we have identified material opportunities related to climate change and additionally we have several sustainability related products.

Nordea Sustainable Selection is Nordea's fund offering with enhanced sustainability criteria. The offering was established to help our Nordic customers navigate the wide variety of products with different sustainability characteristics and ambition levels in the market. Nordea Sustainable Selection is based on a framework where both the provider of the product and the product itself need to pass a set of sustainability criteria. Nordea Sustainable Selection includes both Article 8 and Article 9 products as laid out by the EU Sustainable Finance Disclosure Regulation (SFDR). Nordea's offering of sustainability-focused products will continue to develop and grow as the market matures and alongside the ambition to meet new customer demands. In 2024 Nordea launched a new product category called Sustainable Selection Improve. Products in this category have a strong focus on active ownership, with clear and measurable engagement targets to improve the sustainability profile of the portfolio companies. Nordea has set a target for gross flows to Nordea Sustainable Selection funds of 33% of total flows by 2025 as a means to contribute to the Group's climate targets to reduce emissions in the investment portfolio by 40-50% by 2030 compared with 2019 levels. By the end of 2024 the share of gross flows to Nordea Sustainable Selection reached 23%.

Nordea's sustainable and sustainability-linked finance products are central to how Nordea incorporates sustainability into its funding and liquidity strategy, by providing sustainable investment options to pension funds and other bond buyers. The Nordea Green Funding Framework and the Sustainability-Linked Loan Funding Framework represent a further step towards integrating ESG and sustainability considerations into all core operations, by defining the assessment criteria and practices around management of proceeds. In 2024 Nordea issued more than EUR 3.6bn in sustainable funding across four currencies, bringing the total outstanding sustainable issuance to above EUR 14bn. Green bonds tend to have lower yields and attract stronger investor demand than conventional bonds. The cost of fund benefit or "greenium" that Nordea receives for green bonds is transferred to the business areas, and ultimately to Nordea's customers, on a quarterly basis.

## Links & References

See page 89 "Sustainability-focused investment offering" and "Sustainable funding" in Nordea Annual Report 2024 for information about our sustainability-related products and services.

## Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

### Stakeholder Identification and Consultation

Describe which stakeholders (or groups/types of stakeholders) your bank has identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of the bank's engagement strategy following criteria for effective engagement and advocacy, how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

### Response

Nordea is committed to building and maintaining strong and trusted relationships with its stakeholders and continually seeks insights into their expectations and responds in a timely manner with relevant actions and engagement. We have identified our six major stakeholder groups to be customers, employees, investors, suppliers, supervisory authorities, and broader society.

We continually engage with all key stakeholder groups but specifically customers and investee companies to understand the sustainability challenges and opportunities they face in their business environments. This makes it possible to address material sustainability matters and concretely put into action Nordea's sustainability-related commitments. Nordea's approach prioritises dialogue over disengagement. Active engagement categories(metrics) include customer preferences (surveys e.g. after advisory), active ownership engagement (voting, engagement with investee companies), customer engagement on climate (LC&I customers), ESG ratings, employee engagement (People Pulse), and supplier engagement (assessment for sustainability impacts).

There are also several initiatives to engage with vulnerable groups, for example the elderly population, via support meetings to answer questions and receive feedback. Nordea also offers dedicated customer service senior phone lines for older customers in Norway and Finland. Nordea also engages with customers with regard to debt management by communicating clearly across multiple channels and monitoring these actions through feedback in order to reduce risks and enhance customers financial health.

### Links & References

See pages 90-92 "Interests and views of stakeholders" and "Active stakeholder engagement" and 186 "Engagement processes" in Nordea Annual Report 2024 for information about our stakeholder engagement.



## Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

### Governance Structure for Implementation of the Principles

Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts (including accountability at the executive leadership level, clearly defined roles and responsibilities for sustainability matters in internal processes, etc.) and support the effective implementation of the Principles.

### Response

To address the integration of ESG-related items into the risk management cycle, Nordea has a Sustainability and ESG Policy Framework in place. The foundation for the framework is based on the Group Board Directive on Sustainability and the Group Board Directive on Risk, covering both aspects of double materiality.

The Board approves the strategic sustainability priorities and is assisted by its committees in fulfilling its ESG oversight responsibility. Additionally, the Board has established Nordea's overarching policy on ethics and business conduct (the Group Board Directive on Code of Conduct). In order to ensure that the Board collectively has the skills and representation needed for its work, including sustainability skills and business conduct matters, the Shareholders' Nomination Board evaluates the recruitment needs on an ongoing basis. They also take consideration of input provided by the Chair of the Board on the competencies and skills needed on the Board and potential competencies and skills gaps. The proposal by the Shareholders' Nomination Board is presented to the shareholders before the Annual General Meeting. All shareholder-elected Group Board members have been identified to possess good (or expert level) skills and knowledge within ESG and green transition as well as business conduct matters.

At Board level, the Board Operations and Sustainability Committee (BOSC) assists the Group Board in fulfilling its oversight responsibilities concerning sustainability, which encompass governance, strategy, target setting and operationalisation. The committee receives quarterly updates on the implementation of sustainability in the Group business strategy. The Board Audit Committee assists the Board, for instance, by monitoring the Group's financial and sustainability reporting processes and reviewing the annual consolidated sustainability reporting, presented as part of the Annual Report.

The duties of the Board committees, and their working procedures, are defined in the respective Committee Charters. In general, the Board committees do not have autonomous decision-making powers and each committee regularly reports on its work to the Board.

The Sustainability and Ethics Committee (SEC) is a CEO committee which provides recommendations for the sustainability topics in the strategy to the Group CEO in Group Leadership Team (GLT). The SEC is mandated to facilitate the integration of sustainability into the business strategy and to support the integration of sustainability-related topics into the related frameworks. It is tasked with recommending to the President and Group CEO a long-term plan for fully integrating sustainability into the business strategy and ensuring appropriate implementation to achieve the Group level sustainability targets.

The Chief of Staff is accountable for the development of the Group's strategic sustainability priorities and analysis of emerging topics, ensuring that Nordea's sustainability agenda remains aligned with the business environment developments, such as geopolitical and regulatory trends, and Nordea's long-term net zero commitment. Chief of Staff Office drives Nordea's sustainability agenda, sets short- and long-term sustainability targets and works with the business areas to ensure that their business strategies are consistent with the Group's sustainability targets.

To ensure that sustainability is integrated into all business areas and Group functions, a Group-wide implementation programme has been established with dedicated work streams and an Operational Steering Committee. The progress of the programme is monitored by the SEC, the GLT and the BOSC on a quarterly basis.

The understanding and managing of ESG impacts, risks and opportunities is crucial to maintaining the Group's financial strength and strong capital position, and such impacts, risks and opportunities must always be considered in Board committee recommendations to the Group Board decisions.

The Board and the BOSC receive an annual update on sustainability, including information on opportunities, risks and progress made in the field of sustainability. Additionally, the BOSC is presented with semi-annual updates on the Group's sustainability priorities, including how the Group is delivering on the strategic sustainability priorities and targets.

The SEC and the GLT receive information about material impacts, risks and opportunities, implementation of due diligence and the effectiveness of policies, actions, metrics and targets adopted to address these on an ongoing basis. The SEC is responsible for approving certain sustainability-related frameworks and for reviewing Group internal rules related to sustainability. In its approval of sustainability-related frameworks, the SEC aligns with the Groupwide Risk Committee, where relevant, to ensure the Risk Committee's endorsement for such frameworks.

#### **Links & References**

See pages 84-86 "Sustainability governance" in Nordea Annual Report for information about our sustainability governance structure.

#### **Promoting a Culture of Responsible Banking**

**Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, learning & development, sustainability training for relevant teams, inclusion in remuneration structures and performance management and leadership communication, amongst others).**

#### **Response**

Continuous training is provided to all Nordea's employees to ensure that they have the right skill set and competencies, essential to ensure that the directives, as set out in the internal rules, are followed and executed. The Group provides dedicated training on sustainability matters to the Board members as part of the Annual Training Plan addressing the collective training needs of the Group Board, considering regulatory and supervisory requirements. The training caters for environmental, social and governance matters to balance the totality of sustainability matters and considers, among other things, double materiality, including financial and impact materiality, as well as relevant risk perspectives. In addition, there are regular internal trainings on topics such as net zero transition plans, sustainable finance, ESG data and the EU taxonomy that build internal skills and a culture to support customers' transition.

In 2024 Nordea conducted training for investment advisers in all Nordic countries on sustainability topics to regularly ensure that advisers have the necessary knowledge and competence to provide high-quality investment advice to customers. In addition, Nordea held its Safe and Trusted Week for Nordea employees where all employees were given the opportunity to learn more about fraud, with the specific theme of "Keeping our customers safe". All employees, including part-time employees and consultants, are also required to undertake annual mandatory training to ensure proper awareness and knowledge of the ethical principles.

Nordea promotes employee well-being, diversity and inclusion, cultivates a good working environment and supports career development. Additionally, Nordea addresses pay equity and manages working conditions to uphold human rights and maintain its reputation as a responsible employer, which is essential for attracting and retaining the best talent. A number of actions have been taken with focus on diversity and inclusion and supporting Nordea in achieving the Diversity & Inclusion (D&I) target, for example relevant training and updated Team Boosters that support teams in building a common purpose, strong relationships and a trusting environment and in driving collaboration. The key actions taken in 2024 included: Updating Team Boosters, Launching the Sunflower initiative in Denmark, Updating Leadership Framework and Principles to encourage the fostering of inclusion and empowering people, Introducing the Nordea Job Catalogue, and Introducing updated pay policies and practices and launching a new pay guidance.

Nordea has integrated sustainability-related KPIs into its variable pay plans covering the GLT, senior leaders and the wider workforce. These are included in the Short Term Incentive Plan (STIP), the Long Term Incentive Plan (LTIP) for the President and Group CEO, the GLT and selected senior leaders as well as in the Group Variable Pay Pool mechanism (variable pay funding at Nordea) and the Profit Sharing Plan.

The Board Remuneration and People Committee is responsible for preparing and presenting proposals to the Board on remuneration matters, including integration of ESG KPIs and strategic priorities for diversity and inclusion into the remuneration programmes. The committee also supports the Board in monitoring the impact of diversity and inclusion policies and practices within Nordea.

Nordea gives its own workforce a clear pathway to address grievances and has processes in place to provide for the remediation where it has caused or contributed to work overload and gender pay gaps or where its workforce feel their rights have been violated. Nordea encourages its workforce to have open dialogues and to raise concerns actively through Nordea's whistleblowing function, Raise Your Concern (RYC), as well as Group People's Ask HR and support functions across all levels of the organisation.

### **Links & References**

See pages 84-86 "Sustainability governance", 177 "S1 Own workforce", 179 "Remediation processes and channels to raise concerns", 181 "Equal treatment and opportunities for all", and 191-193 "G1 Business conduct" in Nordea Annual Report 2024 for information about our employee policy.

### **Risk and Due Diligence Processes and Policies**

**Describe what processes your bank has installed to identify and manage environmental and social risks associated with your bank's portfolio. This can include aspects such as identification of significant/salient risks, due diligence processes, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures your bank has in place to oversee these risks.**

### **Response**

The Group Risk Committee promotes interaction and coordination within the Group on risk matters. With respect to sustainability, the Group Risk Committee is responsible for overseeing the implementation of ESG factors as embedded drivers of existing risks which are further utilised within the double materiality assessment and other processes.

Sustainability reporting at Nordea is subject to a robust risk management and internal control framework. Nordea's Group Risk function is integral in defining the taxonomy for ESG risk factors and in guiding how to consistently and comparably embed ESG-related impacts, risks and opportunities in strategy and risk management, including the definition of relevant roles and responsibilities. These in turn provide the prioritised ESG-related risks, forming the basis for the double materiality assessment, and Nordea's approach

to sustainability reporting. The internal control process is based on five main components: control environment, risk assessment, control activities, information and communication as well as monitoring. Within the Internal Control Framework, all business areas and Group functions are responsible for managing the risks they incur when conducting their activities and for having controls in place to ensure compliance with internal and external requirements.

The implementation of the CSRD and the ESRS in 2024 represents a significant regulatory change, and this is the main risk in relation to sustainability reporting and compliance. To mitigate this risk, the responsibility for coordinating the production of the sustainability statement has been assigned to a centralised function, while the control process is carried out by the governing bodies, management, risk management functions and other staff at Nordea. Furthermore, Nordea has established Group control functions with appropriate and sufficient authority, independence and access to the CEO, the GLT and the Group Board to fulfil their mission in line with the Risk. The sustainability reporting process is monitored by various committees, with reporting ultimately to the Board Operations and Sustainability Committee and the Board Audit Committee – committees of the Board of Directors.

For the double materiality assessment Nordea utilised aspects of its annual risk materiality assessment (MA) of environmental-related risks (covering both climate- and nature-related risks) aligned with supervisory and regulatory ESG-related risk management guidance such as the ECB Guide on climate and environmental risks. The environmental-related risks, which have been enriched with expert views from relevant stakeholders, were assessed against Nordea’s prudential risk types, including credit, market, liquidity, operational (including reputational, legal and compliance risks), and business model risks. As part of the risk identification process, Nordea developed a comprehensive and science-based taxonomy of ESG risk factors (ESG Factor Taxonomy) that derives from international and regional best practices and sources, aligned to the CSRD and the impact materiality assessment. The risk identification process included a thorough process to identify transmission channels defined as the causal chains that explain how climate and nature risk factors transmit to Nordea through its value chain including counterparties, invested assets, third parties or its own operations.

The outcome of the DMA and the associated recommendations for the Group are approved on an annual basis by the Group Risk Committee, before being presented to the GLT and the BOSC, and are ultimately approved by the Group Board. Group Sustainability is responsible for providing and presenting the information on the DMA to the governance bodies. Nordea also provides a comprehensive disclosure on human rights due diligence as part of the Nordea Human Rights Report.

Nordea’s risk identification process is based on self-assessment by relevant subject matter experts, in combination with social factor-related heat maps to identify potential human rights risks across the sectors within the corporate lending and investment portfolios. The heat maps consider country dimensions to reflect the ranking of the Nordic countries in human rights indices. As with other risk materiality processes in the bank, risk materiality is based on severe but plausible scenario stress testing and/or scenario analysis. Where quantification of the risk is not possible, expert judgement is used within qualitative assessment parameters.

During 2024 Nordea also updated its Group Protocol on Data Privacy Risk and began execution on a strengthened policy framework.

## **Links & References**

See pages 86 “Risk management and internal controls”, 92-93 “Environmental-related risks”, and 189 “Actions” in Nordea Annual Report 2024 for information about our risk processes.

See our Human Rights Report, available at [nordea.com](https://www.nordea.com)

See also Policies & sector guidelines at [nordea.com](https://www.nordea.com) for other relevant information.

## **Principle 6: Transparency & Accountability**

**We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.**

### **Response**

The Sustainability Statement has been subject to assurance by PricewaterhouseCoopers Oy. The scope of the assured information is indicated in the Independent practitioner's limited assurance report in Nordea Annual Report 2024 on pages 380-381, which excludes comparative information.

### **Links & References**

See pages 380-381 in Nordea Annual Report 2024 for the full limited assurance report.