

# **Norwegian Transparency Act Statement 2022**

# Contents

1	Background.....	3
2	About Nordea .....	3
3	Guidelines and procedures.....	4
3.1	Grievance mechanisms.....	4
4	Supplier Due Diligence process.....	4
4.1	Human rights assessment in the supply chain.....	4
4.2	Monitoring and screening.....	4
4.3	Training for employees and board.....	5
5	Due diligence findings and way forward.....	5

## 1 Background

Nordea Bank Abp (“Nordea”) is a signatory to the Principles for Responsible Banking and to the UN Global Compact and its underlying principles on human rights, labour rights, environment and anti-corruption. Nordea's approach to counteract human right violations is also aligned with the principles in OECD Guidelines for Multinational Enterprises (“OECD Guidelines”) and UN Guiding Principles on Business and Human Rights (“UNGP”). 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.

This statement constitutes Nordea’s account for the financial year 2022 as required by the Act.

## 2 About Nordea

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

As a financial services company, we are in the business of trust. Our success relies on the confidence our stakeholders have in us, and every one of us has a crucial role in building and maintaining that trust. We are committed to integrating sustainability into the core of our business, including caring for the environment, protecting and respecting labour and human rights, and combating corruption and bribery.

We support the Universal Declaration on Human Rights and include human rights in our 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, we address human rights as a sustainability issue in our organisation and in our supplier due diligence processes. We have identified our most critical human rights areas as being within financing, investments, transactions and sourcing. During 2022 we started the work with assessing the impacts of human rights in these processes and adapting risk frameworks to account for risk to people in addition to risk to business.

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<sup>1</sup> <https://www.nordea.com/en/doc/nordea-code-of-conduct-2022.pdf> Approved by the Board of Directors on 16 June 2022

<sup>2</sup> <https://www.nordea.com/en/doc/nordeasustainabilitypolicy.pdf> Approved by the Board of Directors on 16 June 2021

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

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

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

### **3 Guidelines and procedures**

Nordea is committed to respecting human rights. Nordea's approach to human rights is included in our Code of Conduct, Sustainability Policy, Responsible Investment Policy, Supplier Code of Conduct and in our Sector Guidelines.

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

#### **3.1 Grievance mechanisms**

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

### **4 Supplier Due Diligence process**

#### **4.1 Human rights assessment in the supply chain**

We spend around EUR 2bn annually on goods and services from our suppliers and business partners ("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.

#### **4.2 Monitoring and screening**

Human rights risks are integrated to our Supplier screening and monitoring processes, where indicators such as the risk of child labour, the risk of modern slavery, the right to freedom of association, and the decency of working conditions are being evaluated as part of the pre-screening. The pre-screening and monitoring process also covers if the Supplier has been subject to negative media exposure due to misconduct related to human rights, enabling us to take appropriate actions.

In 2022 we have further matured the process for pre-screening and monitoring supply chain sustainability risks. We have implemented a new version of our screening system, trained our sourcing managers in using the system, and implemented a four-eyes principle on assessing Suppliers with an inherent high-risk evaluation. All Suppliers in our contract database with whom we have an active agreement are subject to continuous monitoring. In case a risk is identified, a formal process will be initiated to determine the appropriate course of action. We believe that the best outcome will be achieved by engaging in dialogues with our Suppliers, and termination of agreement is our last resort. Any validated risks are logged for improved oversight and to secure that these are being thoroughly investigated, mitigated and documented.

### **4.3 Training for employees and board**

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

## **5 Due diligence findings and way forward**

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

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

Efforts in 2022 have been focused on the supply chain, whereas impacts in Business operations will be further developed in 2023.

## Signatures to the Norwegian Transparency Act Statement for the year 2022

Helsinki, 22 February 2023

Stephen Hester

*Chair*

Torbjörn Magnusson

*Vice Chair*

Lene Skole

*Board member*

Dorrit Growth Brandt

*Board member*

Arja Talma  
*Board member*

Robin Lawther  
*Board member*

Hans Christian Riise  
*Board member*

Kjersti Wiklund  
*Board member*

John Maltby  
*Board member*

Birger Steen  
*Board member*

Petra van Hoeken  
*Board member*

Gerhard Olsson  
*Board member*

Jonas Synnergren  
*Board member*

Joanna Koskinen  
*Board member*

Frank Vang-Jensen  
*President and Group CEO*