

Nordea



Sustainability Report 2018



The report in brief

Nordea's Sustainability Report 2018 has been prepared in accordance with the GRI Standards: Core option. The report has been subject to third-party assurance by PwC. Nordea's Sustainability Report 2018 is divided into two sections. In the front section, pages 4–27, we tell our sustainability story focusing on how Nordea enables the transition to a sustainable future by working with our material topics and providing sustainable solutions, products and services to our customers. In the back section, pages 28–49, we provide supplementary information to disclosures in the front section as well as information about our materiality analysis, stakeholder engagement, governance structure, policies and processes. This is also where we report on limitations in scope and omission statements according to GRI (where relevant). This is also where we present the GRI Content Index with application level according to the GRI Standards as well as a Responsible Banking Principles Reporting Index and a TCFD Disclosure Index. The assurance report can be found on page 50.

If you have any questions about the Sustainability Report, you are welcome to address them to sustainability@nordea.com

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Nordea's role in the transition to a sustainable future



Sustainability embedded in Board processes

To be effective, Nordea's approach to sustainability must be embedded in the work of the Board. That way, the Board plays its role in supporting and promoting the transition to a sustainable future, strengthening the trust of our customers and society as well as the ability to provide long-term value creation to shareholders.

As part of its activities, the Board has received regular updates on progress and priorities in relation to sustainability and climate-related risks and opportunities and how they are embedded in business processes. The Board approved an updated Group Board Directive on Risk in which we include environmental, social and governance (ESG) risk as a risk category in its own right. We have continued to support the agile approach to work and investments in digital capabilities to remain current and relevant to the needs of our customers. The Board promoted and maintained a strengthened approach to compliance and conduct matters to satisfy both regulatory and society's expectations and we have received and discussed feedback on the work of the Business Ethics and Values Committee. The Board also challenged and supported progress in matters such as the adoption of a directive on the promotion of gender balance.

On behalf of the Board of Directors

Sarah Russell
Chairman of the Board
Audit Committee

Birger Steen
Chairman of the Board Operations
and Compliance Committee



2018 was a year in which sustainability and the effects of climate change were very evident. Here, CEO Casper von Koskull (CvK) and Head of Group Sustainable Finance Sasja Beslik (SB) share their views on sustainability and sustainable finance, and the impact on Nordea.

CvK: I would say that sustainability has become fundamental to resilient business. It's about trust and the ability to provide long-term value creation to shareholders. In the past two years, at Nordea we have evolved our sustainable finance efforts. We believe that, together with our customers and partners, we can and should enable the transition to a sustainable future, or at least a more sustainable one.

"To have a future, finance must be sustainable."

Our aim is to take a leadership position in sustainable finance. Our approach builds on the notion that we need to understand and mitigate consequences of climate change in relation to our banking business. We know that Nordea and society at large need to adapt for lasting change in a volatile, uncertain, complex and ambiguous (VUCA) world

and build resilient banking solutions. It is bold to say that we don't have a sustainability strategy, but rather a focus on sustainability throughout our business. To have a future, finance must be sustainable.

SB: A decade ago, sustainable finance was a niche pursuit, relegated to the back pages of the business press if reported at all. Now, it's increasingly moving towards the front and centre. Sustainable finance is one of the key 'answers' to evolving and reshaping the economy. For that to happen, our sector requires a different kind of leadership – one that is bolder, more transparent and more outward-looking than presently.

Today, the world is heading in a perilous direction, as the recent IPCC report makes very clear. At the same time, renewable fuels still only make up 15% of the global energy mix. In transport,

only 1% of US car sales are electric. In construction, the carbon footprint of buildings is stuck at a stubborn 39% of total greenhouse gas emissions. As sustainable financiers, we need to become bolder at addressing the energy shift. We need to meet the climate targets set in the Paris agreement. For too long, the financial sector has been giving to climate with one hand while taking with the other. This counterproductive use of capital won't stop until we start acting.

CvK: In 2018 we worked even harder on developing our financial products to contribute to this shift. Nordea is one of the first banks in Europe and the first in the Nordics to have implemented a green loan product. We have launched a green mortgages product for our retail segment as well as green corporate loans for companies that need financial solutions to shift their business in a more sustainable and climate-resilient direction.

Years ago, we launched one of the most successful asset management product ranges – Stars – that has been delivering superior returns in several categories while at the same time helping make companies more sustainable. We are one of the leading market providers in the Nordics of green bonds and our efforts in this field will continue.

An example we are very proud of is that Nordea Life & Pensions (NLP) has decided to improve the environmental profile of all its pension products and has already cut the carbon footprint of its traditionally managed equity portfolio by 70%.

SB: Sustainable finance is not yet serving as the beacon for everyone. Spotting trends or identifying meaningful patterns is – apart from for the keenest analysts – almost impossible. At Nordea, we are doing what we can to change this. In 2018, Nordea's Markets division published several insightful reports on the value of ESG in the investment area, as well as correlation with performance, with top ESG-rated companies outperforming laggards by up to 42% annually.

CvK: If we are to genuinely show the way for others, we need to engage our industry at several levels and demonstrate far greater levels of individual and

“Showing the way and being a forerunner in advocating sustainable finance put pressure on us to have our own house in order.”

collective transparency. We've been supporting the UN Global Compact for over 15 years and will continue to do so. Now we have to take the next collective step. We must agree on a common system for disclosing climate finance flows and – equally importantly – for the action they finance. The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) cover much of the groundwork. We support these recommendations, and now all that remains to be done is acting on them.

Also, as the only Nordic bank, we have been part of developing the Global UN Standards for the banking industry, UNEP FI Principles for Responsible Banking, and we are honoured and proud of our contribution and engagement for the greater good.

SB: As part of our efforts, Nordea is assisting the EU with technical expertise in the field of green bonds in developing a European system for managing and reporting climate-related issues relevant to the banking and financial industry in general.

CvK: Showing the way and being a forerunner in advocating sustainable finance put pressure on us to have our own house in order. In 2018, we conducted a new materiality analysis, identifying the sustainability areas that are material for us to work with as a bank. Based on the outcome of our materiality analysis, we have set targets for 2019 and onwards, and are working hard to reduce both our direct and our indirect impact.

We have significantly strengthened our efforts in preventing financial crime in the last few years. This includes strengthening our transaction monitoring capabilities through investment in technology, additional employees and more sophisticated assessment techniques. Today, more than 1,500 Nordea employees work in preventing financial crime. At the same time, we have approximately 12,000 employees who are in direct contact with our customers, and they are trained regularly in identifying signs of financial crime.

Casper von Koskull
President and Group CEO

Sasja Beslik
Head of Group Sustainable Finance



An agile and resilient bank – now and in the future

Nordea wants to make a real difference – for our customers and for the communities in which we operate – by sharing our extensive expertise based on 200 years in the banking business.

Nordea is a Nordic bank with global presence. We are the largest financial services group in the Nordic region and one of the biggest banks in Europe. As a bank, Nordea has three main tasks – to convert savings into financing, to manage credit and other financial risks, and to enable payments and other financial transactions efficiently and securely.

Trust in the financial sector and in the financial system is crucial to financial stability. Our success relies on the confidence our stakeholders have in us – trust that is ultimately safeguarded by laws and regulations. Ensuring financial stability forms part of Nordea's social responsibility. As a financial entity, we strive to find the financial solutions that best suit our customers' needs so they can achieve their goals and realise their dreams.

We are operating in a volatile and unpredictable world

In order to meet customer demands, Nordea is going agile. We need to be more flexible, adaptable and fast-moving. Our customers will see this as we will make new products and services available frequently. We have already started, and in 2018 we launched for instance a new mobile payment solution and a new mobile banking app.

We need to work closely with our customers to make sure we understand their needs. Being agile is one way of doing just that and we measure customer satisfaction on a regular basis to make sure we are on the right track. At the present time we have not reached our desired level of customer satisfaction, and we receive complaints from some of our almost 10 million customers every day. All complaints are important to us, providing valuable input we can apply to improve our services, solutions and products on our journey to improve customer satisfaction, both in absolute terms and in relation to competition.

The results from our customer satisfaction surveys are presented in sustainability note S1. on page 30.

Our purpose and core values help us make the right decisions

Nordea has a long history of working with values. We believe that by being

led by a shared purpose and living our values to the fullest, we can build a Nordea with a strong culture and business foundation. Together, we lead the way, enabling dreams and everyday aspirations for a greater good. To meet customer demands, our people must feel empowered to make their own decisions. Our values – collaboration, ownership, passion and courage – define our behaviour and help us make the right decisions. They are how we do things. By living our values, we can build an agile, adaptive and resilient culture with a customer-first mindset, which will put us ahead of our competitors.

Building a resilient business for the future

Nordea, like any other business, is constantly facing global challenges. In terms of our business, this means that we need to take responsibility when mitigating risks, managing our customers' money and in terms of environmental impact. What we can change about the future are the choices we make.

We expect that, in the future, being led by our purpose and guided by our values every day, we will significantly improve our customer satisfaction as well as our return on equity, and reduce our costs. Sustainable choices, as well as strong accountability in terms of compliance and risk, will be integral parts of our culture.

We are committed to meeting expectations on tax transparency

At Nordea, we generate value for the societies in which we operate both through the taxes we pay in relation to our business, and by withholding taxes on dividends and interest for customers on behalf of the government. Our Tax Policy for the Nordea Group is a Group Directive that ensures we manage tax efficiently and compliantly, thereby protecting Nordea's shareholder value. The transfer of the Nordea headquarters to Finland has no impact on how we pay taxes or our commitment to transparency in how we manage taxes. Nordea's policy is to pay taxes in accordance with local regulations in all countries in which

we operate and, in so doing, to make an appropriate contribution to each society. We manage tax costs and risks carefully, and by paying and reporting taxes in due time, we aim to maintain a good local tax reputation.

At Nordea we strive to deliver great customer experience, and to build trust through acting with integrity. This includes upholding the ethical standards outlined in Nordea's Code of Conduct, Tax Policy on Customer Advice and Sustainability Policy when advising customers about the tax implications of different products. We also take care to comply with external regulations regarding the provision of proper information and not mislead customers in their decisions.

For details on our tax payments by country, see sustainability note S2. on page 30.

Nordea among the world's top 100 most sustainable corporations

For the second year in a row, Nordea has been ranked as one of the top 100 most sustainable corporations in the world by Corporate Knights. As the only Nordic bank to qualify among the top 100, Nordea climbed up the ranking from number 86 to 47. Analysis of the age composition and financial performance of the 2019 Global 100 demonstrates that top sustainability performers tend to last longer and perform better for investors than comparator companies.

Moving into the European banking union



On 1 October 2018, Nordea was re-domiciled from Sweden to Finland. Nordea Bank Abp is legally registered in Finland, with its headquarters in Helsinki. The shares of Nordea Bank Abp are traded on the Helsinki, Stockholm and Copenhagen stock exchanges.

Key data 2018

Market presence



Representation in **18 countries** including our four home markets – Denmark, Finland, Norway and Sweden – together representing the world's **10th largest economy**.



~9.9 m customers

of which **9.3 million** are household customers and **572,000** are corporates and institutions.



Four business areas designed to support the relationship strategy for each specific customer segment: *Personal Banking, Commercial and Business Banking, Wholesale Banking and Asset & Wealth Management.*

Financials



EUR 9.0bn

Total operating income

EUR 551bn

Total assets

EUR 518bn

Total liabilities

EUR 33bn

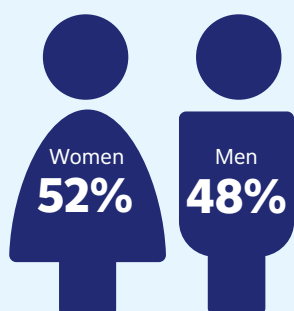
Total equity

Our People



Number of employees:

31,528



Average hours of training per employee:

13.5



Our values:
Collaboration
Ownership
Passion
Courage

Climate action



Total carbon emissions:

40,294 tonnes CO₂e

of which fuel and energy **11,687** and business travel **28,607**

100%

of total assets have been subject to negative environmental and/or social screening

We helped issuers raise more than
USD 2.7bn
in total green bond financing

Ethical conduct is how we build trust with our customers

Banks are the lifeblood of the economy. Our role is to ensure that capital is available in the right areas of the economy – not to make money for the sake of the money, but to help individuals and companies fulfil their dreams and aspirations.

As a financial services company, we are in the business of trust. Our success relies on the confidence our stakeholders have in us, and each and every one of us has a crucial role in building and maintaining that trust.

Good risk management and regulatory compliance are the cornerstones of sound and sustainable business

To safeguard the interests of Nordea's stakeholders, including customers and society, it is important that risks are managed effectively and kept under control. Effective management of risks and capital is crucial for Nordea's sustained profitability and a part of our social responsibility to mitigate systemic risk in the Nordics. Maintaining risk awareness in the organisation is an integral part of our business strategy.

To ensure Nordea is a responsible corporate citizen and to prevent the banking system from being used for illegal activity, it is important that regulations are followed, and that compliance is monitored. With our recent re-domiciliation to Finland, Nordea is operating in a regulatory regime with high standards overseen by the European Central Bank's Single Supervisory Mechanism (SSM). The move into the Banking Union is a significant strategic step in our transformation journey, securing a fair, stable and predictable regulatory environment for the bank on a par with European peers.

Doing the right thing

Our Code of Conduct and corporate values underpin our culture and set the parameters for our conduct. The high-level principles that guide our business, how we treat our customers and the conduct expected from our employees are defined in our Code of Conduct.

Ensuring that we do the right thing is the essence of our Code of Conduct. This means asking ourselves not only "can we do it?", but also "should we do it?". When we ask these questions, we



consider the impact of our decision on our stakeholders.

All our employees are required to complete annual training in the Code of Conduct as part of their Licence to Work to ensure proper awareness and knowledge of the ethical principles. All new employees also undergo this training. In 2018, 91% of all employees (excluding those on long-term leave) and 97% of all new employees completed their Licence to Work.

In 2018, we continued to develop our approach for ensuring that our culture and behaviour are consistent with our values, and that we deliver fair outcomes for our customers across all stages of the customer lifecycle. This means a strong focus on putting the customer first in our

business strategy, the design and development of products, our sales, and the ongoing service we provide. In line with this approach, new internal rules relating to product governance, handling customers in the provision of investment services, and advisors' knowledge and competence have been established and implemented.

Encouraging our people to speak up

Nordea's whistleblowing function "Raise Your Concern" encourages employees to speak up if they have concerns about misconduct, unethical behaviour or irregularities. This includes any action that constitutes a violation of laws or regulations, or of

Nordea's internal policies, instructions or guidelines.

In 2017 this framework was strengthened by implementing an electronic reporting channel called WhistleB that allows for anonymous two-way communication. Increased awareness around the Raise Your Concern process throughout the whole Group, the cultural transformation of Nordea as well as the enhanced reporting possibilities through WhistleB provide for an even stronger and encouraging environment for whistleblowing and internal investigations.

Managing risks to keep Nordea and our customers safe

It is fundamental that banks have strong internal controls in place to protect shareholders, customers, employees and society from unwanted surprises, hence ensuring we run a sustainable business.

Our risk management framework focuses on managing the risks in line with our risk appetite and has defined clear risk, liquidity and capital management frameworks. In the current dynamic environment with increasing regulatory requirements, changing customer behaviour, new competitors and new technologies, Nordea continuously develops its risk management framework, ensuring that material risks are captured.

One of our short-term sustainability goals for 2018 was to further integrate

sustainability into Nordea's risk management framework and to continue the efforts that commenced in 2017 to develop a framework for sustainability risk assessment.

In 2018, we included sustainability in our Group Board Directive on Risk and incorporated ESG risk in our risk taxonomy at the same risk level as other key risks, e.g. credit risk, operational risk and market risk. Risks related to sustainability factors in general and climate risks in particular cannot be treated in isolation as they can have a financial impact. Furthermore, ESG risk is defined as being a potential cause of reputational risk. Risks related to sustainability shall be managed and governed based on Nordea's guiding principles on sustainability, as set out in the Group Board Directive on Sustainability, which implies that it shall be integrated into our investment and financing activities as well as in our advice to customers.

Efforts have commenced to embed risk assessment and control activities as a part of our regular risk management processes and will continue into 2019. This includes further reflecting sustainability considerations in the credit risk framework used to manage credit risk on an ongoing basis.

For further information on the risk management framework, please see sustainability note S3. on page 31–32.

Preventing financial crime to protect society

Financial crime is a serious threat to the security and integrity of the global financial system, and we must ensure that past incidents are not repeated in the future. Money laundering is a serious issue for society, and increased cooperation between banks and authorities is needed to fight it. It is a joint responsibility to improve safety in the global financial system.

We are committed to complying with applicable laws and regulations concerning anti-money laundering, counter terrorist financing, sanctions and bribery and corruption in the jurisdictions in which we operate, and to prevent Nordea from being used for any illegal activity.

We have established global policies that we update each year, and all our employees must undergo mandatory financial crime risk training annually to protect society. In 2018, 95% of all staff had completed the training by the end of the year.

We have more than 1,500 employees working with financial crime prevention and 12,000 employees in direct contact with our customers who are trained to identify signs of financial crime.



Protecting our customers to ensure that neither they nor Nordea are used in perpetrating financial crimes

We have a challenge and an obligation to manage risks relating to financial crime and anti-money laundering activities for each of the 1.8 billion transactions passing through Nordea each year. Over the last few years, Nordea has significantly strengthened its transaction monitoring capabilities through investment in technology, additional employees and more sophisticated assessment techniques.

Our customers encounter our preventative efforts in different ways. When we welcome new customers to Nordea, we must ask several questions to get to know and understand who they are, how they will fund their accounts, and their anticipated pattern of transaction activity. The latter is crucial to ensure that funds from illegal sources are not introduced into the financial system. Similarly, it must be confirmed that the customer is not a sanctioned individual. It must also be confirmed whether the customer has any political exposure, as politically exposed persons may carry a higher financial crime risk through the nature of their work and connections. Depending on the risk profile of the customer, we may also perform additional, more in-depth checks and verification processes. Following onboarding

and acceptance of a customer, all customers are then subject to regular review procedures, for which review frequency is based on the customer's risk profile.

To detect suspicious transactions, we have monitoring systems that produce daily, weekly and monthly alerts on customer transaction activities that are outside of normal thresholds for the different customer types, or that meet transaction activity patterns that are known to be suspicious. Each year, these systems generate hundreds of thousands of alerts. All of these are managed and, where necessary, investigated for potential suspicious activity which may result in a Suspicious Activities Report being filed with the relevant authorities across our jurisdictions. In addition to the systems, an equal number of Suspicious Activities Reports arise from observations and reports directly from Nordea staff.

Nordea also has an obligation to comply with all international and local sanctions programmes. Our customers and their transactions are therefore screened daily against several sanctions lists to ensure that they are not sanctioned individuals and that no sanctions breaches occur through the execution of the transactions.

On a mission to enable the transition to a sustainable future

Contributing to economic growth and prosperity through capital allocation and interaction with companies is part of our responsibility.

Nordea has set the mission to enable the transition to a sustainable future in our capacity of a major bank and through the choices we make.

We address the UN's Sustainable Development Goals (SDGs) as part of our efforts. Enabled by sustainable finance, we adapt to changes in our business environment – in demand, expectations and opportunities – to become increasingly digitalised and climate-friendly. We mitigate risks related to the environment, social issues, corporate governance, financial crime, credit losses, reputation and an uncertain future. We do so by integrating sustainability throughout the bank, into our products and processes in our core areas of investment, financing and advice, and in our internal operations.

The critical need for the transition to be both fast and fair is recognised in the Paris Agreement. The evidence shows that the shift to a resilient, low-carbon economy will boost prosperity and be a net driver of job creation. However, there will be transitional challenges for workers, communities, countries and business sectors as this shift takes place. To address this, banks and financial institutions need to incorporate the full range of ESG dimensions of sustainable finance including support for busi-

nesses and sectors shifting their existing carbon-intensive business models towards more sustainable solutions.

Identifying and focusing on our material sustainability issues

In 2018, we set our sustainability direction and focus. This is based on the materiality analysis we conducted during the year, considering the megatrends, such as climate change and digitalisation, as well as the SDGs and the Paris Agreement.

In the materiality analysis, we identified climate as the lead area for our efforts, followed by a focus on human rights, a responsible supply chain, being an inclusive employer with satisfied employees and community engagement.

See sustainability note S6, on page 33–34 for detailed information about our materiality analysis.

Integrating sustainability throughout the bank

Nordea's Sustainability Policy was approved by the Board of Directors in December 2017. It is our guide for conduct in our day-to-day work and when making business decisions. We are committed to taking the policy and other relevant ESG principles into consideration when evaluating business risks and opportunities in

connection with advice, investing and financing. We therefore integrate ESG issues into our investment analysis methodology to ensure that investment and portfolio construction decisions are based on a full set of information. All Nordea funds are subject to annual 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. The screening also identifies companies that are subject to exclusion based on our exclusion criteria. Our exclusion list is updated on a regular basis and can be found at nordea.com. We also initiated efforts to integrate ESG risk evaluation into our credit decision-making and to include customers' ESG risk category in credit memorandums. These efforts are in the early stages and we have a long way to go before all our customers are evaluated.

We want to make it easy for our customers to make more sustainable choices

As a leading bank, we want to redirect capital allocation to companies with a sustainable business model and the ability to conduct their business responsibly.

On the investment side, our Stars funds empower customers to make a difference by investing in sustainable and responsible companies. We also offer a Global Climate and Environment Fund which focuses on companies that provide climate solutions. Both the Stars funds and the Global Climate and Environment Fund are part of our Sustainable Selection. This is a new group of products with a certain required sustainability threshold that was made available to all our Nordic private customers in December 2018. The Sustainable Selection is the result of work initiated in 2017, when we examined our savings offerings to identify how we can help our customers make more sustainable choices.

On the financing side, sustainability is becoming an increasing part of discussions about future financing opportunities with our corporate and institutional customers. We launched the first green bond of our own in 2017. In 2018 we launched green loans to our corporate customers in Sweden and will expand

Promoting economic growth and job creation in society by supporting the start-up ecosystem

Entrepreneurs are a cornerstone of much of the progress in our society with 2,700,000 corporations active in the Nordics, 80% of Nordic GDP generated by corporations and three out of four jobs being within corporations. Helping entrepreneurs to build sustainably successful businesses is the best way for a bank to engage in society.

At Nordea we support entrepreneurs on their entire journey, from start-up to large company, with the aim of tying them to the right financing, the right networks and the needed skills. We also keep a close eye on the underrepresentation of women and minorities in the start-up ecosystem and engage in various initiatives, such as Female Round Table.

In 2017 Nordea, as the first bank in the Nordics, launched a dedicated start-up and growth unit in Finland, focusing on serving start-ups with the potential for global scale. In 2018 it was also established in Denmark, Sweden and Norway. The start-up and growth unit helps scalable companies accelerate their growth by providing them with our expertise, strong network and flexible financing solutions, tailored to their specific needs. The unit has had a strong reach in the target group, working with about 2,500 companies in Finland, comprising about 75% of all scalable companies, and with strong role model companies across all markets such as Wolt and Epidemic Sound.

this offer to the other Nordic countries in 2019. In order to also encourage our household customers to reduce carbon emissions from their homes, we launched green mortgages in Sweden in 2018.

We also want to give our customers an opportunity to see how funds (and their included companies) are performing on sustainability risks and opportunities relative to peers. All funds offered in our online channels are therefore now rated from 0 to 100 based on research from MSCI, which is recognised as the leading sustainability data provider in the industry.

Being an active owner is crucial to creating responsible returns for our investee companies

At Nordea, we exercise our right to influence companies, through attending or voting at the companies' annual general meetings. We are active in companies around the world and in 2018 we voted in companies in about 35 different countries. We might even put forward shareholder resolutions at the meetings. We strive for transparency and show how we have voted in our voting portal on nordea.com. It includes information

about our voting, both at the annual general meetings we physically attend, and our proxy voting. Besides voting, we also demonstrate stewardship and active ownership through representation on nomination committees and through dialogue and engagement activities with companies.

We believe that company engagement is key for us to be a responsible owner

When we want to improve a company's management of its ESG risks, we start an engagement process with the company. During the process, we clearly communicate our engagement goal to the company. We set milestones and review the company's progress periodically with visits or conference calls. The timeframe of the engagement process can vary depending on the complexity of the engagement goal.

In 2018, we engaged with 126 companies representing 19% of assets under management (AuM) to ensure that material ESG risks were being adequately managed, or ESG opportunities were being fully harnessed. These companies include some of our largest holdings as

well as companies identified for our ESG-enhanced funds.

We seek to facilitate change through collaboration

We engage with companies and other stakeholders including policymakers. As an example, in 2018 Nordea participated as one of 28 leading banks in the development of the UNEP FI Principles for Responsible Banking, which were launched in November 2018. The principles provide banks with a vision linked to society's goals, and a comprehensive framework for hardwiring sustainability into the bank's DNA at all levels and across all business areas. The principles were presented in November 2018 but will be officially released and ready for signing in September 2019. However, Nordea is already working towards the principles and on page 43–44 we present an index of where relevant information in relation to the principles can be found.

Details on our stakeholder engagements and participation in international initiatives can be found in sustainability notes S7. on page 35 and S13. on page 41.

Our sustainable products

Stars Funds

We have created a family of investment funds under the Stars brand. The Stars funds are about positive selection and selecting quality companies with well-managed ESG profiles that generate long-term financial value. It is about finding tomorrow's best performers, which – from our point of view – will be companies with sustainable business models and the ability to conduct their business responsibly in relation to their stakeholders – employees, suppliers, customers, investors and society at large.

The Global Climate and Environment Fund

The Global Climate and Environment Fund invests in companies which, through their climate solutions, are changing the world for the better – because saving electricity is as important as generating clean electricity. It focuses on businesses operating in resource efficiency, environmental protection and alternative energy.

Green Bonds

To support companies' transition to more sustainable business models, we offer green bonds. We work with green bonds in two different ways. Firstly, we issue our own green bonds where proceeds are earmarked to finance such loans to customers which have environmental benefits and mitigate climate change. The projects are typically aimed at energy efficiency, pollution prevention, sustainable water management and sustainable agriculture. Secondly, we serve as the intermediary between our customers as issuers and investors, by helping them to issue, or invest in, green bonds via the capital markets.

Green Loans

Green loans are used to finance specific investments with environmental benefits and give our corporate customers the opportunity to address climate change in their financing. The customer commits to using the financing for a sustainable investment, which requires them to report the positive impact from the investment on energy or water consumption, for example.

Green Mortgages

Our green mortgage is a product for customers who reside in climate-smart homes that fulfil criteria relating to either energy classification of buildings, the Nordic Swan eco-labelling or certification by the Sweden Green Building Council.

ESG research reports

As a service to our customers, we provide dedicated ESG research. We have manually gathered data to form a truly unique ESG data set covering 230 Nordic companies, 40 individual ESG metrics and data from 2009–2017. In 2018, we published several well-received reports on sustainability demonstrating a solid connection between ESG and value creation.

Our sustainable products are presented more in detail in sustainability note S8. on page 36.

Taking climate action is our way of future-proofing the business

As a financial institution, Nordea has a considerable role to play in the transformation towards a sustainable society in general, and to combat climate change specifically.

The global environment is under great pressure, and catastrophes due to climate change and scarcity of natural resources are part of life. The state of the environment affects individuals and companies alike, and poses a serious threat to global prosperity. At Nordea, we recognise that climate change will pose risks as well as present opportunities for our customers and our business – both indirectly through our stakeholders' activities, and directly through the operations we run. It is an area that will have long-term financial implications for our business, but also an area in which we see that we can have an impact in the transition to a low-carbon economy. A transition that is urgent, as pointed out in IPCC's special report on global warming that was released in October 2018.

Improving disclosure of climate-related risks

The large-scale and long-term horizon of problems relating to climate change makes it challenging to estimate its consequences, especially when relating it to the potential financial impact on a company. Investors need reliable informa-

tion on which to base investment and financing decisions. Inadequate information can lead to mispricing of assets and allocation of capital to companies that are not striving towards a low-carbon economy. Therefore, both Nordea Bank Abp and Nordea Asset Management (NAM) support the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD).

The recommendations provide a foundation for climate-related financial disclosures for all companies, aiming at encouraging companies to report on the climate-related risks and opportunities that are most relevant to their business activities. For us, this means that we now agree to disclose climate-related financial information in relation to our investments and financing, but also to put pressure on our investee companies and customers to disclose such information.

However, implementing the TCFD recommendations is not done overnight. TCFD expects it to take five years. In 2018, NAM participated in UNEP FI's investors' working group on TCFD, identifying methodologies for how to perform scenario analysis and stress test-

ing of investment portfolios. By the end of the year, the first pilots were conducted on a selected number of portfolios. Assessment of climate-related risks and opportunities in the large corporate lending portfolio is ongoing, and in 2018 we also reviewed methodologies for climate scenario analysis and stress testing and their applicability for lending portfolios.

See page 44 for an index on where to find our first TCFD-related disclosures.

Challenging climate targets to support the transition to a low-carbon economy

We have not had any specific quantitative environmental and climate targets since 2016. For 2017 and 2018 we had short-term sustainability goals. These goals are to be seen as activities needed for us to reach a certain level of preparedness to meet the sustainability challenges ahead and to take on long-term goals.

One of our short-term sustainability goals for 2017 was to establish a science-based target that places focus on climate action in our entire value chain. In 2017 we therefore evaluated this possibility. However, there is an absence of established market norms for financial institutions to create science-based targets that include scope 3 emissions, i.e. emissions from downstream activities such as investments and financing. We are closely following the development and alignment of methodologies that help financial institutions to create such targets.

A short-term sustainability goal for 2018 was to identify a baseline for climate change, our carbon footprint for our internal operations. This work was initiated in 2018 and will be finalised in 2019.

Based on our work in 2018, we have set a sustainability direction for 2021 and targets for 2019 for both our direct and indirect impact. The new direction and targets were approved by Group Executive Management (GEM) in early February 2019.

For the status of all our short-term sustainability goals in 2017 and 2018, see sustainability note S9. on page 37.

Nordea representative appointed as a driver in EU work on sustainable finance

In March 2018, the EU Commission presented ten action points for sustainable finance followed by the first legislative proposals in May. The Commission set up a technical expert group (TEG) with a task of assisting the Commission in developing:

- an EU classification system – the so-called taxonomy – to determine whether an economic activity is environmentally sustainable;
- an EU Green Bond Standard;
- benchmarks for low-carbon investment strategies; and

- guidance to improve corporate disclosure of climate-related information.

TEG has 35 members from business, academia and civil society plus additional observers and representatives from the EU bodies. Aila Aho, Executive Advisor Sustainability in Wholesale Banking at Nordea was selected to be the rapporteur for the Green Bond Standard subgroup. TEG started in July 2018 and plans to publish its recommendations in June 2019.

Sustainability direction and targets

We commit to taking an active part in the banking industry's role and responsibility in shaping a sustainable future. We see that sustainable finance will enable Nordea to be a responsible and resilient bank. We have therefore developed a new direction for 2021 and targets for 2019 to benefit from the current strong sustainability momentum. Our direction and a selection of our targets are presented below.

Direction 2021

- Be acknowledged as a leading European bank in the transition to a sustainable future.
- Be acknowledged as the leading business partner in sustainable finance and perceived as a leader for sustainable financial service offerings for household customers.
- Our investment portfolios will be well on their way to being aligned with the Paris Agreement.
- Be the leading arranger of sustainability bonds and the leading bank on green lending in the Nordics.
- We commit to actively reach out to our employees, customers and broader society on climate and finance.

Targets 2019



Products

- Develop and launch green corporate loans in all four Nordic countries.
- Complete sustainable savings offering which will be part of models portfolios.
- Increase asset under management in sustainable savings offering.
- Evaluate to expand green mortgages in the Nordics.



Processes

- Develop scenario analysis for climate risk for our large corporate lending portfolio.
- Integrate sustainability into our savings advisory process.
- Measure investment portfolio alignment and set strategy to work towards the Paris Agreement.
- 7% reduction in air travel for internal meetings.
- New vendor agreements aligned with the Supplier Code of Conduct.
- Launch Position Statement on Human Rights and Sector Guidelines on Gambling, Oil & Gas, Real Estate and Forestry.



Awareness

- 80% completion rate group wide for the Sustainable Finance e-learning for all staff.

We have guidelines to refrain from financing a carbon-intensive economy

In 2017, we launched Nordea's Position Statement on Climate which sets out the scope and principles of Nordea's climate change agenda. Therein, we consider the nature of our business, in which investments, credits and purchases can have both a local and global impact. We also take into consideration relevant international conventions, such as the United Nations Framework Convention on Climate Change (UNFCCC), the Paris Agreement and the ten principles of the UN Global Compact as well as the recommendations from TCFD and the views of our stakeholders. The statement presents our position on climate change with initiatives on how to approach the challenges. Furthermore, we commit to refraining from providing new financing to energy production or mining companies that are primarily dependent on thermal coal. We may continue to finance existing customers but will encourage them to transform to less carbon-intensive production.

In 2017, our existing corporate customers were screened and assessed for utilisation of thermal coal. As a result, we identified only three customers on which we then performed further due diligence or engaged in dialogues with to make sure that risks are highlighted, assessed and mitigated. In 2019, we will continue to develop position statements for various sustainability-related topics including the transition to a low-carbon economy, and sector guidelines.

Reducing climate impact from our internal operations

The materiality analysis we conducted in 2018 shows that our greatest impact and contribution to sustainable development is our indirect impact. However, we cannot neglect that our internal operations have a negative impact on the environment and climate. In our internal operations we therefore apply the precautionary principle.

Our greatest direct climate impact is business travel which stands for 71% of our carbon emissions in 2018. As a Nordic bank with colleagues spread out across different locations, we travel a great deal, mostly by air. However, our business travel activities decreased by 21% in 2018 in comparison with 2017. Even so, we will focus on reducing it further from 2019 and on-wards with targeted measures. One challenge with business travel is that it is too easy to book a flight without having to face the environmental consequences. We are therefore investigating the possibility of introducing an internal carbon fee on

business travel, driving group-wide accountability and awareness.

Another contributor to our carbon emissions is our energy consumption. The majority of our Nordic large offices are LEED or BREAM certified. However, due to our strategy to become more digital, we expect to see energy consumption in the data centres going up. We are doing what we can to reduce this increasing energy consumption with various energy efficiency measures, such as continuously making sure our servers in the data centres are up to date and energy efficient. Furthermore, in connection with building the new Copenhagen office, we have established a new data centre which will gradually take over from one of the older data centres. Since 2011, we have been purchasing 100% renewable electricity through Guarantees of Origin equal to our electricity consumption in the Nordics, Poland and Estonia.

Water users – from communities, to industries, to ecosystems – are or will be affected by changes in the water cycle due to climate change. Rising water competition and stress at the surface are likely to drive greater use and potential overuse of this resource. Nordea is not a large water user, nevertheless we measure our water consumption to make sure we not overuse it. In 2018, our total water withdrawal was 157,035 cubic metres.

Raising awareness among our employees and building a more sustainable credit portfolio

We aim to increase awareness among our employees on how to battle climate change. We hope and believe that, by taking visible measures internally at Nordea, we can inspire our employees to reduce their own carbon footprint

In 2018, we decreased our business travel activities by 21%

and pass on their knowledge, to customers, family and friends – creating a chain of change for a sustainable future.

To put focus on carbon emissions from different types of food, we have introduced a couple of different meat-free initiatives in some of our canteens. In Denmark and Norway we serve only fish as the hot meal once a week and in Sweden we introduced a monthly vegetarian day, "Green Monday", in 2018.

Waste is an issue we know matters a great deal to our employees. A positive side effect of "Green Monday" in Sweden is that we have 19% less food waste

Green Monday reduces food waste by 19%

The transition to a low-carbon economy requires a collective systemic shift

Tools and approaches towards climate-heavy sectors to achieve a low-carbon economy are many and different depending on region, maturity, and culture – divesting, engaging, naming and shaming, just to mention a few.

As a large financial institution, Nordea is expected by stakeholders to act on our exposure to companies and sectors where carbon emissions are high and current sustainability business practices still in their infancy. We know this as much as we know about the intricate complexity of doing so just for the

sake of appearing responsible and sustainable. Many, but not all, companies in these sectors are willing to change and shift their business models towards a sustainable future. Their leadership and boards understand implications related to lack of action. We know this too, and continuously work with our clients and investee companies to assist them in their transition regardless of business sector or region as only a well-anchored and planned collective systemic shift will result in a transition we all need.

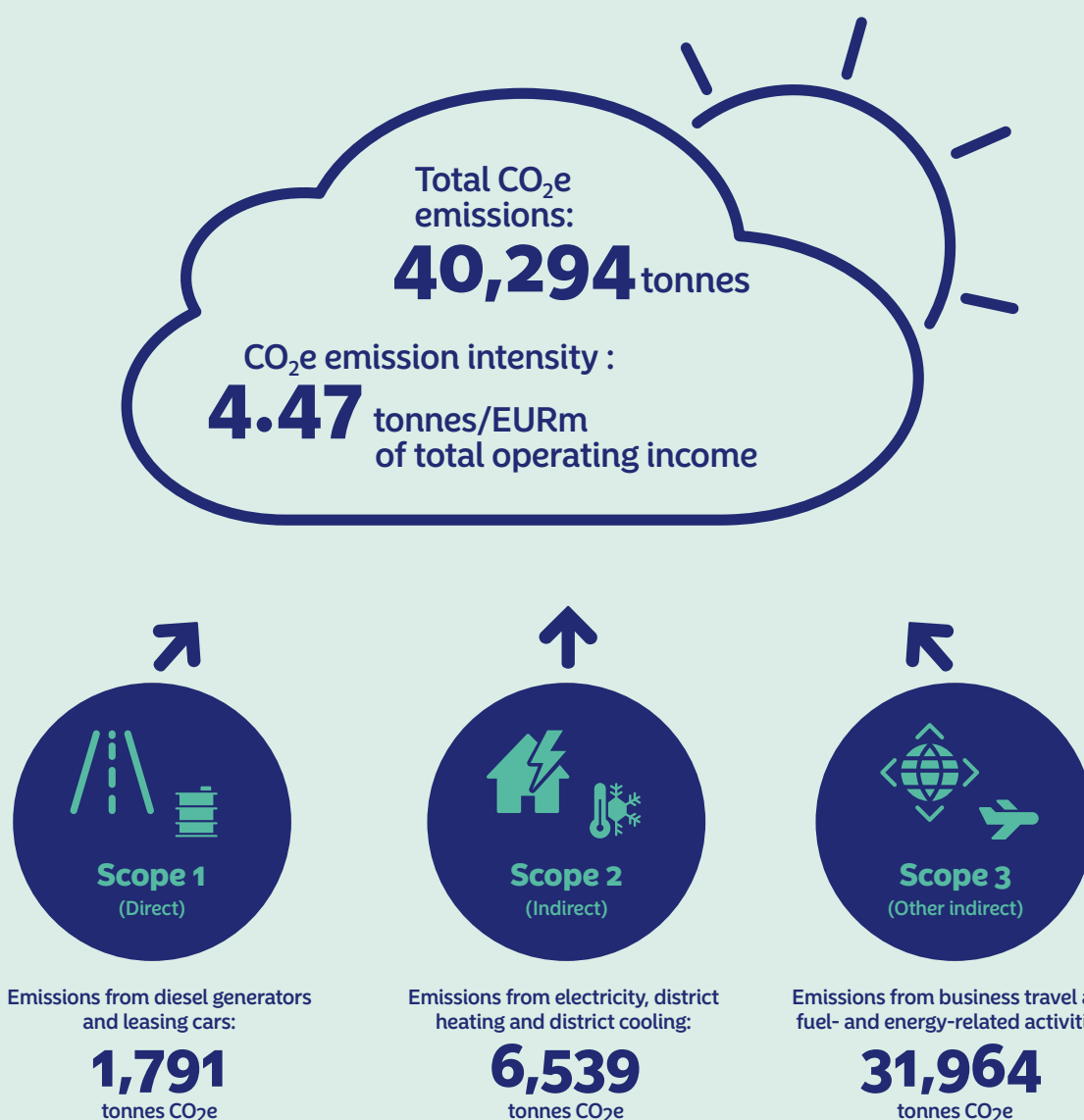
on an average those days. Since we see that proper waste management has significant implications for improving environmental performance and reducing climate change, and at the same time saves money, we hope to be able to measure it in the near future in order to take the right measures to reduce it. As of today we lack consistent data between the countries due to dependency on landlords and lease agreements to receive reliable data.

A bank's own funding is one more internal aspect to consider. The issuance of Nordea's green bond enables building a more sustainable credit portfolio ourselves as we allocate more funds to sustainable lending. Our own issuances of green bonds are built on a long-term focus on sustainability and are well-aligned with Nordea's key principles to preserve market capacity by seeking diversification of the investor base and product

In 2018, Nordea Liv & Pension !
reallocated the global equity portfolio of SEK 7bn to climate-smart investments, reducing carbon footprint by approximately 70 %.

types while maintaining proactive behaviour.

Carbon emissions from our internal operations



For details about our carbon emissions and a description of the boundary, scope and calculation methods, see sustainability note S10. on page 38–39.

Working to improve human rights and transparency



We believe that human rights are fundamental to sustainable finance and provide the core values on which a sustainable financial system should be built.

Human rights-related risks is a salient and at times material factor affecting many industries and sectors. Nordea's relationships with corporate customers are founded on a deep understanding of their business and the industries in which they operate. ESG is one parameter in our risk evaluation in the credit decision-making process for a customer. As part of these evaluations, we analyse and assess companies' risk exposure, risk management and performance related to human and labour rights. Furthermore, we investigate whether companies have been involved in controversies, and the actions they have taken to mitigate and rectify the potential impacts of such controversies.

All Nordea funds are subject to annual norm-based screening. The screening is used to identify listed companies

allegedly involved in breaches of international law and norms, including human rights. If a company is identified in this screening process, we will initiate an internal assessment process of the company and the incident.

Integrating human rights into our guidelines and addressing human rights across our value chain

Nordea supports the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. We have included human rights in our Code of Conduct, Sustainability Policy, Responsible Investment Policy, Supplier Code of Conduct and in our Sector Guideline for the Defence Industry. In 2019, we will launch a position statement on Human Rights. Human rights form part of our

Code of Conduct training, which is mandatory for all employees as part of their Licence to Work training.

We work systematically to embed human rights into all parts of the organisation and to strengthen our due diligence processes. In the beginning of 2019, we will conduct an independent assessment of Nordea's human rights performance. The result of the assessment will be used as a baseline for our continuing work on implementing human rights initiatives and a means of measuring progress.

Working in partnerships and clusters is crucial to achieving results within human rights

Nordea is a funding member and a member of the Advisory Council of the Corporate Human Rights Benchmark

(CHRB). The benchmark aims to measure, on an annual basis, the human rights performance of the world's 500 largest publicly listed companies, looking at the policies, processes and practices the companies have in place to address their human rights efforts, and how they respond to serious allegations of human rights violations.

The 2018 benchmark assesses 101 companies from the Agricultural Products, Apparel, and Extractives industries that were chosen on the basis of their size (market capitalisation) and revenues.

At Nordea, we believe that the CHRB will raise the level of awareness of the materiality of human rights and help companies meet investor expectations on human rights. It will also enable financial institutions such as ourselves to assess and help clients to ensure they are not linked to human rights abuses.

Following the first benchmark assessment in 2017, an engagement with the assessed companies was initiated by the CHRB investors Nordea, APG Asset Management and Aviva, together with 85 other asset owners and managers with more than USD 5.3tn in AuM supporting the UN Guiding Principles Reporting Framework. The investor coalition is now following up on the 2018 assessment results.

Addressing children's rights is part of our focus on human rights

Nordea is a board member of the Financial Coalition against Commercial Sexual Exploitation of Children – a collaboration between Swedish banks, other financial companies in Sweden, the Swedish Bankers' Association, ECPAT Sweden and other relevant participants. The coalition aims to prevent crime in cooperation with the Swedish Police and to eliminate the means of making payments for child pornography. In 2018, several working groups were established to advance these efforts.

For information about other initiatives in which we participate, see note S13. on page 41.

In August 2018, The Corporate Human Rights Benchmark was listed in the Financial Times as one of six projects that drive quality and assurance in ESG.



Engaging for basic human rights

The right to health and clean water are human rights. They are also among the largest global risks we are facing.

Two million people around the world have no access to medicine. At the same time, Antimicrobial resistance (AMR) is one of the largest global threats today and kills more than 700,000 people annually. If nothing is done, AMR could cost USD 100tn and kill 10 million people by 2030.

Nordea believes that pharmaceutical companies have an important role to play in addressing health and clean water, which we believe can be material to long-term shareholder value creation.

Water pollution related to pharmaceutical manufacturing in India has been identified as an important driver of AMR. With expected growth to USD 100bn by 2025, the pharmaceutical industry is one of the fastest-growing segments of the Indian economy and a major supplier to global pharmaceutical companies. At the same time, 163 million people out of India's population of 1.3 billion lack access to clean water.

Nordea has a long-term engage-

ment with the pharma companies in which we are invested, as well as with the industry-led Pharmaceutical Supply Chain Initiative (PSCI) on these issues, and we have clearly communicated our expectations on water pollution related to pharmaceutical manufacturing. To address the expectations, the pharmaceutical industry developed an action plan. Several activities have been implemented already, and we meet regularly with the companies to discuss progress. We have also commissioned two independent on-the-ground investigations about pharmaceutical manufacturing in India and published reports on the results.

To further promote better business practices in this area, we work with the Access to Medicine Foundation in two areas. Nordea sits on the Expert Committee of The AMR Benchmark, which tracks how 30 large pharmaceutical companies are responding to the increase in drug resistance. The first assessment report was launched at the World Economic Forum in Davos in January 2018. We also work with The Access to Medicine Index, which analyses the top 20 research-based pharmaceutical companies on how they make medicines, vaccines and diagnostics more accessible in low- and middle-income countries.

Water, ecosystems and human development in focus at the World Water Week 2018

The World Water Week is the annual global focal point for water. It is organised by Stockholm International Water Institute, SIWI. Experts, practitioners, decision-makers, business innovators and young professionals from a range of sectors and countries come to Stockholm to network, exchange ideas, foster new thinking and develop solutions to the most pressing water-related challenges of today.

In 2018, Nordea co-hosted together with Swedish International Agricultural Network Initiative (SIANI), Stockholm Environmental Institute

(SEI) and SIWI an interactive seminar to discuss solutions and how safe water, sanitation and hygiene can contribute to good health and reduce the need of antibiotics.

The information exchange and discussions during the World Water Week fosters an important dialogue between different stakeholders. The event also provides a constructive platform for Nordea's continued focus on water pollution resulting from pharmaceutical manufacturing and how this drives AMR – an issue as important and urgent as climate change.

Reducing sustainability impact in close collaboration with our suppliers

With approximately 1,300 active contracted suppliers and a spend of around EUR 2.39bn, we recognise the significant impact of where we choose to spend our money.

We are aware that a big part of our social, environmental and ethical impact is driven as much through our supplier relationships as by our core business activities. Nordea's overall sustainability performance within the supply chain is largely based on the actions and maturity of our suppliers.

Knowing our suppliers to ensure risks are mitigated and opportunities harnessed

Our supply chain primarily features purchasing IT, Facility Services, Cards, Travel, Consulting Services and Office Supplies. Our suppliers operate primarily in the Nordics, and our largest single spend area is within IT.

We are working on a risk-based mapping of the supply chain to ensure that we focus our efforts where they have the greatest impact. The mapping takes account of factors other than country, sector and reputational risk, as it also captures the importance of the supplier to Nordea, as well as concentration and monopoly risk. This work will continue in 2019.

Focus in 2018 was on improving the already established framework. The CEO Instruction on Procurement has been updated, so we now apply a risk-based approach, with a view to ensuring that all spend is channelled through the approved procurement channels. We have also revised our Supplier Code

of Conduct including audit and termination rights and the sustainability clauses in our standard contract template. These updates have been communicated to our procurement professionals and are now in force.

Supplier-related data can be found in sustainability note S11. on page 39.

Joining forces with peers and participating in global initiatives to impact and influence stakeholders

As part of the journey to mature our efforts in the supply chain, we are looking into expanding our partnership with peers. We already have a formal dialogue in place with several peer banks. In this forum we seek to investigate



opportunities for additional cooperation in areas like screening processes, joint audits, sector-specific requirements and codes of conduct.

From 2018, Nordea has representation on the Advisory Board on Atea Sustainability Focus (ASF). ASF serves as the link between the purchasing organisations within IT in the Nordics and the global IT industry. The purpose of the Advisory Board is to influence the IT industry towards more sustainable production. The Advisory Board provides recommendations on an annual basis to the Responsible Business Alliance (formerly the Electronic Industry Citizenship Coalition), which is the world's largest industry coalition dedicated to supply chain responsibility. Since IT is a key area in our supply chain, the opportunity to impact with a joint voice is paramount for us.

Favouring a more sustainable purchasing pattern to reduce climate impact

In 2019, the key focus area for Nordea's procurement activities in relation to sustainability will be on climate action and on addressing how we can reduce our impact. We recognise that positive impact can be achieved through purchasing behaviour that favours sustainable products and services, and we intend to work collaboratively with our core suppliers to achieve this. We want to investigate how sector-specific requirements can be applied in procurement and maintain active communication with stakeholders, capitalising on the benefits that can be reaped from this.

New Supplier Code of Conduct

In January 2019 we released a new Supplier Code of Conduct replacing the Supplier Sustainability Policy. It outlines our expectations on suppliers and is aligned with the Nordea Code of Conduct and the UN Global Compact. We expect our suppliers to not only abide by the laws and regulations of the countries in which they operate, but also work to move beyond compliance. By encouraging suppliers to share our standards and continuously collaborate on improvements, we believe that we can have a significant impact and at the same time mitigate risks.



Supplier engagement in action

At Nordea, sustainability is an integral part of supplier risk management with the purpose of enabling the transition to a sustainable future. The process consists of many steps before a new supplier is onboarded.

We initiate cooperation with a potential supplier by conducting an inherent risk screening of the supplier. This is done in an external database, which covers country risk, sector risk, sanctions and reputational risks. If, after this initial risk screening, the prospective supplier qualifies to participate in a tendering process, the company must complete a mandatory self-assessment questionnaire. If the supplier is marked as high-risk after responding to the self-assessment questionnaire, the next step is to initiate a dialogue. The purpose of the dialogue is to evaluate risk areas and, if Nordea deems necessary, to agree upon a mitigating action plan. After contracting, all suppliers are monitored throughout the contract lifecycle in our external databases.

As supplier risk management is a continuous process, each year we select a number of suppliers with which we conduct an in-depth sustainability review. During the review we validate the suppliers' compliance with our Supplier Code of Conduct. We spend approximately two days with employees and management of the supplier to understand how processes and policies

are put into practice. The outcome of the review is a jointly agreed mitigating action plan, which can contain actions from both Nordea and the supplier. The purpose of the action plan is always to drive positive developments from a sustainability perspective.

Digitalisation and Nordea's ambitions to engage with fintech and start-ups called for an update of the current screening process to accommodate agile adoption of new technologies without compromising risk management. While these companies are of course subject to risk screening, their lower degree of formalisation and maturity requires a simpler self-assessment questionnaire.

When cooperating with suppliers in a global context, there will obviously be instances where we are not fully aligned in our approach to sustainability. In these cases, the aim is always to engage and find a solution that is acceptable to both parties. Contract termination is the last resort, and we always seek to influence suppliers into adaptation and constant improvement. Because, it is only when we work together that can we achieve sustainable results.

68

new suppliers in 2018

91%

of new contracted suppliers screened for sustainability issues

20

suppliers assessed for sustainability issues

3

in-depth supplier reviews

Empowering our people to contribute, grow and enjoy

We aim to be an attractive employer, laying the foundation for a sustainable work environment where people can perform at their best.

We want to attract and retain employees with an agile mindset and a deep passion to create value for our customers and society. We want our people to take responsibility for their careers, feel valued as employees, have the opportunity to grow and learn, and make an impact at work and in society: to contribute, grow and enjoy.

Focus on engagement and well-being enhances our business performance

We strive to support the very fundamental elements of well-being by supporting our people's health and work life quality. Leadership, culture, flexible working arrangements and physical environment all play a role, as well as providing new social platforms for how we work together.

Our focus in 2018 has been on increasing engagement, knowing that engaged employees drive performance and productivity. Happy people are more productive, stay longer and are absent less. They are eager to win and drive business momentum. We will deepen our understanding of our people's engagement and well-being with our quarterly people survey, the People Pulse. For details on our People Pulse survey, see sustainability note S12. on page 40.

We see an opportunity to make the engagement of our people our differentiator. Focus groups across most parts of the bank that were conducted in Q2 show that the majority of engagement opportunities are found in the team - with the immediate leader and ways of working having the single greatest impact. Leadership matters, hence we have invested heavily in leadership development in recent years. Next up is our leadership foundations' programme to strengthen leadership performance throughout our yearly cycle.

When it comes to preventing sickness and promoting good health, we want to go beyond the minimum requirements of the law and our collective agreements. We offer support on occupational health and safety and educate our people to take care of their health and well-being. We conduct health examinations on a regular basis to assess the health risks of our people and focus on recognising health issues early to prevent long-term sickness. We

support our employees' rehabilitation to ensure they return to work healthy. Our sickness rate is 3.34% and has decreased compared with that of 2017 (3.38%) and our People Pulse survey shows that 84% of our people feel that they are often or always physically and 81% mentally in good shape to carry out their work.

We aim to be a purpose-led and values-guided organisation

Our objective remains becoming a purpose-led and values-guided organisation. We have set a clear tone from the top level of the organisation regarding the conduct and culture reflected in our Code of Conduct, and for leadership through our leadership principles and behaviours. We have created awareness and set expectations through consistent communication. In 2018, 79% of our people felt that, at Nordea, we act according to our values.

Our purpose and values also play a crucial role in the quarterly performance and learning dialogues all our people have with their people leader. In Q3-Q4, 78% of our people participated in such a dialogue.

We express our opinions via the People Pulse, and in 2018 we piloted new team-based performance conversations to ensure actions are taken based on the results of our People Pulse. Based on a simple tool, our teams have conversations regarding how they can remove impediments and barriers to engagement that hold us back from performing optimally and turning business challenges into opportunities. We are thus constantly working on raising the bar for how we contribute, grow and enjoy together.

Supporting our people's employability

In 2017, we announced that we will be significantly fewer in the years to come. In 2018, we supported those of our people who will leave Nordea whether with finding a new job internally or outside Nordea, returning to education or starting a new business. We are happy to see that approximately 75% of the people who received support have found a solution for their next step.

We want to strengthen employability also for those who will remain with us.

In 2018, we improved awareness on opportunities for internal mobility with a career mobility day. A day that, from now on, we will run as a bi-annual event. We also launched a career planner tool to our people for releasing their full potential and supporting their employability.

We recognise the challenges our transformation creates for our people

We recognise that our extensive transformation and significant workforce changes create both more challenging and rewarding conditions for our people. We can see that our transformation has resulted in increased workload, which we are closely monitoring as a potential risk to our people's health and productivity. We have launched group-wide initiatives to empower us to spend our time more effectively, focusing on where we can add value the most.

Working in partnerships with our unions

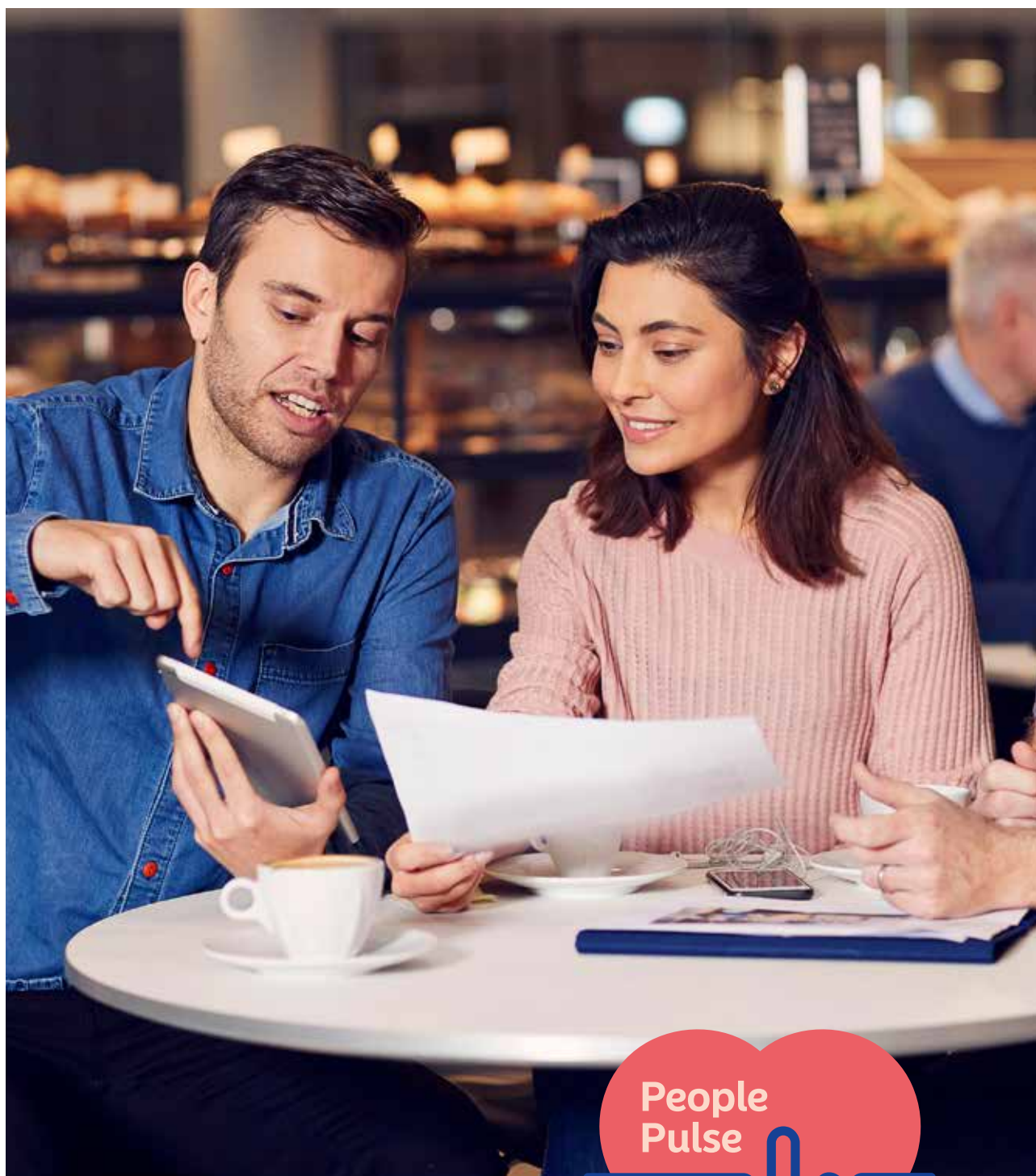
Our commitment to our partnership with our unions remains strong, demonstrated by the constructive discussions we are able to have on organisational changes and our shared objectives to ensure the long-term employability of our people. We strive for early engagement with our unions on changes at Nordea and open communication to promote a positive employee relations environment.

We recognise that the world of work is changing, as are the relationships that people, companies and unions have with each other. We very much want to be part of shaping the future partnership and ensuring collaboration and sustainable opportunities for people as digitalisation, automation and robotics are changing many of our traditional roles at Nordea and in society.

For data on collective bargaining agreements, employment contracts and total workforce, see sustainability note S12. on page 40.

Nordea is included in Bloomberg's 2019 Gender Equality Index for the third consecutive year.





People Pulse



79%

feel we often or
always act according
to our values.

75%

feel valued as
an employee.

78%

had a performance and
learning dialogue during
Q3–Q4.

Leading the way for diversity and inclusion



At Nordea, we want everyone to feel that they can bring their whole selves to work and be appreciated, respected and valued for their unique qualities.

Nordea's people are our greatest asset. Diversity of backgrounds, experiences and personal qualities helps us gain broader perspectives on our challenges, stimulates innovation and development, helps us to better understand and meet our diverse customers, and enriches our culture. Inclusion is our tool to embrace this diversity.

We understand the value of attracting and retaining a diverse workforce and strive for gender balance and diversity in all areas and at all levels. Equal opportunities – regardless of gender or gender identity, age, ethnicity or culture, sexual orientation, religion or creed, variation in abilities, or any other traits that are not relevant to the job description – are a commitment. We recognise our position in the societies where we operate and see our opportunity to lead

the way for inclusion. We promote inclusion for all people by striving to offer equal opportunities to all customers.

Nordea is enriched by variations in ability and cross-cultural perspectives

Our people are great champions for diversity and inclusion and we have employee resource groups to help us foster an inclusive workplace. At the end of 2018, we are proud of our ten employee-led groups covering four subject areas.

Through the 'Specialisterna' programme, which focuses on the inclusion in professional life of people with e.g. autism, Nordea Denmark has found new talent and added diversity to IT functions. The Swedish employee

resource group 'Funkisgruppen' has raised awareness on (dis)abilities through a successful seminar series.

We have a broad diversity of nationalities at Nordea and together we speak 50 languages, which contributes to our development, innovation and culture in important ways. Our employee resource groups are particularly valuable in bringing us knowledge about how we can include and utilise this great diversity even better.

Celebrating human rights and equality – LGBT+ and Pride

We participate in the Pride festivals to take a clear stance for human rights and to show our people, customers and societies how we can live our values. We partnered with Stockholm Pride for the second time in 2018. This year, Stock-

holm and Gothenburg hosted the EuroPride and Nordea participated with seminars at Pride House, with activities in Pride Park, and in the Pride Parade. In Copenhagen and Oslo, we joined the Pride celebrations by decorating our ATMs in the colours of the rainbow, and more than a hundred Danish Nordea employees joined the Copenhagen Pride Parade. Our LGBT+ groups in Denmark, Finland, Sweden and Poland collaborate across borders to identify best practice in the workplace and to extend the Nordea Pride celebrations to all countries.

Gender equality tops the agenda

We want to lead the way for gender equality in the finance sector. We prioritise to improve the gender balance and contribute to securing equal participation at all levels in decision-making and across the organisation. In 2018, our total workforce consisted of 52% women and 48% men while 39% of all our leaders were women and 61% were men. As we are transforming into the digital age, we also meet new challenges in terms of gender balance. Today 75% of all people working in IT are men and 25% are women.

We integrate gender perspectives into all recruitments, we challenge our bias in talent management processes and monitor our developments closely. Our Board of Directors, with 50% men and 50% women, is a guiding beacon for gender balance and has adopted a directive on the promotion of gender balance that guides us in our efforts.

For details on gender balance on different levels in the organisation, please see sustainability note S12. on page 40.

Zero tolerance of harassment, bullying and other violations is fundamental to inclusion

Nordea does not tolerate any form of harassment, sexual harassment, bullying or similar violations in the workplace. In 2018, we strengthened that commitment and created new group-wide guidelines with clear instructions for all leaders and employees. During the year we also had a particular focus on this to create awareness and an even more inclusive workplace through team discussions. They included guidance and support for people leaders with harassment cases to have a positive and meaningful dialogue with their teams about our different ways of perceiving a safe workplace. We measure the proportion of our people who have felt harassed on the basis of any grounds for discrimination, annually in our People Pulse survey. In 2018, 3% of the respondents to our People Pulse survey stated that they have been subjected to some sort of harassment or other maltreatment, and we handled 33

Commitment from the top

Since GEM launched a gender diversity initiative in 2013, diversity has been a focus area. In 2018, our top executives took the next step for an even more active role to better serve our customers and to be an attractive and motivating workplace for all our people, through establishing a Diversity & Inclusion Committee.

“Focus on diversity and inclusion is crucial to our development and growth. This committee ensures that the strategic direction is clearly defined and anchored in the top executive management. Since the commit-

tee is gender-balanced, diverse and has representation from across the entire organisation, we have a solid foundation for creating a common understanding and shared ownership for developing equality, diversity and inclusion at Nordea. Monitoring our progress is an important task for the committee; a factor that enables us to deepen our understanding of both challenges and success,” says Julie Galbo, Head of Group Risk Management and Chairperson of the Diversity & Inclusion Committee.

cases. Our goal is to further improve our people's trust in an open culture in which they can raise any misconduct, such as harassment, sexual harassment and bullying, and be confident that Nordea will address this properly. Therefore, we will continue with raising awareness and our proactive efforts.

We acknowledge the importance of equal pay

In 2018, we continued our work towards equal pay. This has included reviewing pay at the time of hiring to ensure that we consider our remuneration offer from an equal pay perspective. We have developed a new hire pay guideline for people leaders that includes guidance for offering fair and equal pay purely based on role without gender or other personal bias.

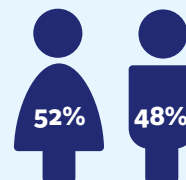
Furthermore, we have raised the awareness of people leaders of the need to consider equal pay for equal work during pay reviews, so that people leaders consider this when making pay decisions. An example of a local initiative is related to the pay review in Sweden, where we established an equality pay pool and participated in an equal pay initiative as part of our continuing efforts to bridge the equal pay gap in Sweden. In 2018, we undertook an exercise to identify areas we felt merited special attention in terms of equal pay and allocated spend to those areas.

For us it is important to have a robust framework that can allow proper equal-role identification. We have been at the forefront of an industry-wide pay benchmarking initiative that will support our efforts in delivering fair and equal pay. We continue to work towards implementing a job framework alongside our pay benchmarking project, which should facilitate the identification of equal roles. This work commenced in 2018 to support our aim to report metrics in this area and, to this end, we will continue through 2019 to be in a position to disclose relevant metrics. We

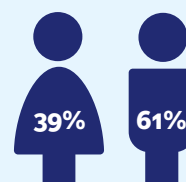
believe that this overall project will enable us to identify areas of concern in terms of fair and equal pay and seek to address equal pay challenges in a meaningful way. Our ambition towards 2019 is to further enhance our efforts to ensure that equal pay is a core consideration among people leaders.

Gender balance

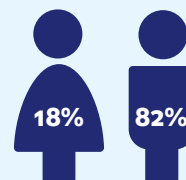
Total workforce



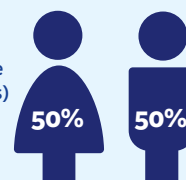
People leaders



GEM



Board of Directors
(excl. employee representatives)



Contributing to a greater good through community engagement



Nordea's community engagement strategy focuses on building financial skills and accelerating entrepreneurship. It is a key function for building up and developing communities and society, and an integral part of our business.

Building financial skills increases financial literacy and inclusion and contributes to financial well-being in a person's life and business. Entrepreneurship plays an important role in society in terms of creating growth, innovation and jobs. By focusing on these areas, in which Nordea's employees have extensive expertise, we can make a real difference. Many of the activities are based on volunteering, and Nordea's volunteering policy encourages all employees to spend two days per year doing voluntary work promoting the two focus areas of our community engagement strategy.

In 2018, close to 3,000 employees spent a total of approximately 18,900

hours in in-house programmes and sponsored partnerships. The lion's share happened in Finland, where we have a number of well-established initiatives allowing large-scale volunteering. In total 2,300 Finnish employees, or 33% of the workforce in Finland, participated in volunteering activities.

Helping people to build a successful financial life

We run programmes and partnerships in all our four Nordic countries, engaging hundreds of employees every year and reaching thousands of young people. Below are some examples of initiatives we run in the different countries.

In Denmark, we participate in Money

Week. It is part of the European Money Week that takes place in March every year. The event involves pupils from 7th to 9th grade across Denmark and Nordea volunteers help to improve young people's financial capabilities.

In Sweden, Nordea partners with Teach for Sweden – a non-profit organisation engaging highly qualified employees in schools located in socially challenged areas. Employees at Nordea can become mentors with the opportunity to create more equal schools in Sweden.

In Finland, we engage with both the young and the elderly. For instance, we reach out to senior citizens and promote financial skills through use of digital services. Besides banking services, we

assist them with identifying themselves digitally to functions and services such as the police, social insurance, tax authority and social welfare and health-care services. In 2018, Nordea volunteers spent close to 800 days supporting nearly 10,000 senior citizens in this initiative.

Supporting entrepreneurs – from start-ups to large companies

At Nordea, we are eager to share our expertise in financial skills and entrepreneurship and engage both employees and customers through start-up accelerator programmes and partnerships with fintech hubs, to reach out to entrepreneurs. We participate in various initiatives in all our Nordic countries, and below are a few of them.

In Denmark, the Danish Foundation for Entrepreneurship works to ensure that innovation capabilities form a fundamental element in all education from primary school to PhD level. We co-operate with the foundation to ensure that innovation and entrepreneurship are integrated into education and deeply rooted at educational institutions.

In Finland, Kasvu Open is a year-long mentoring programme open to growth companies. Nordea employees mentor selected participants throughout the programme, and Nordea was also an active partner in the 2018 annual main event Kasvu Open Karnevaali.

In Norway, we support Ungt Entreprenørskap (UE), a nationwide organisation that works with entrepreneurship in schools and stimulates cooperation between school and business. The organisation works for young people to gain insight into the conditions of business and the importance of value creation and innovation in the workplace.

In Sweden, we are a main partner to Norrskan, a creative cluster for impact entrepreneurs with a vision to make the world a better place. Together, we have created a platform where Nordea volunteers meet start-ups to share our expertise and gain a better understanding of our customers' needs.

In Poland, Nordea has supported SOWOP, a hostel for victims of domestic violence, for many years in both the financial and educational area. We organise events twice a year for both children and adults at which we offer the children fun activities and teach the adults entrepreneurship skills and share our values.



Embodying our community engagement strategy

Hello Nordics was initiated in 2018. It is a partnership between Nordea and Ashoka – the world's leading organisation for social entrepreneurship and change-making – with additional support from pro-bono partners Acando, Oliver Wyman and Vinge.

The large influx of refugees from 2015 created significant integration challenges in the Nordic countries, leading to a more polarised public debate and budget constraints regarding the use of government money.

Tackling the integration challenges requires fresh thinking and innovation to reach sustainable and scalable solutions.

In response to this, Hello Nordics was initiated in 2018. It is a four-month accelerator programme, offering support to ten selected social entrepreneurs who work in different ways to improve social and financial inclusion of newly arrived immigrants. The participants have shown their ideas work in the current situation and the aim of the programme is to help them scale their solutions through expansion into one or several Nordic countries.

"Ashoka's ambition is to create positive systemic change in society. With this partnership, we bring together, on the one hand, Nordea's know-how, networks and volunteering expert employees with, on the other hand, Ashoka's experience, network of social entrepreneurs and innovative approach, to support proven and impactful innovations that can be scaled across the Nordic region," comments Emma Lindgren, head of Ashoka in Sweden and part of the Ashoka Nordic team.

The ten entrepreneurs – two each from Denmark, Finland, Norway and Sweden and two international – have all been carefully selected because of their ability to address root causes in a systemic way by involving policymak-

ers and legislators, communities and target groups. Nordea and the other partners support the entrepreneurs in terms of issues such as funding, strategy, operations and legal matters. The entrepreneurs also gain access to Nordea's network of experts, customers and partners.

"I'm proud to be one of the top ten entrepreneurs in Hello Nordics," comments Admir Lukacevic, founder of Idrott Utan Gränser ('Sports Without Borders') and one of the participating entrepreneurs. "By reaching out to kids at an early age, we have the opportunity to shape their future in the best possible way, and this programme will help me expand my idea to new markets," he continues.

Liina Aagedal is one of the advisors from Nordea who will support the entrepreneurs throughout the programme. "Supporting this programme has been both insightful and educational. Interacting with the entrepreneurs to reach their goal is living proof of Nordea's values," says Liina.

Hello Nordics participants

- Foreningen Nydanskere from Denmark
- GAME from Denmark
- Catalysts from Norway
- Sisters in Business from Norway
- Startup Refugees from Finland
- Icehearts from Finland
- Mitt Liv from Sweden
- Idrott Utan Gränser from Sweden
- Welcoming International from USA and Germany
- ACAF/Winkomun from Spain

Exploring the digital mindset

Our digital transformation embodies an entire new mindset for doing business and servicing the needs of our customers and our communities.

At Nordea, “digital” means much more than the digitalisation of our existing offerings. Through this new mindset, we have embarked on a transformation journey on which we look for opportunities to do things differently and do different things altogether.

Partnerships to provide customers with innovations helping them improve their finance management

In Denmark, we partner with Subaio to empower our customers to take more control of their financial lives by enabling them to manage subscriptions straight from their Nordea wallet app. This feature gives a straightforward overview of recurring payments set up in the customer's account and enables them to cancel or suspend any of these subscriptions at the push of a button.

This feature adds transparency to the customer's accounts and is particularly useful for vulnerable customers that can be lured into third-party recurring subscriptions for services they did not intend to buy in the first place.

Impacting social development by nurturing social intrapreneurship

We leverage experimentation to test new ways in which Nordea can get involved in supporting sustainable initiatives. This involves experimenting with aspects that have traditionally been outside banking, like supporting social entrepreneurship and creating opportunities for our colleagues to innovate for the greater good.

Runway is Nordea's intrapreneurship programme. It has already generated ideas for the creation of features that could help customers automatically support their preferred charity by rounding up pennies for every transaction, or the use of AI to assist customers with accessibility challenges in their everyday banking needs.

We are only at the learning phase of this new way to innovate, but the results have been encouraging and we will continue to tap into non-traditional sources of innovation to find products that address our customers' needs.

Nordea participates in role modelling to create a positive social impact

We are embracing new aspects outside of banking in which Nordea can become involved in supporting sustainable initiatives. In partnerships, we are creating opportunities for our colleagues to volunteer to help resolve society's most pressing problems.

To create Hello Nordics, a pan Nordic accelerator for Social Entrepreneurship, Nordea established a partnership with Ashoka and collaborations with Acando, Oliver Wyman and Vinge. This is the first project of its kind for Nordea. It is role modelling how organisations can come together and lead the way in making social change, not just by supporting social entrepreneurs but by involving employees, customers, policy-makers and other businesses in changing the conversation on social challenges.

Heading for digital and taking part in the digital revolution

We've seen a surge in fintechs providing niche solutions challenging the way banking can be done. Nordea has chosen to take part in this digital revolution through meaningful partnerships with technology providers and entrepreneurs, who want to make the world a bit more digital and a bit more sustainable.

By providing digital experiences, we enable our customers to focus on what they find important. By becoming a digital bank, we are changing not just the format of our offerings, but our mindset as well.

New mobile game teaches financial skills to young people

Taloussankari is a new Finnish mobile game designed to help young people manage their personal finances and make better financial decisions in their everyday life. Nordea's savings, investment and financing specialists lent their expertise to the game development project.

The game enables young people to learn more about the various areas of personal finance either by themselves or at school and to better understand how the economy works. Taloussankari is designed to teach teenagers aged 13–17 about the various areas of personal finances.

The game has been developed for Economic Information Office TAT and Nordea by the 10Monkeys game studio and funded by TAT, Nordea and the Finnish Foundation for Share Promotion.

Playing the game is free for all players.

Using digital channels to approach vulnerable groups

Banks are often criticised for their lack of services for vulnerable groups, such as the elderly, people with ability variations and other with low access to digital service. Digital channels are utilised to approach both young and elderly customers. For young customers, Nordea call centres offer specific outbound calling. We also have advice agents meeting customers on Snapchat. Call centres are active in digital advisory towards all customer groups and online meetings are offered to all customers. More hands-on advisory is offered in the digital corners at our branches where we introduce customers with no or low digital awareness, who step into one of our branches, to our digital services and products.



Sustainability notes

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About this report

Nordea reports on sustainability performance on an annual basis. Nordea's Sustainability Report 2018 refers to the period 1 January to 31 December 2018, i.e. Nordea's financial year. The previous report covered our 2017 financial year and was published in February 2018. The report has been subject to third-party assurance by PwC. The assurance report can be found on page 50.

Scope of the report

Similar to the financial statements, this report covers Nordea Bank Abp. Data in the report has been gathered from all business areas and group functions in the Nordic countries and Poland, if not otherwise stated. This is indicated in conjunction with presented data where we also present restatements.

In January 2018, UBS and Nordea announced an agreement on the acquisition of part of Nordea's Luxembourg-based private banking business by UBS. Nordea Asset Management continues its business activities in Luxembourg after UBS having acquired part of Nordea Bank S.A.'s private banking business. The transaction was completed in October 2018. When data from the operations in Luxembourg is in scope for this sustainability report, it will cover Nordea Asset Management and not the private banking business.

In July 2018, Nordea entered into an agreement to acquire all shares in Gjensidige Bank. The acquisition is expected to close during Q1 2019, and the plan is to transition Gjensidige Bank's customers to Nordea during 2019. In September 2018, Nordea, together with DNB, entered into an agreement to jointly sell 60% of Luminor to a consortium led by private

equity funds managed by Blackstone. The transaction is subject to customary regulatory approvals and is expected to close in H1 2019. Neither of these two transactions will influence data presented in this sustainability report.

Disclosure in relation to commitments and initiatives

This sustainability report is our disclosure in relation to several of the commitments and initiatives we participate in.

- It is our Communication on Progress (COP) submission to the UN Global Compact, of which Nordea has been a participant since 2004. See the GRI Content Index on page 45–49 for references.
- The report is a start in covering information in line with recommendations proposed by TCFD. See the TCFD Disclosure Index on page 44 for references.
- In the report we list where relevant information regarding our work with the UNEP FI Principles for Responsible Banking can be found. See the UNEP FI Principles for Responsible Banking Reporting Index on page 43–44 for references.
- The report serves as a description of our actions to mitigate climate change in accordance with the commitment made by Finance Finland to promote actions that seek to limit global warming to below 2°C in our work.
- It partly fulfils the reporting requirements of the Equator Principles (EP), which Nordea endorsed in 2007. For full EP reporting, see Nordea Equator Principles Reporting at nordea.com.

Reasons for omissions from the GRI Standards

We claim to report in accordance with GRI Standards: Core option but have a few omissions as specified in the table below.

GRI Standard	Reason for omission	Explanation
102-8	Not applicable	We do not report total number of employees by employment contract (permanent or temporary) by region as we do not collect that information for any purpose. We do not therefore expect to align our reporting by contract by region in the future.
205-2	Not applicable	Data regarding the mandatory training Licence to Work as disclosed on page 8 is our disclosure for GRI 205-2 regarding training about anti-corruption. Anti-corruption is included in our Code of Conduct and the Licence to Work training is our Code of Conduct training and as such includes our anti-corruption policies and procedures. We report the number of employees who have completed their Licence to Work training as a percentage of the total workforce, which includes all employees regardless of region and employee category. The training Licence to Work is only for employees. However, our large suppliers are covered by the Nordea Supplier Code of Conduct in which adherence to anti-corruption as stated in UN Global Compact is a requirement. The Code of Conduct is published on Nordea's Intra and nordea.com , i.e. communicated to all, both employees and external parties.
302-1	Not applicable	Fuel consumption and total energy consumption are not reported in joules as we receive it in litres and MWh, respectively from our suppliers of data.
303-1	Not applicable	We only use water in e.g. canteens and for sanitary purposes, hence the only relevant measure for us is our water withdrawal from municipal water supplies in cubic metres. We therefore only report on GRI 303-1 a).
401-1	Information unavailable	We do not report new employee hires but only employee turnover rate. Employee turnover rate is reported according to the following definition: Number of permanent FTEs who have left Nordea at their own request divided by average number of FTEs within a chosen period. We can only obtain data on Group level, which is sufficient for our purpose of tracking this measure and we do not plan to report it by age group, gender or region.
404-1	Not applicable	Reporting training hours as a total and per employee is sufficient for our purposes of tracking this measure and we do not plan to report this indicator by gender or employee category.
404-3	Not applicable	Reporting employees receiving regular performance and career development reviews as percentage of total workforce is sufficient for our purposes of tracking this measure and we do not plan to report this indicator by gender or employee category.
406-1	Confidentiality constraints	We disclose the number of harassment cases, which can include discrimination. In order to protect the integrity of the reporters we won't disclose status of the incidents or specific actions taken. However, we report general actions taken as a result of the reported cases.
412-1	Information unavailable	We have not yet performed a human right assessment but will do so in the beginning of 2019. We cannot therefore report the total number and percentage of operations that have been subject to human right reviews or human rights impact assessments by country for 2018, but aim to do so for 2019.
418-1	Confidentiality constraints	We describe our process for ensuring compliance with GDPR but cannot disclose the number of complaints concerning breaches of customer privacy due to confidentiality constraints.

S1. Customer experience

Listen, learn and act are key elements in our approach in relation to our customers. Every day, we receive complaints from some of our 10 million customers. All complaints are important to us, providing valuable input we can apply to improve our services, solutions and products. We receive many types of feedback from our customers and employees. Applying our service-design approach, customer insights help us shape our understanding of how we can deliver even more value to them in both large and small matters.

We listen, learn and act

Our initiative regarding continuous improvements, #WeFix, places the customer at the centre of our business development. In our customer-facing units, the listen, learn and act approach is embodied in our #WeCare initiative. These concepts aim to ensure our customers feel we listen to their feedback and act on it.

Traditionally, large projects are planned for a long time and then implemented. In 2017, we launched a new agile business development set-up. This means that products are released incrementally; the 1.0 version is launched soon after the project start. Wherever possible, we first deploy the solution to a small group of customers, adapt it, and then offer the improved solution to all customers. After each deployment, we actively listen, learn, and adapt, launching new versions when needed and fixing customer pain points. These learning loops form an infinite process to continually improve our deliveries.

Customer satisfaction

Relationships are at the core of our strategy and customer satisfaction is measured regularly through a Customer Proposition Survey and by external service providers with extensive questionnaires and interviews.

In Personal Banking, Sweden has had a very positive development in terms of reversing the negative development in customer satisfaction from 2017 and reducing the gap to our competitors. Denmark, Finland and Norway have stabilised on a slightly higher level than 2017.

Building on last year's positive trend, we see a continued positive development in our customer satisfaction scores for our Business Banking customers, with Denmark, Norway and Sweden all improving their scores while Finland remains at a relatively high but stable level compared to 2017.

In Asset & Wealth Management, we measure customer satisfaction for our Private Banking customers. In 2018, an intensified focus has resulted in increased satisfaction among these customers in Norway and Sweden and a stable high level in Finland and Denmark.

In 2018, Wholesale Banking strengthened its position compared to the previous year and was rated sole number one in the Nordics, including first place in two of the four countries. The leading position amongst Nordic large corporates and institutions is further underlined by number one positions in the league tables for relevant capital markets areas.

S2. Tax

We are a substantial corporate income tax payer in our main countries of operation – Denmark, Finland, Norway and Sweden – and we also pay social security contributions and bank levies in our countries of operation. Local corporate tax payments is not affected by the transfer of our headquarters to Finland. Statutory tax rates, contributions and levies vary in our countries of operation, as does the size of Nordea's business operations in each country. The total amount of tax paid in each country is determined by a combination of these variables. Corporate income tax includes current taxes booked as an expense for the year and adjustments to the previous year's taxes.

Tax payments (EURm)	2018	2017
Total	1,481	1,728
By country		
Denmark	333	422
Finland	137	261
Norway	290	284
Sweden	600	585
Others	121	176
By tax type		
Corporate income tax	890	1,017
Social security fees	424	489
Bank levy	167	222

S3. Governance and risk management

Sustainability governance

Our sustainability governance structure provides a solid foundation that enables developing and anchoring our strategic sustainability direction, focus areas and targets. It ensures that we focus on embedding sustainability including climate risks and opportunities into the business by implementing decisions in the relevant business areas.

The Board of Directors decides on Nordea's Code of Conduct and Sustainability Policy and approves the Non-Financial Statement that is published in the Board of Directors' Statement in the Annual Report in accordance with the Finnish Accounting Act. In order to increase the effectiveness of the Board work, the Board of Directors has established separate working committees to assist the Board in preparing matters, belonging to the competence of the Board and to decide in matters delegated by the Board. The Board Operations and Compliance Committee (BOCC) assists the Board of Directors in fulfilling its oversight responsibilities concerning conduct, sustainability including climate-related issues, compliance and operations/systems, as well as related frameworks and processes.

The CEO in GEM decides on the strategic sustainability direction and focus areas including plans, targets and performance indicators. To ensure that social and environmental topics including climate-related issues are represented at senior-management level, we have our CEO and one member of GEM who are directly responsible for sustainability-related matters.

Sustainability-related matters is monitored by the Business Ethics and Values Committee (BEVC) chaired by the CEO. The BEVC reviews and approves relevant Group Internal Rules including external position statements and sector guidelines,

monitors and influences selected relevant focus areas as well as provide recommendations to business areas and group functions on various dilemmas and themes.

Each business area and group function is represented in the Sustainability Committee. The committee prepares sustainability issues related to policies, guidelines and strategy. Business areas and group functions are responsible for implementing sustainability policies, products and risk management processes in the business.

Group Sustainable Finance is our group function responsible for sustainability. Group Sustainable Finance is responsible for setting the strategic sustainability direction and our focus areas. It supports the business areas in implementing policies and processes in the business, i.e. how to integrate sustainability into products and offerings in financing, investment and advice. For Nordea's whole governance structure, please see the Corporate Governance Statement in the Nordea Annual Report 2018.

Key governance principles

Nordea operates with a governance setup consisting of three lines of defence, referring to the functions within Nordea that are responsible for addressing and managing risks. The first line of defence is the business areas and group functions. The second line of defence is Group Risk Management & Control and Group Compliance. The third line of defence is Group Internal Audit – an independent and objective assurance function. All three lines are dedicated to maintaining a strong internal control framework that protects Nordea's stakeholders, including shareholders and customers, and prevents our services from being used for illegal purposes. At Nordea, we believe everyone is a risk manager.

Nordea's Sustainability Governance

Board of Directors

Decides on Code of Conduct and Sustainability Policy and approves Non-Financial Statement

Board Committee

Assists the Board in its oversight concerning sustainability

Group Executive Management

CEO decides on strategic sustainability direction and focus areas including plans, targets and performance indicators

Business Ethics and Values Committee

Monitors and influences sustainability-related matters, and reviews and/or approves relevant Group Internal Rules and external position statements and sector guidelines, prior to decision-making in other fora

Sustainability Committee

Operational sub-committee to BEVC which prepares sustainability issues related to policies and strategy

Business Areas and Group Functions

Responsible for implementing sustainability policies, products and related risk management processes

Group Sustainable Finance

Sets strategic sustainability direction and focus areas and supports business areas and group functions in implementation

S3. Governance and risk management, cont.

Specific committees assist the Group Board in its oversight of risks related to sustainability factors. These include, but are not limited to the BEVC, the Consequence Management Committee, the Risk Committee and the Non-Financial Risk Committee (established in 2018 as a sub-committee to the Risk Committee). The BEVC monitors and influences the status and progress of the ethical, conduct and sustainability topics and issues within the Group in alignment with Nordea's purpose and values. The Consequence Management Committee further aims to strengthen personal accountability and develop a consistent approach to risk-adjusted remuneration assessments through recommending revisions to the compliance and risk criteria assessment made by managers. The Risk Committee decides on and recommends changes to the Risk Management Framework, and the Non-Financial Risk Committee supports the Risk Committee within the area of non-financial risks.

Risk Management Framework

Managing risks and capital effectively is crucial for Nordea's sustained profitability and a part of our social responsibility to mitigate systemic risk in the Nordics. Maintaining risk awareness in the organisation is an integral part of our business strategy. Nordea has defined clear risk, liquidity and capital management frameworks.

The Board of Directors bears the ultimate responsibility for deciding on Nordea's risk appetite, comprising of all the risk types to which Nordea is or could be exposed. The Board of Directors is furthermore responsible for the risk strategy, setting the overall risk appetite limits and overseeing that Nordea has an adequate and effective Internal Control Framework. Risk is measured, managed and reported according to common principles covered by Group Board Directives and Group CEO Instructions. Management of risks includes all activities aimed at identifying, measuring, assessing, monitoring and controlling risks as well as measures to limit and mitigate the consequences of the risks. Risk management is proactive, with an emphasis on training and risk awareness.

The Internal Control Framework includes the senior management responsibilities towards internal control, all group functions and business areas including outsourced activities

and distribution channels. The Internal Control Framework is designed to ensure effective and adequate identification, measurement and mitigation of risks and compliance with laws, regulations, supervisory requirements and Nordea's internal rules. It is also designed to support efficient operations, prudent conduct of business, sound administrative and accounting procedures and reliability of financial and non-financial information.

Risks related to sustainability are managed and governed based on Nordea's guiding principles on sustainability as set out in the Group Board Directive on Sustainability, which implies that it shall be integrated into our investment and lending activities as well as in our advice to customers. Risks related to sustainability factors in general and climate risks in particular cannot be treated in isolation to other risks as they can have a financial impact. Therefore, sustainability considerations are being integrated into Nordea's existing risk management framework.

For example, initiatives to integrate ESG risks into the credit risk framework have been implemented, such as reflecting sustainability considerations in the Group CEO Instructions on Credit, embedding these in credit policies and guidelines to enhance the bank's capability to identify and monitor ESG risks, in order to highlight the potential credit risk impact of ESG risks at both customer level and portfolio level. Screening and evaluation of ESG risk aspects has become an integral part of Nordea's credit risk assessment for corporate customers. The impact of ESG risks is taken into account in credit decision-making, including escalation to credit committees as determined by Nordea's governance.

The risk management framework for relevant risk areas will be enhanced to take account of sustainability considerations, in line with regulatory developments and Nordea's business strategy. This will be achieved by further developing risk assessment processes that are forward-looking and take into account the time horizons that are relevant for our customers, embedding second-line-of-defence controls and establishing metrics and targets for monitoring and reporting.

S4. Data privacy

Well-managed data is a strategic priority, and one that will help prepare Nordea for the future. Data controls being implemented today need to not only continue to protect Nordea and our customers, but also enable us to succeed in a more agile competitive environment. Information security risks require constant monitoring and both proactive and reactive action. Proactive controls and improvement efforts will continue as we adjust to an ever-changing landscape of threats. But, we also must react in a timely way to emerging types of threat. This constant and evolving activity is at the foundation of protecting Nordea's assets and customer information, ensuring we live up to our customers' trust in us. Information Technology will remain both a source of competitive advantage and a source of risk. Managing complex systems to ensure service availability remains essential.

Substantial efforts were put into preparing for the new EU General Data Protection Regulation (GDPR) that entered into force in May 2018. We have established group-wide data privacy policies in order to achieve robust and consistent standards of compliance. These policies support a uniform set of data privacy principles and mandatory standards for data pri-

vacy throughout the Nordea Group. The data privacy policies are closely linked with our policies on information security and risk management.

To ensure awareness on key elements of GDPR, mandatory training was conducted for all employees. Furthermore approximately half of all our people participated in targeted training to put specific focus on the elements that would mostly affect their daily working life. According to GDPR, customers have a number of rights to ensure that they are in control of their data. Nordea has established a group-wide process to ensure that we too reply consistently and within the given timeline to such requests.

A Group Data Protection Office was, in accordance with GDPR, established in late 2017, and has been responsible for overseeing the GDPR implementation work in progress throughout Nordea. The Office handles all reports on incidents, which could potentially be breaches of personal data, and if so ensures notification to the Data Protection Authority. The Group Data Protection Officer reports monthly to top management on key indicators for GDPR compliance.

S5. Fines and legal actions

We strive for transparency, take accountability and learn from past mistakes. In 2018, European Securities and Market Authority fined five Nordic banks EUR 495,000 each, including Nordea Bank AB (publ), due to non-compliance with the Credit rating agency regulation in relation to shadow ratings practice. Nordea has appealed the decision. The Finnish FSA imposed a penalty payment of EUR 400,000 on Nordea Bank AB (publ), Finnish Branch for omissions concerning transaction reporting. Nordea Funds Oy was issued with an administrative fee of SEK 375,000 from the Swedish FSA for late notification of changes in major shareholdings.

We still have one legal action pending from 2016 regarding alleged anti-competitive behaviour or violations of antitrust

and monopoly legislation. In October 2016, it was announced that EFTA Surveillance Authority has opened proceedings against DNB, Nordea, Finance Norway, and BankID for suspected breaches of the competition rules in the EEA Agreement.

Compliance with applicable laws and regulations, market standards and business ethics is a fundamental aspect of our corporate culture. We try to implement controls in our processes e.g. mitigate the risks of human error so that similar events can be avoided in the future.

S6. Materiality analysis

To effectively identify and prioritise key sustainability topics, we regularly conduct a materiality analysis based on internal and external dialogues. In 2018, we conducted a new materiality analysis, replacing the analysis conducted in 2016. The purpose of the materiality analysis is to identify the sustainability topics that are material for Nordea. Not only does it provide a basis for the 2018 Sustainability Report, but also for our strategic direction and sustainability focus from 2018 and onwards. Because of the new materiality analysis and the transition to GRI Standards, we have updated the indicators on which we report this year compared with last year.

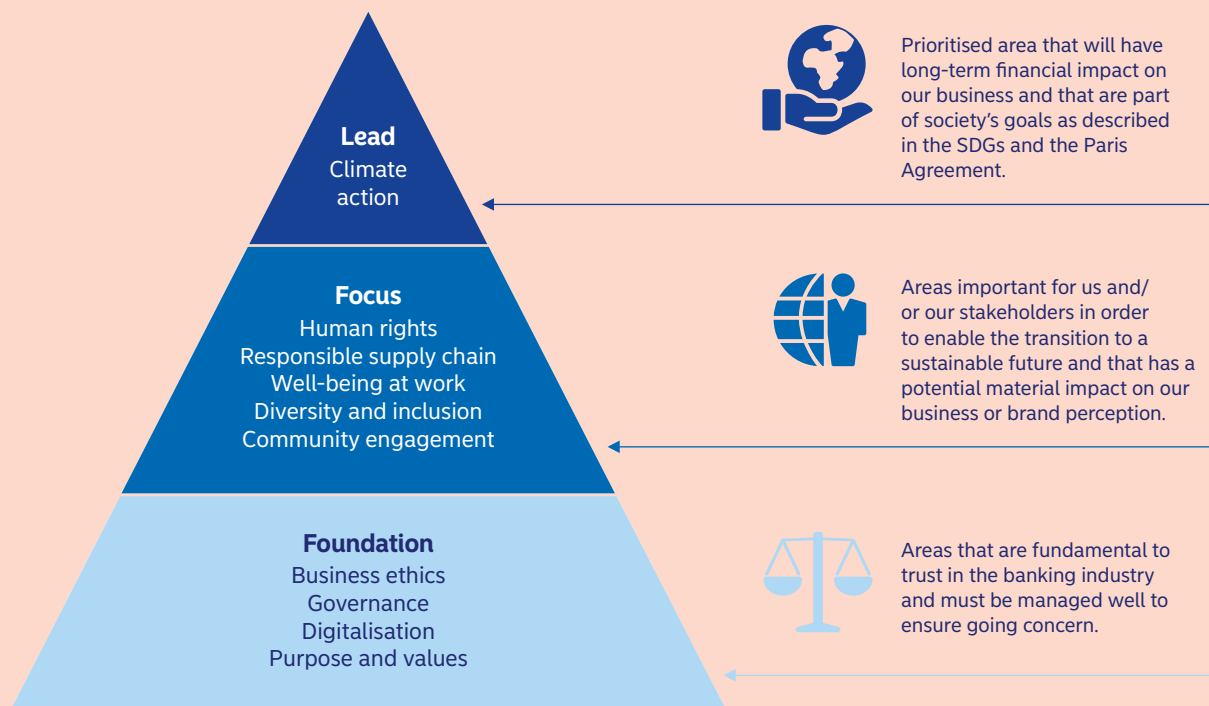
Our materiality pyramid

In our materiality pyramid we have clustered topics into areas. The materiality pyramid is based on a foundation consisting of the sustainability areas that are fundamental to

trust in the banking industry, and that must be managed well to ensure going concern. Our focus areas in the middle are the ones that are important to us and/or our stakeholders in enabling the transition to a sustainable future, and which potentially have a material impact on our business and/or brand perception. The top of the pyramid is our lead area – climate action. It's a prioritised area that will have a long-term financial impact on our business, and that forms part of society's goals as described in the SDGs and the Paris Agreement. Given the IPCC report released in October 2018 and also our stakeholders' priorities, climate is our obvious lead area.

The materiality analysis 2018 was conducted as a combination of a desktop study to identify potential relevant sustainability topics and areas, and workshops and interviews with internal and external stakeholders in order to prioritise the topics and validate the findings. All business areas and relevant group

Results from materiality analysis







functions participated, as well as board members, owners, investors, customers and suppliers. Our stakeholders shared their views on the sustainability areas they consider important for Nordea to work with and report on, and what they expect of Nordea. One challenging element of the process was defining materiality. Basically, there are as many interpretations of materiality as there are stakeholders. We therefore concluded to illustrate our materiality analysis as a pyramid, rather than a matrix.

Sustainability impact in the value chain

Another challenge in the materiality analysis was determining whether an impact occurs inside the organisation (i.e. rel-

evant for our internal operations), or outside the organisation (i.e. relevant for suppliers, customers or investee companies). The results are shown in the table below. Most of the relevant sustainability topics impact Nordea directly. However, the magnitude of the impact is greater outside of Nordea given that we are a large financial institution investing in companies, granting credits and providing advice to our customers. This year we are able to report on all the below topics except data for waste, for which we lack consistent data between the countries.

Impact in the value chain

	 Suppliers	 Internal operations	 Customers	 Investee companies
Climate action	●	●	●	●
Energy	●	●	●	●
Water	●	●	●	●
Emissions	●	●	●	●
Waste	●	●	●	●
Human rights	●	●	●	●
Responsible supply chain	●			
Well-being at work		●	●	
Health and safety		●	●	
Non-discrimination		●	●	
Employee turnover		●	●	
Qualified and competent workforce		●	●	
Diversity and inclusion		●	●	
Equal opportunities		●	●	
Community engagement		●	●	
Business ethics	●	●	●	●
Anti-corruption and bribery	●	●	●	●
Anti-competitive behaviour	●	●	●	●
Data privacy	●	●	●	●
Financial crime		●	●	●
Tax	●	●	●	●
Compliance		●	●	
Financial inclusion			●	
Treating customers fairly			●	
Governance		●		●
Governance structure		●		
Active ownership		●		●
Digitalisation		●	●	
Purpose and values		●		

S7. Stakeholder engagements

We performed a stakeholder analysis in 2016 that was revised in 2017, identifying nine key stakeholder groups – employees, management, Board of Directors, customers, owners, suppliers, regulators, NGOs and media. We believe stakeholder dialogues are a good way of collecting valuable input for our sustainability agenda.

In 2018, we engaged in dialogues in different ways with all our key stakeholders. In addition to regular stakeholder dia-

logues held with all stakeholders, management and board representatives, customers, owners and suppliers all took part in dialogues specifically relating to the materiality analysis. Issues raised in the different dialogues, as shown in the table below, have been taken into consideration when preparing this report.

Summary of outcome from stakeholder dialogues

Stakeholder	Type of dialogue/channel	Main aspects
Employees	Coffee corners People Pulse	Culture transformation Well-being
Management	GEM BA Heads BEVC Sustainability Committee	TCFD Sector guidelines for the defence industry and the shipping industry ESG risk in risk taxonomy Supplier Code of Conduct Materiality analysis Energy-efficient mortgages Tax and Customer Advice Community Engagement Sustainability Report
Board of Directors	Meetings	Non-Financial Statement Sustainability updates Group Board Directive on Risk including ESG risk in risk taxonomy Materiality analysis
Customers	Customer satisfaction surveys Individual customer meetings Customer contact center	Customer satisfaction Materiality analysis Sustainable business solutions, e.g. green loans Change of domicile AML
Owners	Annual General Meeting Individual investor meetings Investor questionnaires	TCFD Materiality analysis SDGs Sustainability performance
Suppliers	Qualifying questionnaire Supplier audits Individual meetings	Adherence to Nordea Supplier Code of Conduct Materiality analysis
Regulators	EU Commission FSA	EU Action Plan on Sustainable Finance AML
NGOs	Fair Finance Guide Amnesty	Sustainable Finance Human rights
Media	Interviews Press releases	AML Sustainable Finance Change of domicile

S8. Sustainable products

We have a variety of sustainable products to offer our customers. The products are described in detail on page 11.

All Nordea funds are subject to annual 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. The screening also identifies companies that are subject

to exclusion based on our exclusion criteria. This means that 100% of AuM is subject to negative ESG screening. Share of assets that have been subject to positive ESG screening equals the Stars Funds and the Global Climate and Environment Fund, i.e. 2.5% of AuM.

Sustainable Products	2018
Stars Funds	
AuM in EURm	4,083
Share of AuM in relation to total portfolio (%) ¹	2.0
The Global Climate and Environment Fund	
AuM in EURm	1,014
Share of AuM in relation to total portfolio (%) ¹	0.5
Green Bonds	
Number of green bonds we arranged	22
Total apportioned deal value green bonds (USDbn)	1,276
Share in relation to total deal value (%)	0.95
Green Loans	
Number of customers with green loans	15
Volume of green loans (SEKm)	1,505
Share in relation to total loans (%)	0.9
Green Mortgages	
Number of green mortgages	340
Volume of green mortgages (SEKm)	304
Share in relation to total mortgages (%)	0.06
Other	
Share of AuM in companies that have been identified as having high ESG standards (%) ²	19
Share of AuM with ESG integration (%) ¹	90
Share of equity funds with carbon footprint (%)	100
Number of companies we have interacted with on environmental and social issues	126
Share of AuM for companies with which we have interacted on environmental and social issues (%) ¹	19

1) Total AuM for Asset Management in Asset & Wealth Management is EUR 205bn.

2) As per 31 October 2018.

S9. Short-term sustainability goals

In 2016 we set nine short-term sustainability goals, all to be addressed in 2017. By the end of 2017 we had reached six of our nine goals. The remaining three were transferred to 2018. We also added three short-term goals for 2018 that needed to be addressed promptly for us to stand prepared to take on long-term goals. In total, we had six short-term goals to focus on in 2018. Five of them were fulfilled in 2018.

Establishing a baseline for human rights is dependent on a human rights assessment that we will be performed in the beginning of 2019. Fulfilling the remaining short-term goal in the beginning of 2019 will allow us to then focus on the new targets that were decided by GEM in February 2019, as described on pages 12 and 13.

Short-term sustainability goals

✓ Fulfilled ✓ In progress

Goal	Description	Comment	Status
	Enhance the ESG screening tools to improve the consolidation capabilities for responsible investment, responsible financing and responsible procurement.	The ESG screening tools for investment, financing and procurement have been developed and enhanced during the year. As an example, we have included ESG in the development of a light evaluation process to increase evaluation coverage of our corporate customers and in the revised Supplier Code of Conduct.	✓
	Launch a risk management framework in order to identify key risks in the value chain (focus on human rights, labour rights, anti-corruption measures and environment).	In 2018, we included sustainability in our Group Board Directive on Risk and incorporated ESG risk into our risk taxonomy at the same risk level as other key risks, e.g. credit risk, operational risk and market risk.	✓
	Establish a KPI framework with individual KPIs.	Contributing to sustainability is a common priority across Nordea. In 2018, we developed targets based on the materiality analysis conducted in 2018. Based on this, starting in 2019, KPIs will be included in scorecards where relevant and appropriate.	✓
	Continue implementation of the updated Sustainability Policy and the principles for sustainable financing, investment and advice.	The implementation of the principles for sustainable financing, investment and advice included in the Sustainability Policy continued in 2018. Main focus areas included raising internal awareness and knowledge, enhancing ESG screening tools and the launch of a new position statement and sector guidelines.	✓
	Establish a baseline for climate change and human rights-related risks throughout the value chain.	We have initiated work to establish a baseline for climate change and to define the carbon footprint for our internal operations. This work will continue in 2019. A human rights assessment of our internal operations will be performed in the beginning of 2019.	✓
	Launch position statement and guidelines in relevant areas, e.g. defence and shipping.	We have launched sector guidelines for the defence industry and the shipping industry.	✓

S10. Carbon emissions

Climate impact	2018
Fuel and energy consumption	
-fuel consumption for diesel generators (litres) ¹	24,835
-fuel consumption for leased cars (litres)	662,469
-electricity (MWh)	71,716
-district heating (MWh)	42,256
-district cooling (MWh)	9,750
Energy intensity (MWh/EURm of total operating income) ²	13.74
CO₂e emissions from fuel and energy consumption (tonnes)	
-diesel generators (scope 1)	67
-leased cars (scope 1) ³	1,724
-electricity (scope 2)	0
-district heating (scope 2)	5,509
-district cooling (scope 2)	1,030
-fuel- and energy-related activities not included in scope 1 and 2 (scope 3)	3,357
CO₂e emissions from business travel (tonnes)	
-air travel (scope 3)	23,424
-own car (scope 3)	2,759
-taxi (scope 3)	534
-hotel (scope 3)	1,890
Total CO₂e emissions (tonnes)	40,294
CO ₂ e emission intensity (tonnes/EURm of total operating income)	4.47

1) Includes 1,440 litres EcoPar A.

2) Calculated based on electricity, district heating and district cooling.

3) Biogenic emissions from E85 corresponds to 0.03 tonnes CO₂e.

To reduce the carbon footprint from our own activities, we are taking steps to mitigate contribution to carbon emissions, and in our operations we have committed to being a carbon-neutral company. This ambition is visible in three different ways. First, we strive to reduce emissions generated from our direct operations. Second, we ensure that energy used in our buildings is renewable. Since 2011, we have been purchasing 100% renewable electricity through Guarantees of Origin equal to our electricity consumption in Denmark, Finland, Norway, Sweden, Poland, and Estonia. Carbon emissions from electricity in the table below are disclosed as market-based, i.e. after buying Guarantees of Origin. Third, for the remaining unavoidable emissions in 2018 we continued with the off-setting activities that we have carried out since 2015. The combination of measures ensures that Nordea has a programme for being CarbonNeutral® certified in line with The CarbonNeutral Protocol.

Boundary and scope

When it comes to disclosing carbon emissions from our internal operations we have experienced challenges in collecting data necessary to calculate a carbon footprint with the same boundary and scope between the years, hence making it impossible to compare numbers and spotting trends. In 2018 we therefore decided to put effort in re-defining the boundary and scope for our carbon footprint. We now disclose carbon

emissions from our operations in Denmark, Finland, Norway, Sweden, Poland and Estonia as that is where we have our main operations. There are still a few limitations in scope, which are stated below, that we hope to be able to include next year. Since we have changed boundary and scope from last year, comparison with 2017 is not possible and we have therefore chosen not to include those figures in this report.

Consumption figures for diesel generators, electricity, district heating and district cooling include headquarters, head offices and data centres in Denmark, Finland, Norway, Sweden, Poland and Estonia. Branch offices are not included this year, but our ambition is to include them for 2019. Consumption for leased cars covers all employees in Denmark, Finland, Norway, Sweden, Poland and Estonia regardless of location/office.

Carbon emissions from stationary combustion (diesel generators), purchased electricity, district heating, district cooling and fuel- and energy-related activities include headquarters, head offices and data centres in Denmark, Finland, Norway, Sweden, Poland and Estonia.

Carbon emissions from mobile combustion (leased cars) and business travel covers all employees in Denmark, Finland, Norway, Sweden, Poland and Estonia corresponding to almost 97% of the total number of employees in 2018. Carbon emissions from business travel covers the material emissions of Nordea's business travel: air travel, taxi travel, use of own cars and accommodation. For Estonia, no travel data was available,

and the emissions were therefore extrapolated. The Estonian offices only account for approximately 1% of the employees covered, but are a growing branch.

Calculation methods

The GHG accounting is performed according to the GHG Protocol, including scope 1–3 and the following sources: Scope 1 is mobile combustion of leased cars and stationary combustion from diesel generators. Scope 2 is purchased electricity, heating and cooling. Scope 3 is production of energy carriers and business travel. Excluded from the scope are train and ferry travel and rental cars as well as purchased goods and services such as mail/freight, paper, IT equipment, etc.

All emissions in this report are stated in tonnes of CO₂-equivalent. The calculations cover the relevant greenhouse gases (GHGs), namely CO₂, CH₄ and N₂O.

In the below table we disclose the emissions factors that we have used as basis for our calculations and applied Global Warming Potentials (GWP) based on IPCC Fourth Assessment Report (AR4) (2007).

Activity	Emission factor reference
Stationary combustion	Department for Business, Energy and Industrial Strategy (DBEIS), 2018
Mobile combustion	DBEIS, 2018; Värmeforsk, 2011
Electricity	IPCC, 2014; "European Residual Mixes 2017" by Association of Issuing Bodies; The Swedish Energy Markets Inspectorate, 2018; DBEIS, 2018
Heating	Swedenergy, 2018; Danish Energy Agency, 2017; Finsk Energiindustri, 2018; Statistics Norway, 2015; Euroheat & Power, 2017
Cooling	Helen AB, 2018; Stockholm Exergi, 2018; Göteborgs Energi, 2018; "2017 Country by Country" by Euroheat & Power
Business travel	DBEIS, 2018
Greenhouse Gas (GHG)	GWP (100 years)
CO ₂	1
CH ₄	25
N ₂ O	298

S11. Suppliers

In 2018 Nordea initiated different cost savings initiatives that has led to fewer suppliers and a decrease in spend with around 20% in comparison to 2017. Besides that, we haven't had any significant changes in our supply chain during 2018.

Supply chain	2018
Total spend (EURm)	2,386
Total number of suppliers	15,537
Estimated number of active contracted suppliers	1,322
One-time suppliers	7,455
Suppliers with multiple interaction	8,082
Number of new suppliers	68
Environmental assessments	
New suppliers screened for environmental issues (%)	91
Number of suppliers assessed for environmental impacts	20
Number of suppliers identified as having significant actual and potential negative environmental impact	0
Suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment (%)	n/a
Suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment (%)	n/a
Social assessments	
New suppliers screened for social issues (%)	91
Number of suppliers assessed for social impacts	20
Number of suppliers identified as having significant actual and potential negative social impact ¹	1
Suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment (%)	100
Suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment (%)	0

1) We have one supplier that has been convicted for bribery. The evidence on mitigating actions taken resulted in a decision to continue the relationship with the supplier.

S12. People

Employee-related data is disclosed as headcounts in this Sustainability Report which is different from the Nordea Annual Report in which data is disclosed as FTE (full-time equivalents). The significant portion of our people are employed by Nordea.

People Pulse Survey

In December 2018, we launched a new People Pulse survey measuring the key drivers for employee engagement and well-being of our people in addition to culture and conduct. The People Pulse is conducted on a quarterly basis and the results are discussed with the teams in quarterly Team Performance and Learning dialogues. 68% of our people participated in the first People Pulse Survey.

Approach and framework for learning

To differentiate Nordea in the market, we have identified six capabilities – Customer Experience, Analytics, IT Management, Partnerships, Risk Management and People Management – that we believe will support our strategic business priorities and ensure we stay competitive also in an unknown future. We want to support our people to learn and enhance these capabilities by focusing on their personal development at Nordea. In 2018, we created a common approach and framework for Learning@Nordea by adopting common learning principles and streamlining our learning teams into six aligned academies to support building our differentiating capabilities. 66% of our people feel that they 'always' or 'often' have the learning opportunities they need to be relevant and competent

to do their work and 54% feel they 'always' or 'often' take the time to focus on learning and reflect on everyday actions.

A flatter, more agile organisation with new ways of working

We are creating a simpler and flatter organisation with less hierarchy, faster decision-making processes and better communication. We have reduced management layers and increased the size of our teams at the end of 2018, bringing us close to our target of an average of ten people reporting to one leader. This is an important step in further empowering our people. It allows faster decisions and better communication and helps us be adaptable and take ownership.

In alignment with a simpler structure, we are also rapidly moving into new ways of working. More and more of our people are working agile as well as becoming certified in SAFe, Nordea's framework for Agile at scale, and being trained in Nordea's Operational Excellence (Lean).

Employee turnover

Our employee turnover rate for 2018 was 8.27%, which is in line with 2017.

Collective bargaining agreements

In 2018, 76.8% of all our employees were covered by collective bargaining agreements which is not really comparable to the 79.4% reported for 2017 as that only covered our employees in the Nordic countries.

Number of employees	2018			2017		
	Men	Women	Total	Men	Women	Total
Nordea Group	15,190	16,338	31,528	15,631	17,539	33,170
Permanent contract	14,764	15,939	30,703	14,757	16,532	31,289
-full-time	14,293	14,494	28,787	14,337	14,944	29,281
-part-time	471	1,445	1,916	420	1,588	2,008
Temporary contract	426	399	825	874	1,007	1,881

Employee training	2018	2017
Number of hours	424,465	465,811
Average number of hours/employee	13.5	14.0

Number of employees by country of operation	2018			2017		
	Men	Women	Total	Men	Women	Total
Nordea Group	15,190	16,338	31,528	15,630	17,540	33,170
Denmark	4,888	3,953	8,841	5,413	4,542	9,955
Finland	2,552	4,531	7,083	2,642	5,013	7,655
Norway	1,617	1,459	3,076	1,736	1,565	3,301
Sweden	3,560	3,925	7,485	3,866	4,288	8,154
Poland	1,953	1,644	3,597	1,284	1,250	2,534
Estonia	120	248	368	41	121	162
Russia	142	240	382	165	371	536
International offices	358	338	696	483	390	873

Composition of governance bodies	2018					2017				
	Men	Women	Age <30	Age 30–50	Age >50	Men	Women	Age <30	Age 30–50	Age >50
Board of Directors	5	5		2	8	5	4		2	7
Group Executive Managers	9	2		6	5	8	2		6	4
People leaders	2,118	1,354	125	2,304	1,043	2,233	1,514	113	2,459	1,175
Employees	13,063	14,982	6,243	13,813	7,989	13,388	16,025	6,297	14,396	8,720

S13. Participation in international initiatives

As the largest financial services group in the Nordic region, we seek to encourage best practice through active participation in international initiatives. Below are a few examples.

The Access to Medicine Index: The index analyses the top 20 research-based pharmaceutical companies on how they make medicines, vaccines and diagnostics more accessible in low- and middle-income countries. It highlights best and innovative practices, and areas where progress has been made and where action is still required.

The Antimicrobial Resistance Benchmark: The AMR Benchmark tracks how pharmaceutical companies are responding to the increase in drug resistance. Nordea is a member of the Expert Committee.

Carbon Disclosure Project (CDP): Nordea is a signatory to the CDP, a project that aims to collect and share information on greenhouse gas emissions and climate change strategies. The CDP is a cooperation arrangement between 655 institutional investors with a combined asset holding of USD 78tn. We use the database information in our ESG analysis. We are also represented on the CDP Water Advisory Council.

Climate Action 100+: Nordea Asset Management (NAM) has joined Climate Action 100+, a collaborative five-year global initiative led by investors to engage with the world's largest corporate greenhouse gas emitters to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures.

The Corporate Human Rights Benchmark (CHRB): Nordea is a funding member and on the CHRB Advisory Board. The CHRB ranks the top 500 globally listed companies on their human rights policy, process and performance, harnessing the competitive nature of the markets to drive better human rights performance.

The Equator Principles: Nordea was the first Nordic bank to adopt the Equator Principles, endorsing them in 2007. It is a set of guidelines on how to prevent, manage and mitigate environmental and social risks in project financing.

The Extractive Industries Transparency Initiative (EITI): Nordea is a supporting investor and board member of the EITI. The initiative is a multi-stakeholder coalition of governments, companies, investors and civil society organisations. The aim of the initiative is to ensure transparency and accountable management of revenues from natural resources.

Institutional Investors Group on Climate Change (IIGCC): IIGCC provides investors with a collaborative platform to encourage public policies, investment practices, and corporate behaviour that address long-term risks and opportunities associated with climate change.

The Montreal Carbon Pledge: Nordea signed the Montreal Pledge in 2014 as one of the first signatories. By signing this pledge, we commit to measuring and publicly disclosing the carbon footprint of our investment portfolios on an annual basis.

UN Environmental Programme Finance Initiative (UNEP FI): Nordea signed the UNEP FI in 1994. It is a partnership between United Nations Environmental Programme and the global financial sector created in the wake of the 1992 Earth Summit with a mission to promote sustainable finance. More than 200 financial institutions – including banks, insurers and investors – work with UNEP FI to understand today's ESG challenges, why they matter to finance, and how to actively participate in addressing them. In 2017, we were elected as Social Issues representative for the UNEP FI Banking Committee and member of the UNEP FI Social Issues Advisory Group. We are also part of the UNEP FI water and finance work stream.

UN Global Compact (UNGC): UNGC was initiated by the UN to encourage businesses to align their strategies and operations with ten universal principles building on UN conventions in the fields of human rights, labour standards, environment and anti-corruption. Nordea became a signatory to the UN Global Compact in 2002, first through Nordea Bank Finland. From December 2004 the coverage was extended to the whole Group.

UN Guiding Principles on Business and Human Rights (UNGP): UNGP from 2011 is the first global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity, and continues to provide the internationally accepted framework for enhancing standards and practice regarding business and human rights.

UN Principles for Responsible Investment (PRI): As one of the first major banks in the Nordic countries, Nordea signed the PRI in 2007. The PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of ESG factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

The World Benchmarking Alliance (WBA): Nordea is an ally to the WBA. The alliance seeks to generate a movement around increasing the private sector's impact towards a sustainable future for all. The WBA brings together a broad, balanced group of stakeholders with SDG 17 (Partnership for the Goals) at its core. Allies represent a large mix of voices aligned with the universality of the SDGs. These range from civil society and business networks, to financial institutions and multilateral organisations.

S14. Association memberships

Nordea is member of a number of associations, see examples in the table below. Besides holding board member positions, we also often participate in working groups and committees.

Association/Forum	Type of engagement
Swedish Bankers' Association	Board member
Finance Denmark	Board member
Finance Finland	Board member
Finance Norway	Board member
European Banking Federation	Nordea is represented via the local bankers' associations which are members
GFMA – Global Financial Markets Association	Board members
EFR – European Financial Roundtable	Member
EBG – European Banking Group	Member
AFME – Association for Financial Markets in Europe	Member
Swedish Securities Dealers Association	Board member
FEAM – Forum of European Asset Managers	Member
EFAMA – European Fund and Asset Management Association	Board member
ICMA – International Capital Markets Association	Member
ISDA – International Swaps and Derivatives Association	Member

Glossary

A AMR – Antimicrobial resistance (AMR) is the ability of a microorganism (like bacteria, viruses, and some parasites) to stop an antimicrobial (such as antibiotics, antivirals and antimalarials) from working against it. As a result, standard treatments become ineffective, major surgery and cancer chemotherapy are compromised, and infections persist and may spread to others.

AML – Nordea's Anti-Money Laundering (AML) work is based on international regulations with the ultimate goal of ensuring that funds from illegal sources cannot be laundered through the banking system or used to finance terrorism or illegal operations of any kind. The purpose of AML is to protect not only the financial system and our customers, but also society at large.

C COP – Communication on Progress (COP) is the report that all signatories to the UNGC have to submit every year.

E ESG – This term refers to how environmental, social, and governance issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and over time). ESG screenings are used in evaluations of partners and suppliers.

I IPCC – The Intergovernmental Panel on Climate Change (IPCC) is the United Nations body for assessing the science related to climate change. In October IPCC released a special report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty.

P Paris Agreement – At COP 21 in Paris, on 12 December 2015, parties to the United Nations Framework Convention on Climate Change (UNFCCC) reached a landmark agreement to combat climate change and to accelerate and intensify the actions and investments needed for a sustainable low carbon future. The Paris Agreement brings all nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects, with enhanced support to assist developing countries to do so.

S SDGs – The Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations General Assembly in 2015. The SDGs are part of Resolution 70/1 of the United Nations General Assembly "Transforming our World: the 2030 Agenda for Sustainable Development" that has been shortened to "2030 Agenda". The goals are an urgent call for action by all countries – developed and developing – in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

UNEP FI Principles for Responsible Banking Reporting Index

Nordea was one of 28 banks from around the world who founded the Principles for Responsible Banking under UNEP FI. The principles were launched for global consultation in November 2018 and will be ready for signing in September 2019. However, Nordea already works towards the principles and in the table below we list where relevant information in relation to our work with the principles can be found.

Question	Description	Location
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 (SDGs), the Paris Climate Agreement and relevant national and regional frameworks. We will focus our efforts where we have the most significant impact."		
1.1	Link to business model including structure of the bank, sectoral focus areas, products and services, client base and geographic coverage.	Website: Who we are https://www.nordea.com/en/about-nordea/who-we-are/ Website: Policies and commitments https://www.nordea.com/en/sustainability/sustainability-in-nordea/commitments-and-policies/ Sustainability Report 2018: Living our mission (p. 10)
1.2	Link to business strategy aligned with individuals' needs and society's goals.	Annual Report 2018: Leading platform (p. 6–7) and Strategic vision (p. 10–11) Sustainability Report 2018: Sustainability direction and targets (p. 13)
Principle 2 - Impact		
"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."		
2.1	Link to identification process of risks, opportunities, and impacts and explanation of materiality criteria.	Sustainability Report 2018: ESG in risk framework (p. 9, 31–32), How we work with TCFD (p. 12), Climate action (p. 14–15), Responsible supply chain (p. 18–19), Materiality analysis (p. 33–34)
2.2	Link to most significant positive and negative environmental and social risks, opportunities and impacts associated with activities, products and services.	Sustainability Report 2018: Our Sustainable products (p. 11, 36), Human Rights (p. 16–17), Responsible supply chain (p. 18, 39) Sustainable Finance Annual Report: Sustainable finance approach (p. 6), Responsible investment approach (p. 7) Green Bond Impact Report 2018: Impact overview – Inaugural Green Bond (p. 4), Impact overview – Green Bond Asset Portfolio (p. 5)
2.3	Link to progress of positive impacts and reduction of negative impacts associated with activities, products and services.	Sustainability Report 2018: Digitalisation (p. 26), Materiality analysis (p. 33–34) Green Bond Impact Report 2018: Green Bond Asset Portfolio (p. 7)
Principle 3 – Clients and 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."		
3.1	Link to policies and practices to ensure sustainable and responsible relationships with clients and customers.	Website: Sustainability Policy including customer advice https://www.nordea.com/Images/33-207037/Sustainability%20policy%2020181001.pdf Sustainability Report 2018: Our sustainable products (p. 11, 36), Customer experience (p. 30), Materiality analysis (p. 33–34) Green Bond Impact Report 2018: Impact overview – Inaugural Green Bond (p. 4), Impact overview – Green Bond Asset Portfolio (p. 5), Green Bond Asset Portfolio (p. 7)
3.2	Link to how sustainable practices are encouraged with clients and customers to enable economic activities that create shared prosperity.	Website: Sustainability Policy including customer advice https://www.nordea.com/Images/33-207037/Sustainability%20policy%2020181001.pdf Website: Responsible investment policy https://www.nordea.com/Images/33-43678/RI_Policy_DECEMBER_2017.pdf Sustainability Report 2018: Our Sustainable products (p. 11, 36)
Principle 4 - Stakeholders		
"We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals."		
4.1	Link to description of stakeholders with whom we have consulted, or are planning to consult in relation to risks, opportunities, and impacts.	Website: Memberships https://www.nordea.com/en/sustainability/sustainability-in-nordea/commitments-and-policies/#tab=Memberships Sustainability Report 2018: Stakeholder engagements (p. 35), Participation in international initiatives (p. 41), Association memberships (p. 42)
4.2	Link to bank's description of how stakeholders are identified and determined to be relevant.	Sustainability Report 2018: Stakeholder engagements (p. 35)
4.3	Link to proactive stakeholder engagement and results in relation to the PRBs, SDGs, Paris Climate Agreement and relevant national and regional frameworks.	Sustainability Report 2018: Stakeholder engagements (p. 35)

Question	Description	Location
Principle 5 – Governance and target setting		
“We will implement our commitment to these Principles through effective governance and a culture of responsible banking, demonstrating ambition and accountability by setting public targets relating to our most significant impacts.”		
5.1	Link to how social, environmental and economic risks and opportunities are managed, with a focus on governance structures, roles and responsibilities, and processes.	Website: Code of Conduct https://www.nordea.com/Images/33-227364/Code%20of%20conduct%20A5_May_2018_v2_External.pdf Website: Sustainability Policy https://www.nordea.com/Images/33-207037/Sustainability%20policy%2020181001.pdf Sustainability Report 2018: Governance and risk management (p. 31–32)
5.2	Link to targets in relation to SDGs, Paris Climate Agreement, and relevant national and regional frameworks.	Sustainability Report 2018: Sustainability direction and targets (p. 13), Human rights (p. 16–17), Diversity & inclusion (p. 22–23), Short-term sustainability goals (p. 37)
5.3	Link to targets that have been set, activities and measures to achieve these targets, KPIs, resources and responsibilities assigned, and processes to monitor and review progress.	Sustainability Report 2018: Sustainability direction and targets (p. 13), Short-term sustainability goals (p. 37)
5.4	Link to short, medium and/or long-term objectives and performance over the year.	Sustainability Report 2018: Sustainability direction and targets (p. 13), Short-term sustainability goals (p. 37)
Principle 6 – Transparency and 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.”		
6.1	Link to progress and status of initiatives supporting PRBs, SDGs, Paris Climate Agreement, UNGC, Equator Principles, PRI, TCFD, and/or relevant national and regional frameworks.	Sustainability Report 2018: UNEP FI Principles for Responsible Banking Reporting Index (p. 43), TCFD Disclosure Index (p. 44), GRI Content Index including reference to UNGC (p. 45–49)

TCFD Disclosure Index

This year we have progressed climate-related financial disclosures in line with TCFD. Below is a cross-reference to where the recommended disclosures can be found in this Sustainability Report and in Nordea’s Annual Report 2018.

Disclosure	Page
Governance	
a) Describe the board’s oversight of climate-related risks and opportunities.	31
b) Describe management’s role in assessing and managing climate-related risks and opportunities.	31
Strategy	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	12, 14
b) Describe the impact of climate-related risks and opportunities on the organisation’s business, strategy, and financial planning.	12, 14
c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	12, 14
Risk Management	
a) Describe the organisation’s processes for identifying and assessing climate-related risks.	31–32
b) Describe the organisation’s processes for managing climate-related risks.	9, 12, 14, 35–36
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.	31–32
Metrics and Targets	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	13–15, 38
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	15, 38
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	13, 37

GRI Content Index

Nordea's Sustainability Report 2018 has been prepared in accordance with the GRI Standards: Core option, and with relevant parts of GRI G4 Financial Services Sector Disclosures.

GRI Standard	Disclosure	Page	UNGC principle	Reason for omission on page 29
GRI 101: Foundation 2016				
General disclosures				
GRI 102: General Disclosures 2016				
102-1	Name of the organisation	6		
102-2	Activities, brands, products and services	6-7, 11		
102-3	Location of headquarters	6, Back cover		
102-4	Location of operations	7, Annual Report 130		
102-5	Ownership and legal form	6		
102-6	Markets served	6-7, Annual Report 130		
102-7	Scale of the organisation	7		
102-8	Information on employees and other workers	40	6	X
102-9	Supply chain	39		
102-10	Significant changes to the organisation and its supply chain	39		
102-11	Precautionary Principle or approach	14	7	
102-12	External initiatives	41		
102-13	Memberships of associations	42		
102-14	Statement from most senior decision-maker	4-5		
102-16	Values, principles, standards, and norms of behaviour	8, 10, 12, 16	10	
102-17*)	Mechanisms for advice and concerns about ethics	9-10		
102-18	Governance structure	31-32		
102-20*)	Executive-level responsibility for economic, environmental and social topics	31		
102-26*)	Role of highest governance body in setting purpose, values, and strategy	31		
102-30*)	Effectiveness of risk management processes	31-32		
102-32*)	Highest governance body's role in sustainability reporting	31		
102-40	List of stakeholder groups	35		
102-41	Collective bargaining agreements	40	3	
102-42	Identifying and selecting stakeholders	35		
102-43	Approach to stakeholder engagement	35		
102-44	Key topics and concerns raised	35		
102-45	Entities included in the consolidated financial statements	29		
102-46	Defining report content and topic boundaries	29, 33-34		
102-47	List of material topics	33-34		
102-48	Restatements of information	n/a		
102-49	Changes in reporting	29		
102-50	Reporting period	29		
102-51	Date of most recent report	29		
102-52	Reporting cycle	29		
102-53	Contact point for questions regarding the report	Inside front cover		
102-54	Claims of reporting in accordance with the GRI Standards	45		
102-55	GRI content index	45-49		
102-56	External assurance	50		

*) Not required for Core option.

GRI Standard	Disclosure	Page	UNGC principle	Reason for omission on page 29
Material topics				
ANTI-CORRUPTION				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	9, 33–34	10	
103-2	The management approach and its components	8–9, 37	10	
103-3	Evaluation of the management approach	8–9, 37	10	
GRI 205: Anti-corruption 2016				
205-2	Communication and training about anti-corruption policies and procedures	8	10	X
ANTI COMPETITIVE BEHAVIOUR				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	8–9, 33–34		
103-2	The management approach and its components	8–9, 37		
103-3	Evaluation of the management approach	8–9, 37		
GRI 206: Anti-competitive behaviour 2016				
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	33		
ENERGY				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	12, 33–34	7, 8	
103-2	The management approach and its components	12–15, 37	7, 8	
103-3	Evaluation of the management approach	12–15, 37	7, 8	
GRI 302: Energy 2016				
302-1	Energy consumption within the organisation	15, 38	7, 8	X
302-3	Energy intensity	15, 38	8	
WATER				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	14, 33–34		
103-2	The management approach and its components	14		
103-3	Evaluation of the management approach	14		
GRI 303: Water 2016				
303-1	Water withdrawal	14		X
EMISSIONS				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	12, 33–34	7, 8	
103-2	The management approach and its components	12–15, 37	7, 8	
103-3	Evaluation of the management approach	12–15, 37	7, 8	
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	15, 38–39	7, 8	
305-2	Energy indirect (Scope 2) GHG emissions	15, 38–39	7, 8	
305-3	Other indirect (Scope 3) GHG emissions	15, 38–39	7, 8	
305-4	GHG emissions intensity	15, 38	8	

GRI Standard	Disclosure	Page	UNGC principle	Reason for omission on page 29
SUPPLIER ENVIRONMENTAL ASSESSMENT				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	18–19, 33–34	8	
103-2	The management approach and its components	10–11, 18–19, 37, 39	8	
103-3	Evaluation of the management approach	10–11, 18–19, 35, 37, 39	8	
GRI 308: Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using environmental criteria	39	8	
308-2	Negative environmental impacts in the supply chain and actions taken	39	8	
EMPLOYMENT				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	20, 33–34	6	
103-2	The management approach and its components	20	6	
103-3	Evaluation of the management approach	20, 35, 40	6	
GRI 401: Employment 2016				
401-1	New employee hires and employee turnover	40	6	X
TRAINING AND EDUCATION				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	20, 33–34	6	
103-2	The management approach and its components	20	6	
103-3	Evaluation of the management approach	20, 35, 40	6	
GRI 404: Training and Education 2016				
404-1	Average hours of training per year per employee	7, 40	6	X
404-2	Programmes for upgrading employee skills and transition assistance programmes	20		
404-3	Percentage of employees receiving regular performance and career development reviews	20, 21		X
DIVERSITY AND EQUAL OPPORTUNITY				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	23, 33–34	6	
103-2	The management approach and its components	23	6	
103-3	Evaluation of the management approach	23, 40	6	
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	7, 23, 40	6	

GRI Standard	Disclosure	Page	UNGC principle	Reason for omission on page 29
NON-DISCRIMINATION				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	23, 33–34	6	
103-2	The management approach and its components	4, 23	6	
103-3	Evaluation of the management approach	23	6	
GRI 406: Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	23	6	X
HUMAN RIGHTS ASSESSMENT				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	16–17, 33–34	1, 2	
103-2	The management approach and its components	8–9, 16–17, 37	1, 2	
103-3	Evaluation of the management approach	8–9, 35, 37	1, 2	
GRI 412: Human Rights Assessment 2016				
412-1	Operations that have been subject to human rights reviews or impact assessments	16, 37	1, 2	X
SUPPLIER SOCIAL ASSESSMENT				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	18–19, 33–34	1, 2, 4, 5	
103-2	The management approach and its components	10–11, 18–19, 37, 39	1, 2, 4, 5	
103-3	Evaluation of the management approach	10–11, 18–19, 35, 37, 39	1, 2, 4, 5	
GRI 414: Supplier Social Assessment 2016				
414-1	New suppliers that were screened using social criteria	39	2, 4, 5	
414-2	Negative social impacts in the supply chain and actions taken	39	2, 4, 5	
CUSTOMER PRIVACY				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	32, 33–34		
103-2	The management approach and its components	32		
103-3	Evaluation of the management approach	32		
GRI 418: Customer Privacy 2016				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	32		X
PRODUCT PORTFOLIO				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	10–11, 33–34	1, 4, 5, 6	
103-2	The management approach and its components	10–11, 37	1, 4, 5, 6	
103-3	Evaluation of the management approach	10–11, 35	1, 4, 5, 6	
GRI G4: Financial Services Sector Disclosures				
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	36	9	

GRI Standard	Disclosure	Page	UNGC principle	Reason for omission on page 29
ACTIVE OWNERSHIP				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	11, 33–34		
103-2	The management approach and its components	11, 36		
103-3	Evaluation of the management approach	11, 36		
GRI G4: Financial Services Sector Disclosures				
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on social and environmental issues	11, 36		
FS11	Percentage of assets subject to positive and negative environmental or social screening	7, 36		
CUSTOMER EXPERIENCE				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	6, 10–11, 33–34		
103-2	The management approach and its components	6, 30		
103-3	Evaluation of the management approach	6, 30, 35		
Own indicator	Customer satisfaction surveys	30		
FINANCIAL CRIME				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	9, 33–34		
103-2	The management approach and its components	5, 9		
103-3	Evaluation of the management approach	9, 35		
Own indicator	Financial crime training	9		
COMMUNITY ENGAGEMENT				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	24, 33–34		
103-2	The management approach and its components	24, 26		
103-3	Evaluation of the management approach	24, 26, 35		
Own indicator	Engagement in volunteering activities	24		
Own indicator	Volunteering hours	24		

Independent Practitioner's Assurance Report

To the Management of Nordea Bank Abp

We have been engaged by the Management of Nordea Bank Abp (hereinafter also the Company) to perform a limited assurance engagement on sustainability disclosures for the year ended 31 December 2018, disclosed in Nordea Sustainability Report 2018 (hereinafter Sustainability Information).

Management's responsibility

The Management of Nordea Bank Abp is responsible for preparing the Sustainability Information in accordance with the Reporting criteria as set out in the Company's reporting instructions and the GRI Sustainability Reporting Standards of the Global Reporting Initiative. The Management of Nordea Bank Abp is also responsible for such internal control as the management determines is necessary to enable the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.

Practitioner's independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers Oy applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional stan-

dards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Sustainability Information based on the procedures we have performed and the evidence we have obtained. Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Nordea Bank Abp for our work, for this report, or for the conclusions that we have reached.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". That standard requires that we plan and perform the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other disclosures in the Sustainability Information. The procedures selected depend on the practitioner's judgement, including an assessment of the risks of material misstatement of the Sustainability Information.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Information, and other limited assurance procedures. Our work consisted of, amongst others, the following procedures:

- Interviewing senior management of the Company.
- Interviewing employees responsible for collecting and reporting the Sustainability Information at the Group level.
- Assessing how Group employees apply the Company's reporting instructions and procedures.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Nordea Bank Abp's Sustainability Information for the reporting period that ended 31 December 2018 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

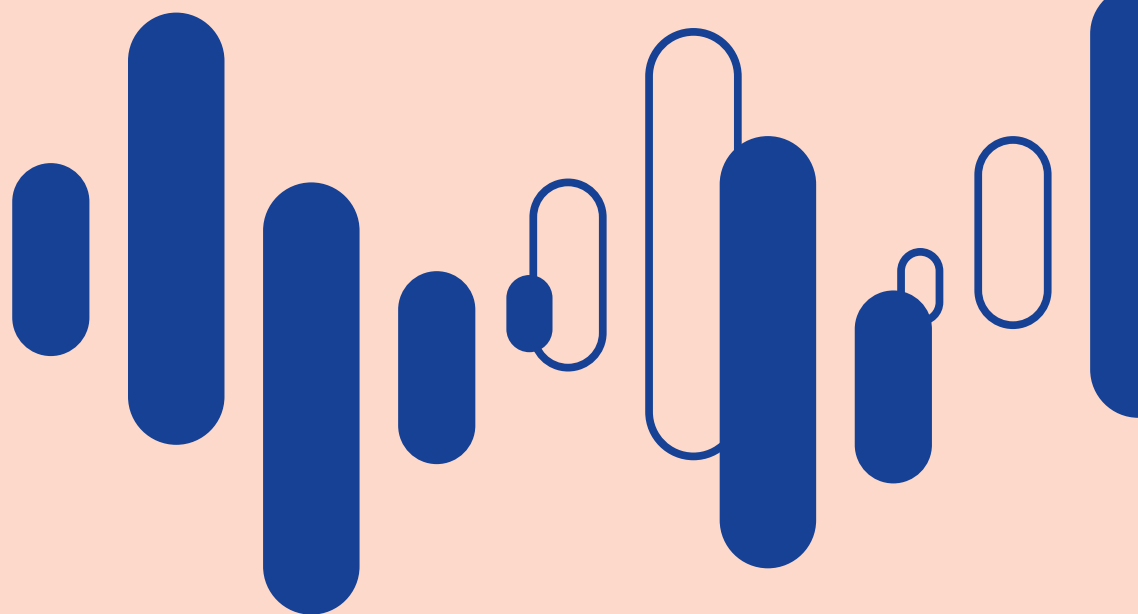
When reading our assurance report, the inherent limitations to the accuracy and completeness of sustainability information should be taken into consideration.

Helsinki, 26 February 2019

PricewaterhouseCoopers Oy

Juha Wahlroos
Authorised Public Accountant

Sirpa Juutinen
Partner
Sustainability & Climate Change





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