

Norwegian Transparency Act Statement 2023

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1 Background

Nordea Bank Abp ("Nordea") is a signatory to the Principles for Responsible Banking and to the UN Global Compact and its underlying principles on human rights, labour rights, environment and anti-corruption. 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.

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. We are present in 20 countries including our four home markets – Denmark, Finland, Norway and Sweden. Our 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 Guidelines and procedures

3.1 Human rights commitment

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, the companies in our investment portfolio, 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, we are a partner of the Investor Alliance for Human Rights and UN Principles for responsible Investments

3.2 Human rights governance

Our human rights governance is integrated in our Sustainability governance structure, which in turn is founded on the principles of accountability, transparency, and ethical principles. Our 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.

3.3 Human rights policies

In addition to our Human Rights Policy¹, our 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. Our Code of Conduct, together with other internal rules as well as our sustainability strategy serve as the foundation for our management of human rights. Human rights is addressed *inter alia* in our Code of Conduct², Sustainability Policy³, Responsible Investment Policy⁴, Diversity & Inclusion Policy⁵, Supplier Code of Conduct⁶, and sector and thematic guidelines⁷.

3.4 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

¹ Human Rights Policy available at www.nordea.com/en/doc/nordea-human-rights-policy-3.pdf

² Code of Conduct available at www.nordea.com/en/doc/code-of-conduct.pdf

³ Sustainability Policy available at www.nordea.com/en/doc/nordea-sustainability-policy.pdf

⁴ Responsible Investment Policy available at www.nordea.com/en/doc/responsible-investment-policy-2023-august.pdf

⁵ Diversity & Inclusion Policy available at www.nordea.com/en/doc/nordea-diversity-inclusion-policy.pdf

⁶ Supplier Code of Conduct available at www.nordea.com/en/doc/nordea-supplier-code-of-conduct-2023-0.pdf

⁷ Sector guidelines available at www.nordea.com/en/sustainability/policies-sector-guidelines

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.

3.5 Training for employees and members of the Board of Directors

All Nordea 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.

4 Due Diligence processes

Nordea recognises both the significance of and challenges associated with upholding human rights. We also recognise that we may contribute or be linked to adverse human rights impacts through our operations, suppliers or the businesses we lend to or invest in. We 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.

4.1 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. We 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 harassment⁸. We 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 through various channels including our whistleblowing function, Raise Your Concern, or to Group People, which led to disciplinary action. 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,

⁸ Policy against Discrimination and Harassment available at www.nordea.com/en/doc/nordea-policy-summary-against-discrimination-and-harassment-0.pdf

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.

4.2 Due diligence in the supply chain

The respect for human rights is embedded throughout our procurement process. As part of our 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. Our 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 our 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 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 we complete a number of sustainability audits with the support of an external auditor.

During 2023 we further formalised our human rights due diligence process and detailed these principles in our Sustainable Procurement Guideline. The guideline describes how we 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.

We also conducted a human rights impact assessment of the supply chain during 2023, where we 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. We 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 we will focus on improving the understanding and tracking of our impacts, to ensure that our actions have the intended effect.

4.3 Due diligence in investments

As a responsible investor, we expect companies to conduct due diligence as defined by the UN Guiding Principles on Business Human Rights, become more transparent and report on their political risk and impact analysis, including their human rights impact. Our Nordea-branded investment strategies are subject to norm-based screening, which identifies companies that are allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption. If a company is identified in this screening process, an internal

assessment of both the company and the incident is conducted. Typical actions include engagement, quarantine or exclusion⁹.

Our target states that by the end of 2023, all direct investments in companies made by funds directly managed by Nordea Asset Management will be assessed against the minimum safeguards in the area of human rights (in line with the EU taxonomy). In order to achieve this target, we continued developing the process of assessing investee companies on their human rights performance through our norm-based screening but also using additional source of information such as the Corporate Human Rights Benchmark or other data to identify investee companies that could be connected to severe negative impact or incidents on human rights. To address the limitations in regards to qualitative human rights data, we also joined a collaborative investor engagement targeting data service providers and proxy advisors. We also engaged with a number of companies on their human rights performance and disclosures and exercised voting rights when relevant.

4.4 Due diligence in financing

As a key principle of effective risk management, we maintain a diversified lending portfolio, distributed between corporate and household customers and diversified across geographies, industries and products. 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. In addition to complying with national laws and regulations, customers in relevant industries are expected to follow international norms and standards, and manage and mitigate adverse human rights impacts.

In addition to these processes, where relevant, we carry out an environmental and social impact assessment when financing certain large infrastructure and industrial projects, as part of our commitment to the Equator Principles¹⁰.

4.5 Due diligence in customer transactions

We 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 crime¹¹. 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

⁹ The latest version of the list of exclusions is available at www.nordea.com/en/sustainability/exclusion

¹⁰ Nordea Equator Principles Reporting available at www.nordea.com/en/sustainability/reports

¹¹ AML/CTF/ATE Policy Statement available at 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 our analysis on human trafficking for sexual exploitation (2021-2022), we continued in 2023 to work on investigations that covered a wide scope of human trafficking typologies, including possible forced labour and sexual exploitation.

5 Next steps in due diligence

In 2023, as part of our efforts to further embed respect for human rights in our business, we complemented our social responsibility pillar with a human rights policy and a social responsibility thematic guideline¹². To support the implementation, we educated the Group Board of Directors and senior management on the topic of human rights and developed an e-learning for all our employees (including consultants), which will be launched in early 2024.

We aspire to continually make our human rights due diligence more robust. To this end, in 2024, we will enhance our processes and Group-level coordination to facilitate the integration of our 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.

¹² Social responsibility thematic guideline available at www.nordea.com/en/doc/nordea-thematic-guideline-on-social-responsibility-2.pdf

Signatures to the Norwegian Transparency Account for the year 2023

Helsinki, 20 February 2024

Sir Stephen Hester
Chair

Lene Skole
Vice Chair

Arja Talma
Board member

Birger Steen
Board member

John Maltby
Board member

Jonas Synnergren
Board member

Kjersti Wiklund
Board member

Per Strömberg
Board member

Petra van Hoeken
Board member

Risto Murto
Board member

Gerhard Olsson
Employee Elected Board member

Hans Christian Riise
Employee Elected Board member

Joanna Koskinen
Employee Elected Board member

Kasper Skovgaard
Pedersen
Employee Elected Board member

Frank Vang-Jensen
President and Group CEO