

CSR Report 2011

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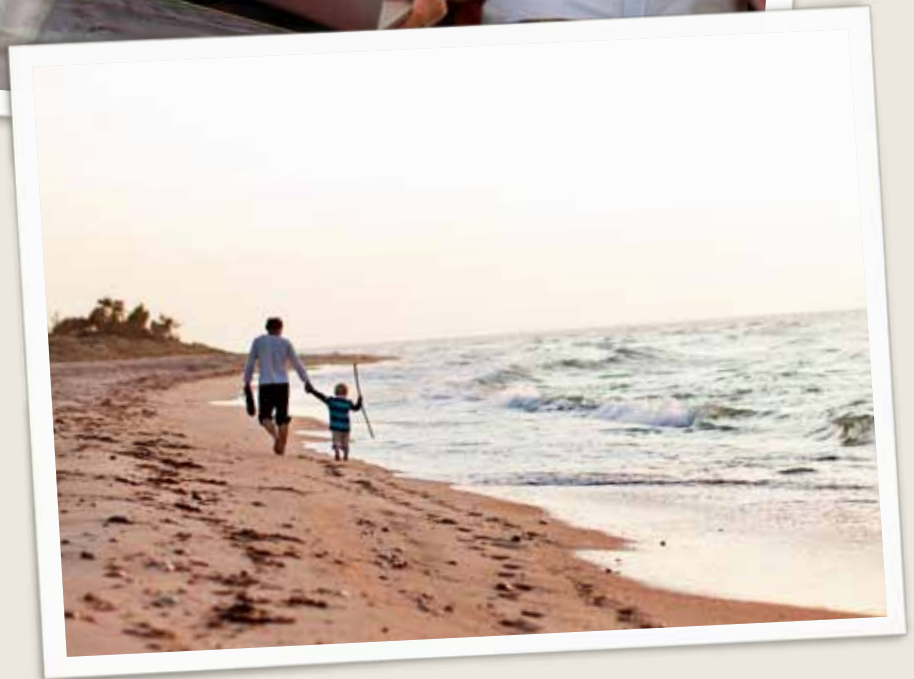


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Meet Nordea

Nordea is the largest financial services group in the Nordic and Baltic Sea region with market capitalisation of approximately EUR 24bn, total assets of EUR 716bn and a core tier 1 capital ratio of 11.2%. Nordea has leading positions within corporate merchant banking as well as retail banking and private banking. It is also the leading provider of life and pensions products in the Nordic countries. Nordea's vision is to become a Great European bank, acknowledged for its people, creating superior value for customers and shareholders.

We have had our position confirmed as the market leader in the Nordics by being defined as the only global systemically important bank in our part of Europe. To meet the regulatory challenges, we have initiated one of the most ambitious New Normal plans for any bank in the world. We have continued to attract new customers and deepen our relations in all segments – from households to the largest companies in the region. We were appointed best bank in three out of four Nordic countries by World Finance.

Today Nordea has some 11 million customers, 1,400 branch offices and a leading net-banking position with approximately 5.5 million e-customers. Building relationships with our customers is fundamental. That is how we are able to provide each customer with what is right for him or her. Nordea offers a wide range of products, services and solutions within banking, asset management and insurance.

Nordea's formal name is Nordea Bank AB (publ) and it is legally registered in Sweden with Stockholm as the head office. The Nordea share is listed on NASDAQ OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen. With high market capitalisation and high liquidity, the share is included in key indices. End of December 2011 the three largest shareholders were Sampo Group with 21.3 (20.6)% of the shares, the Swedish state with 13.5 (19.9)% and Nordea Fonden with 3.9%. During 2011 Sampo Group increased its holding. Nordea has approximately 475,000 shareholders who hold 4,047,272,751 shares. Nordea can trace its roots as far back as to 1820. To date 250 banks have been incorporated.

Nordea has an ambitious vision of becoming a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. The vision is reflected in Nordea's financial targets and supported by Nordea's values:

- Great customer experiences
- It's all about people
- One Nordea team

To help us achieve that vision we also:

- Pursue a strategy that ensures sufficient income generation to create great customer experiences and long term value.
- Aim to be the best relationship bank in the markets where we operate retaining existing customers and attracting new ones.
- Operate according to one operating model in everything we do in order to free up resources to serve customers.

Developments in 2011

Björn Wahlroos became Chairman of the Board in March 2011. Mr Wahlroos is also chairman of Sampo Plc., Nordea's largest shareholder. He succeeded Hans Dalborg who became Nordea's first honorary chairman after having served as chairman since 2001 and previously as CEO.

In April Nordea announced a reorganisation to take effect in June. The new organisation strengthens the value-chain-based concept. It consists of three main business areas geared towards increased flexibility and focus on capital and cost efficiency.

A detailed organisational chart is available on www.nordea.com.

In 2011 we have responded to the European banking regulation that has been sharpened with the purpose to reduce risks of new financial crises. Although Nordea has only been indirectly exposed to the euro crisis we began in 2011 to start the implementation of our New Normal plan to meet the challenges of regulation and the new macro-economic situation. In August we announced a reduction of approximately 2,000 employees in the Nordic region during 2011 and 2012. The ambition is to primarily reach the vast majority of the reduction in staff through natural attrition and voluntary agreements.

Recognitions

Nordea received several awards and recognitions during 2011. Some of the main awards were:

- Best private banking service provider in the Nordics by Euromoney Magazine
- Best bank for payments and collections in the Nordic region by Global Finance Magazine
- Biggest and safest bank in the Nordic region by Global Finance Magazine
- Biggest and safest bank in the Nordic region by the magazine Global Finance

More information on received awards is available on www.nordea.com.

Please see pages 2–6 and 203 of the Annual Report for more detailed information.

11 million customers
33,000 employees
1,400 branches
EUR 24bn market cap



ECONOMIC VALUE GENERATED	MILLION EUROS
DIRECT ECONOMIC VALUE GENERATED:	
Net sales plus revenues from financial investments and sales of assets	8,766
ECONOMIC VALUE DISTRIBUTED:	
Payments to suppliers, non-strategic investments, royalties and facilitation payments	1,914
Total monetary outflows for employees (current payments, not future commitments)	3,113
All financial payments made to the providers of the organisation's capital	1,168
Gross taxes	709
Donations, voluntary contributions	1

Nordea fact box

- Offers products, services and solutions within banking, asset management and insurance.
- 11 million customers
- 1,400 branches
- 33,000 employees
- Market capitalisation of approx. EUR 24bn
- Total assets of EUR 716bn and a core tier 1 capital ratio of 11.2%
- Among the ten largest universal banks in Europe
- Christian Clausen is Group President and CEO
- Nordea shares are listed on the NASDAQ OMX, Nordic Exchange in Stockholm, Helsinki and Copenhagen
- Nordea has approximately 475,000 shareholders that hold 4,047,272,750 shares
- Largest shareholders are:
 - Sampo Group with 21.3 (20.6)%
 - the Swedish state with 13.5 (19.9)%*
 - Nordea Fonden with 3.9%
- Formal name is Nordea Bank AB (publ)
- Legally registered in Sweden with Stockholm as the head office
- Receives no state subsidies
- Has no major joint ventures, apart from the IT operations jointly run with IBM

* In 2011 The Swedish state sold approx 6% of its shares according to its stated strategy of divestment.



A word from our CEO

2011 was a challenging year for many European banks and their customers. The euro crisis has caused governments to take harsh measures to curb deficits. Many companies have experienced a decrease in orders as demand and growth have fallen. Growing unemployment and uncertainty led to reduced consumption and made households less optimistic about the future.

In addition, the European banking regulation has been sharpened to reduce the risk of new financial crises. Many European banks are struggling to meet the requirements, reach stable financial results and fund their operations.

Nordea has only been indirectly exposed to the euro crisis. We are well capitalised and have a strong operating model and good risk diversity. We have also been able to maintain healthy financial results and modest loan losses throughout the entire financial turmoil since 2007. This has enabled us to already in 2011 start the implementation of our New Normal plan to meet the challenges of new regulations and the new macroeconomic situation.

To ensure the future stability of Nordea, we have established a new financial target: to reach a return on equity of 15% in a normalised economic environment. We have also taken measures to increase cost efficiency in order to shield our customers from the impact of regulatory costs as far as possible. Therefore we initiated a process to increase capital efficiency, minimise cost and reduce the number of employees by approximately 2,000 in the Group. We have aimed to implement the reduction by way of voluntary agreements and were ahead of our plans at the turn of the year with approximately 1,100 fewer employees than in the second quarter of 2011.

We will use our strong position to continue to strive for our mission: making it possible. As other banks have been forced to withdraw from different markets, stop new lending or even go bankrupt, we have been able to support our existing customers even more and also keep our doors open for new customers.

That is our first and foremost responsibility – towards the people we serve and the societies where we act: To always be ready to support and enable our customers to reach their goals and fulfil their aspirations. Our mission is to enable investments, growth and new jobs in the companies we serve – and unleash the inspiration, innovation and power of our household customers.

For a bank, a year is often described in terms of net interest income, return on equity and operating profit. But more important is that we in 2011 enabled millions of people to make it possible:

- We provided EUR 145bn of credit to the households
- We granted 300,000 families mortgage loans
- We provided the business community EUR 154bn in credit
- We raised EUR 37bn of capital for large corporates
- We executed close to 1.2bn payment transactions for our customers

Internally, we call this “Great customer experiences”, which is our most important value. We believe that every customer should meet a bank that is not only interested in where the customer is now, but also where he or she aspires to be. Our staff should provide professional advice but at the same time be easy to deal with.

We want to be responsible in everything we do, because this to us constitutes the real safety that should be the basis of any bank. But, we also want to make a difference – for our customers as well as for our societies. Our ambition is therefore to always look ahead – to decipher the challenges and take an active part in shaping the future.

In that context, it is self-evident for us to follow international agreements on social responsibility and climate. We signed the United Nations Environment Programme Finance Initiative (UNEP FI) in 2001, the Global Compact in 2002, the United Nations Principles for Responsible Investment and the Equator Principles both in 2007. These treaties and principles guide us in our everyday business and our policies and procedures support them.

To realise these ambitions we always need to listen. We meet customers every day in our branches. We talk to them in our telephone bank contact centres. We have a dialogue with them on Facebook and in other social media. I would also like to take this opportunity to invite you to provide us with feedback. Please, do not hesitate to contact us with your views on the content of this report, or if you have any other ideas of how we could become an even better bank – not only in our products and services, but also in our behaviour and responsibility.

Yours sincerely,



Christian Clausen
President and Group CEO

About this report

Nordea based the materiality of this report on the dialogues held with stakeholders as well as on our own knowledge of the areas where Nordea can make a difference within CSR. Our stakeholders agreed that responsible credit and transparent information regarding products and services have top priority. These chapters are therefore extensive. We will however start by giving an overview of Nordea and how we work with CSR. Next we present all areas deemed important by our stakeholders, by the CSR community based on practice and by our own organisation. More in-depth information is available on the web.

This is the fourth edition of the Nordea CSR Report covering the calendar year of 2011. Our latest CSR Report was published in February, 2011. During the period 2002–2007 Nordea produced an annual environmental report, the Nordea Environmental Footprint (NEF).

This report is produced according to the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines and the Financial Services Sector Supplement (FSSS) Final Version (2008). Information is gathered from our reporting systems as well as manually. In accordance with Nordea's CSR strategy business areas and group functions provide the content related to their areas. We are reporting on a B+ level. The GRI indicator index is shown on pages 38–39.

The content of the report is guided by our materiality analysis and the dialogues that we have conducted with customers, employees, shareholders, analysts, suppliers, NGOs and governmental authorities.

This report covers CSR initiatives and activities in 2011 concerning the Nordea Group in the Nordic region (Denmark, Finland, Norway, Sweden), Estonia, Latvia,

Lithuania, Poland, Russia and in our international locations. Nordea's CSR reporting cycle is annual. Some positions and initiatives described in the report may only apply to selected units or parts of the organisation, and where relevant, the units concerned are identified. Our employment-related indicators cover Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Poland, Russia and Sweden, unless otherwise stated.

Our environmental indicators cover operations in Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Poland, Russia and Sweden, unless otherwise stated. Our international network is excluded from the environmental indicators as it is not material in this respect. When indicators are related to our premises we cover only the ones that are occupied by Nordea. In some cases environmental data also includes consultants working for Nordea.

The environmental data is calculated in accordance with the GHG Protocol's guidelines for emissions calculation, a corporate accounting and reporting standard by the World Resources Institute and the World Business Council for Sustainable Development.

This CSR report has been reviewed by external auditors, and the review report performed by Nordea auditors, KPMG, is shown on page 45.

Nordea is a signatory to the UN Global Compact (UNGC), and this report serves as Nordea's annual Communication on Progress (COP) report to the UNGC for the operating year 2011. Nordea has adopted the Equator Principles (EP). This report fulfils the annual reporting requirements of the EP and serves as Nordea's EP status report for the operating year 2011.

Abbreviations

CC	Consultative Committees	IFC	The World Bank Group's International Finance Corporation
CEO	Chief Executive Officer	KPI	Key Performance Indicator
CER	Certified Emission Reduction	LEED	Leadership in Energy and Environmental Design
CO	Customer Ombudsman	NEF	Nordea Environmental Footprint
CO ₂	Carbon Dioxide	NEM	New European Markets: Estonia, Latvia, Lithuania, Poland and Russia
CSR	Corporate Social Responsibility	NGO	Non Governmental Organisation
EPF	Export and Project Finance unit	OECD	Organisation for Economic Co-operation and Development
EP	Equator Principles	QRA	Quality and Risk Analysis
ERAT	Environmental Risk Assessment Tool	RECS	The European Standard Renewable Electricity Certificate System
ESD	EU directive on energy and end-use efficiency and energy services	RI	Responsible Investment
ESG	Environmental, Social and Governance	SPRAT	Social and Political Risk Assessment Tool
EUA	EU Emission Allowances	SVC	Sustainable Value Creation
FI	Financial Institution	UNEP FI	Environmental Programme Finance Initiative
FSSS	Financial Services Sector Supplement	UNGC	United Nations Global Compact
FTE	Full time employee	UNPRI	United Nations Principles for Responsible Investments
GEM	Group Executive Management		
GHG	Greenhouse Gases		
HR	Human Resources		



CSR focus and progress

Nordea's CSR work focuses on our core business – responsible lending and responsible investments. Other key areas are improving clarity of products and services, developing and retaining our people and minimising the environmental impact of our day-to-day operations.

Nordea's long-term strategic CSR goal is to integrate CSR with business, to embed CSR in core strategies, policies and procedures, products and services. Responsible credits and responsible investments are focus areas of our CSR work and the main focus areas in 2011. Ten years ago Nordea began systematically gauging ESG risks through specific tools and training within corporate credits and trade and project finance. Likewise, Nordea's asset management has been dedicated to the UNPRI since 2007. Further progress was made within both areas in 2011.

Improving ESG risk management

In 2011 the process for identifying environmental, social, governance and political risks in the credit process was reviewed with the purpose of identifying risks earlier in the credit process thereby freeing resources to focus on the potential cases. The tools available to our analysts, databases, ESG analyses and our own Environmental Risk Assessment Tool and Social and Political Risk Assessment Tool will be reviewed in 2012. Identifying ESG risks in the credit process benefits all parties concerned.

Screening for positive impact

In 2011 the Responsible Investments and Governance team introduced more investment opportunities with positive screening. They actively search for companies that adhere to ESG criteria that have a future positive impact and create good returns.

Improving information and transparency

We are constantly working to increase our internal awareness of CSR. In 2011 we worked on updating our intranet pages. We began to combine the CSR policies into one to clarify and simplify. During 2012 this will be referred to the CSR Stakeholder Board and sent to Group Executive Management and the Group Board of Directors for decision.

The CSR pages on www.nordea.com were updated in 2011. An extensive frequently asked questions section was added based on the questions received primarily from socially responsible investors.

Supportive and solid banking

We aim to support our customers in a challenging financial climate. During the turbulence that began in 2008 we worked hard to be proactive and help our customers through the turmoil, and will do so going forward. The increasing regulation of the financial industry is conversely providing an opportunity for Nordea. The regulations will make it tougher for banks to acquire funding and only the most solid banks will be able to secure good terms that they can pass on to their

Nordea was the best bank in the Nordic CDP Report

Nordea received a joint fourth place in the Carbon Disclosure Project's (CDP) report released 21 October and was thereby the best bank in the Nordics. The placement recognises Nordea's work to promote low-carbon alternatives by asserting influence as investor and lender. The CDP works on behalf of 550 investors with assets of USD 71,000bn, one being Nordea Investment Management, by requesting disclosure on the largest companies' approach to the threats and opportunities of carbon emissions. CDP's surveys are extensive and cover all aspects of business. It is not one single aspect but the aggregated work that renders a high score. Most Nordic peers participate in this survey.

customers. Since Nordea is rated as one of the strongest banks not only in Europe but globally this creates opportunities for both the bank and its customers.

Meeting public opinion

Another challenge is to meet the expectations and opinions of stakeholder groups in cases where there is no clear answer and society is divided. An example from 2011 is protests, mainly in Norway, regarding funds with investments in companies that produce components used for a variety of industries, one being in the production of nuclear bombs. Nordea does not invest in companies producing illegal weapons. There is no international legislation against nuclear bombs. However, Nordea decided to bar all investments in the companies in question for further analyses by end of Q1 2012.

CSR organisation

The CSR Secretariat coordinates and stimulates the CSR initiatives of business and raises internal awareness of CSR issues. The two-person unit works with the CSR Stakeholder Board comprising representatives from key business areas and group functions. The Stakeholder Board is chaired by the responsible GEM member. The purpose of the Stakeholder Board is to analyse CSR issues from different perspectives and secure that our strategy gain acceptance internally and externally. In 2011 the composition of the Stakeholder Board was amended to reflect the organisational changes in the Group. The role of the members is to promote CSR in their respective business areas or group function.

The head of the CSR Secretariat reports to the Chief Risk Officer (CRO) who is a member of the Group Executive Management (GEM). He is also responsible for CSR issues in GEM. All major CSR initiatives have to be approved by GEM. The head of the CSR Secretariat has participated in GEM meetings two times in 2011. The CSR Report is distributed to the Board of Directors and discussed in the board meeting following its publication. The responsible GEM member is present to discuss and to give an update on strategy and approach for the year ahead.

Stakeholder dialogues

In 2011 the CSR Secretariat continued the stakeholder dialogues that commenced in 2010 to better understand the priorities of our stakeholders. The dialogues were not as extensive as in 2010 and we focused on customers, employees, Non-Governmental Organisations (NGO) and the socially responsible investors (SRI).

The corporate customers and household customers were asked about CSR in the Customer Satisfaction Survey (CSI). Some 128,000 private and corporate customers in nine markets rated various CSR issues. CSR questions were also part of the Employee Satisfaction Survey (ESI) with a response rate of 94%. Employees valued all CSR issues fairly highly (ranging

Identified stakeholder groups



from 68%–80%) with combatting financial crime and equality being the most important issues. The ESI also showed that awareness of CSR has increased.

Meetings were held with three NGOs and will continue on a one on one basis throughout 2012.

Vital for responsible investors

Investors today increasingly integrate ESG issues into their portfolio management. Approximately 10–15% of all capital under management in Europe and the US are screened using ESG criteria. The launch of the UN-initiative Principles for Responsible Investors (PRI) has been a major driver behind this. Approximately 950 signatories have signed the initiative, promising to incorporate ESG analysis into investment analysis.

In line with this development, the CSR Secretariat's contact with the Socially Responsible Investor (SRI) community has greatly increased during 2011. A survey was conducted to map the SRI community and the ESG issues connected. In a first attempt to improve our communication with this stakeholder group a Q&A based on the most frequently asked questions was placed on www.nordea.com/csr.

In 2011, Nordea also researched financial analysts' requirements for ESG information from Nordea. The comments were mainly positive from the investors, but it was stressed that more information should be material and directly linked to the bottom line. Material reporting items included transparency on products and sales, the sustainability of financing and the basis for management remuneration. Overall, management in corporations should be clearer about linking ESG into the long-term strategy of their companies, investors stressed.

Nordea has also researched the number of investors in the Nordea portfolio that have a SRI profile and are working with responsible investments of some kind. 31% of the Nordea shares were owned by PRI signatories. The number of smaller specialised SRI funds in the portfolio represented approximately 0.8% of the total share capital. Looking at only institutional holdings, the PRI signatories in the portfolio represented 72% and the specialised SRI funds around 1.8%. Some of the largest shareholders with an RI agenda are listed in the table below.

A conclusion from this research is that Nordea seems to be an attractive investment from an ESG perspective, since close to 31% of Nordea's shares are held by investors with a RI agenda as compared to approximately 15% on average. Another conclusion is that ESG issues are becoming increasingly important for Nordea when CSR issues become a part of investors' governance processes.

Selection of major shareholders with a RI agenda*

Swedbank Robur Fonder AB	Sweden
AMF Pensionsförsäkring AB	Sweden
Aberdeen Asset Managers Ltd.	UK
BlackRock Fund Advisors	USA
Norges Bank Inn. Mgmt.	Norway
Legal & General Inv. Mgmt	UK
DnB NOR Asset Management AB	Sweden
Canada Pension Plan Investment Board	Canada
Danske Capital Denmark	Denmark
APG Asset Management	Netherlands

* 128 of Nordea's investors, as of January 2012, had a RI agenda.

Overview stakeholder dialogues

STAKEHOLDER GROUP	LANGUAGES	FORM	NUMBER OF RECIPIENTS	RESPONSE RATE/ ATTENDANCE
Private customers	Danish, Estonian, Finnish, Latvian, Lithuanian, Norwegian, Polish, Russian, Swedish	mail/email/phone (netbank not included)	368,575	24%
Corporate customers	Danish, Estonian, Finnish, Latvian, Lithuanian, Norwegian, Polish, Russian, Swedish	email/phone	117,479	18.9%
Employees	Danish, English, Estonian, Finnish, Latvian, Lithuanian, Norwegian, Polish, Russian, Swedish	email, WEB	34,960	94%



Governance

Nordea's governance is strict with a clear framework. Although strict it provides means by which stakeholders can voice their opinions and influence. Whether you are a shareholder, an employee or a customer, there are ways to share your opinions in a formalised way.

Shareholders can add items to the Annual General Meeting agenda, employees can communicate with their union representatives in the Board of Directors, and customers may contact the customer ombudsmen. In addition, there are numerous less formal channels available internally and through the Nordea websites.

CSR framework – Policies & Commitments

International commitments and internal policies govern our Corporate Social Responsibility.

International commitments

Nordea signed the United Nations Environmental Programme Finance Initiative (UNEP FI) in 2001. UNEP FI is a global partnership between UNEP and the financial sector. Over 200 institutions, including banks, insurers and fund managers, work with UNEP to understand the impacts of environmental and social considerations on financial performance.

Nordea signed the United Nations Global Compact (UNGC) in 2002. UNGC is a strategic policy initiative for businesses that are committed to aligning their

operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. The ten principles form the basis of Nordea's Code of Conduct.

Nordea signed the United Nations Principles for Responsible Investments (UNPRI) in 2007. UNPRI is an investor initiative in partnership with UNEPFI and UNGC. UNPRI consists of six principles and reflects the view that environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios and therefore must be given appropriate consideration by investors.

Nordea signed the Equator Principles (EPs) in 2007. The EPs are a credit risk management framework for determining, assessing and managing environmental and social risk in project finance transactions.

Internal policies

The Code of Conduct is the core CSR policy. It is based on the ten principles of the United Nation's Global Compact. The Corporate Citizenship Principles spell out the Group's values and commitments to ethical business. Both apply to all personnel and all who work on behalf of Nordea.

The main policies and international commitments are supported by specific and concrete policies to ensure compliance in everyday business. Examples are the environmental policy, the human resources policies, the anti-corruption policies, and several investment and credit policies. Please see www.nordea.com/csr for further details.

Avoiding conflict of interest

The Board of Directors

Nordea complies with applicable rules regarding the independence of the Board. The Nomination Committee considers all members elected by the shareholders to be independent of the Company and its executive management, with the exception of Lars G Nordström, who was employed as President and CEO of the Group until 13 April 2007.

All Board members elected by the shareholders, apart from Björn Wahlroos and Kari Stadigh, are independent

in relation to the Company's major shareholders. Björn Wahlroos is board chairman of Sampo plc and Kari Stadigh is managing director and CEO of Sampo plc, which owns more than 10%* of all shares and votes in Nordea Bank AB (publ).

Thus, the number of Board members who are independent in relation to the Company and its executive management as well as independent in relation to the Company's major shareholders well exceeds the minimum requirement.

No Board member elected by the General Meeting is employed by or works in an operative capacity in the Company. All Board members and the deputy Board members appointed by the employees are employed by the Group and therefore not independent of the Company.

The Board adopts rules and procedures for its work (the Charter) annually. The Charter is an internal document which contains rules pertaining to the areas of responsibilities of the Board and the Chairman, the number of meetings, documentation of meetings and rules regarding conflicts of interest, inter alia.

For further details please see the Annual Report pages 70–76 and 200–201.

All employees

The Board adopts directives for the operations of the Group such as the Code of Conduct. All employees and business activities need to comply with the standards of integrity and fair business ethics as stated in the Code of Conduct including those regarding conflicts of interest:

- Conflicts of interest between Nordea and its customers are identified and prevented or managed so that customers are justly treated.
- Employees do not participate in business transactions where a conflict of interest could arise with their own economic standing or with a third-party where a close relationship exists.

* According to the Code a member of the board, who is employed by or a board member of a company which is a major shareholder, is not to be regarded as independent. In this context, a major shareholder is defined as controlling at least 10% of the shares or votes in the company. As of end 2011, Sampo Plc. represented 21.3% of the shares and voting rights in Nordea.



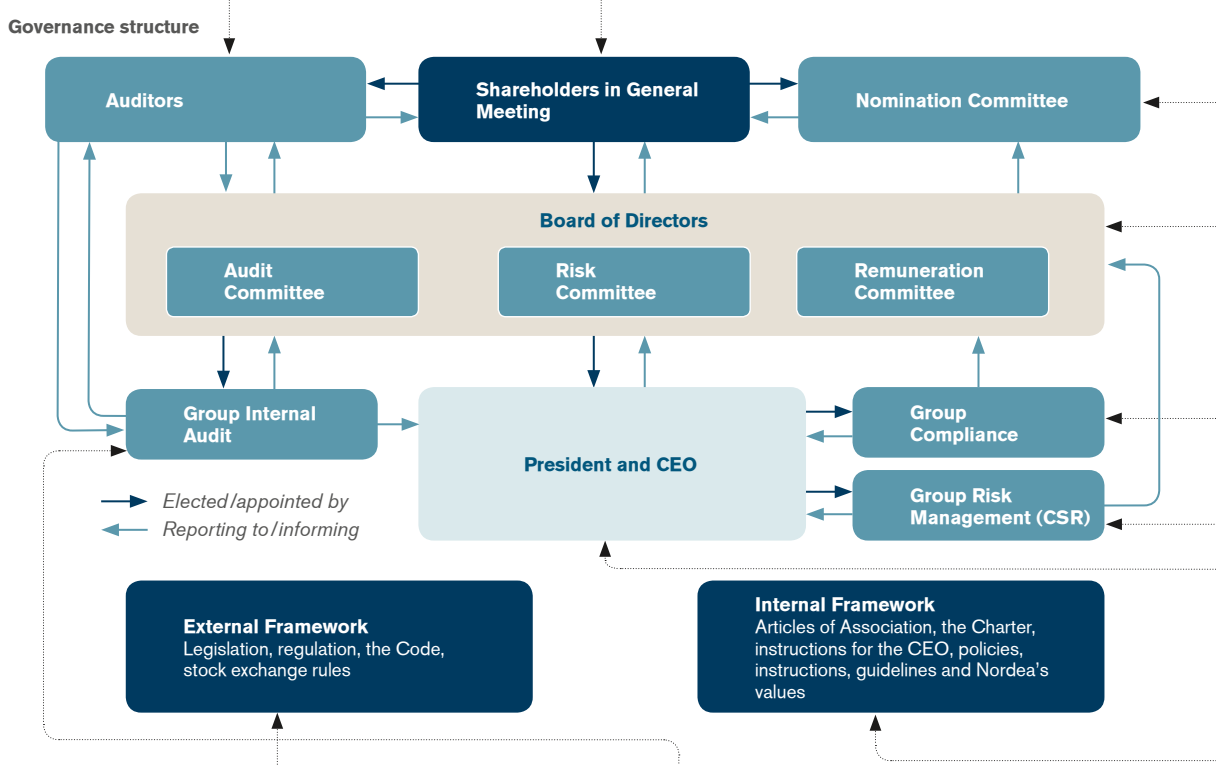
Overview of corporate governance in the Nordea Group

Auditors

The auditors are elected by the General Meeting for examination of the company's annual report and accounts and the administration of the Board and the managing director. The auditor's work follows an annual audit plan based on a comprehensive risk assessment. Auditors present the reports to the shareholders at the AGM in their audit report. They also provide assurance on the CSR Report.

Shareholders in General Meetings

The General Meeting is the Company's highest decision-making body, where the shareholders exercise their voting rights. They are held in Sweden where Nordea is legally registered. At General Meetings, each shareholder is entitled to vote for the full number of shares that he or she owns or represents. Nordea is not entitled to vote for its own shares at General Meetings. Each shareholder also has the right to have items included in the agenda providing a request has been submitted to the Board in due time for the item to be included in the notice of meeting. The General Meeting also provides all shareholders with an opportunity to express their opinions in regards to our CSR work.



External CSR framework – International commitments

The international treaties we have signed guide us and help us live up to Nordea's over-riding commitments. Nordea is committed to the:

- UN Global Compact
- UN Principles for Responsible Investments
- UN Environmental Programme Finance Initiative
- Equator Principles.

Group Internal audit (GIA)

GIA is an independent function commissioned by the Board. The purpose of GIA's assurance activity is to add value to the organisation by assuring the quality of the governance, risk management and control processes as well as promoting continuous improvement.

Group Compliance

Continuously reviews and monitors the Group's adherence to laws and regulations. Group Compliance is a part of the Group Risk Management organisation.

Group Risk Management

Exposure to risk is inherent in providing financial services, and Nordea assumes a variety of risks in its ordinary business activities, the most significant being credit risk related to lending. The maintaining of risk awareness in the organisation is incorporated in Nordea's business strategies.

Nordea has clearly defined risk, liquidity and capital management frameworks, including policies and instructions for different risk types and for the capital structure.

Group Risk Management is a Group Function headed by the Chief Risk Officer (CRO) of the Group. The CRO has CSR as his area of responsibility.

CSR Secretariat The CSR Secretariat is responsible for coordinating the CSR work within the Group, proposing overall policies, strategies, and goals, as well as presenting the results to GEM.

Nomination Committee

In accordance with the Code, Nordea has a nomination committee representing the shareholders, which is established by the AGM. The committee shall consist of the chairman of the Board and four other members. Shareholders with the four largest shareholdings in Nordea

at a set date shall be entitled to appoint one member each. The committee prepares the decisions on appointments, and remunerations to be taken by the shareholders at the AGM. The committee issues a Statement on the proposal regarding the board of directors

giving the background and the considerations of its proposals. The Statement is published on Nordea's homepage. In the process of drawing up propositions of Board members, knowledge of CSR issues is one of the parameters to be taken into considerations by the committee.

Board of Directors

Composition of the Board The Board currently consists of eight* members elected by the General Meeting. In addition three members and one deputy member are appointed by the employees. Employees are entitled under Swedish legislation to be represented in the Board. The CEO of Nordea is not a member of the Board. The appointment of the employee representatives is to ensure a full process of informing and consulting employees about working relationships. Further, according to the Articles of Association the aim shall be that the Board, as a whole, for its operations possesses the requisite knowledge and experience of the social, business and cultural conditions prevailing in the regions and market areas in which the Group's principal operations are conducted.

The Chairman The Chairman of the Board is elected by the shareholders at the General Meeting. According to the Charter, the Chairman shall ensure that the Board work is conducted efficiently and that the Board fulfils its duties. The Chairman shall among other things organise and lead the Board's work, maintain regular contact with the CEO, ensure that the Board receives sufficient information and documentation and ensure that the work of the Board is evaluated annually and that the Nomination Committee is informed of the result of the evaluation.

Board Committees In order to increase the effectiveness of the board work, the Board has established separate working committees. The duties of the Board Committees, as well as working procedures, are defined in specific instructions adopted by the Board annually. Each Committee regularly reports on its work to the Board. The minutes are communicated to the Board.

The Board Audit Committee (BAC) Assists the Board in fulfilling its supervisory responsibilities by, among other things, monitoring the Nordea Group's financial reporting process, and in relation to this the effectiveness of the internal control and risk management systems, established by the Board, the CEO and GEM, as well as the effectiveness of GIA.

The Board Risk Committee (BRIC) Assists the Board in fulfilling its oversight responsibilities concerning management and control of risks, risk frameworks, controls and processes associated with the Group's operations, including credit, market, liquidity, business, life and operational risk.

The Board Remuneration Committee (BRC) Prepares and presents proposals to the Board on remuneration issues. When preparing such proposals, BRC shall take into account the long term interests of shareholders, investors and other stakeholders in Nordea.

The CSR work of the Board Nordea does not have a specific CSR committee. The governance and of the CSR work is performed by the Board as a whole. The Board is the highest governing body responsible for the Group's CSR performance. The Board assesses our sustainability performance whenever needed, however at a minimum once a year. Part of this evaluation is to ensure sufficient knowledge of CSR issues of the Board as a whole as well as for individual Board members.

Evaluation of the Board The Board of Directors annually carries out a self-evaluation process, through which the performance and the work of the Board is thoroughly evaluated and discussed by the Board. The evaluation is based on a methodology which includes questionnaires evaluating the Board as a whole and individual Board members [as well as personal discussions between each Board member and the Chairman].

President and CEO

Nordea's President and CEO is charged with the day-to-day management of Nordea Bank and the Nordea Group's affairs in accordance with laws and regulations, the Code, as well as instructions provided by the Board of Directors. The instructions regulate the division of responsibilities and the interaction between the CEO and the Board. The CEO works closely with the Chairman of the Board, for instance with planning of Board meetings.

The CEO is accountable to the Board for the management of the Nordea Group's operations and is also responsible for developing and maintaining effective systems for internal control within the Group. The CEO works together with senior officers within the Group in Group Executive Management (GEM). Presently GEM consists of seven members and the CEO. GEM has recorded weekly meetings. These meetings are chaired by the CEO, who

reaches decisions after consulting with the other members of GEM.

GEM is the highest operational body responsible for the Group's CSR work. The CRO is a member of GEM, hence ensuring continuous communication between GEM and the CSR Secretariat.

Internal CSR framework – Internal policies

We have committed ourselves to good citizenship in Nordea, which means that we are a responsible and active member of society. The Nordea Corporate Citizenship Principles serves as the

main standard of our role in society. Policies we have developed are e.g.:

- Code of Conduct
- Corporate Citizenship Principles

- Environmental Policy
- Sound Business Relationships

* The Board currently consists of eight members elected by the General Meeting after Björn Savén having informed the Board of Directors on 22 December 2011 that he would resign with immediate effect from the Board of his own accord.



Operational risk and compliance

Operational risk and compliance is an integral part of everyday business in Nordea and it is growing in importance. Banking is a heavily regulated industry and the trust and confidence from society is essential for the banks' license to operate. It takes years to build a reputation, but only a single incident to destroy it. The compliance function's role is to ensure that business is conducted in accordance with applicable laws, rules, codes and standards required by regulators, respecting the principles of integrity and fair dealing at all times.

Board Risk Committee

In 2011 Nordea increased its focus on risk and established the Board Risk Committee (BRIC). It increased the Board's role in reviewing the development of the Group's overall risk management, control framework, the Group's risk profile and key risk issues.

Identifying risks

Managing operational and compliance risks by identifying, assessing and mitigating them is part of managerial responsibility. Several tools are used. The Risk Self-Assessment (RSA) process provides a structured method for the above as well as the risks' financial impact. At least three risks per unit are reported to Group Operational Risk and Compliance where a group risk map is drawn annually. The most significant risks are reported to Group Executive Management and to the Board.

Quality and Risk Analysis

Quality and risk analysis (QRA) is a process used in Nordea to limit new risks and to ensure disciplined

change management. It aims at documented decision-making regarding risk and quality aspects connected to changes, explicit responsibility for decisions and actions taken as well as a systematic follow-up.

All new or changed products, processes, routines, systems and organisations are analysed from a quality and risk perspective prior to launch. A QRA is mandatory in the decision-making process.

Compliance

Compliance risk is the risk of business not being conducted according to legal and regulatory requirements, market standards and business ethics. Proper compliance is one of the main guardians of the conscience and ethics of a financial services business.

Nordea has a network of approx. 145 independent, full-time, Risk and Compliance Officers. They proactively assist and provide advice to the business concerning how to act in accordance with applicable laws, rules, codes and standards and to respect the principles of integrity and fair dealings at all times.

In 2011 one of the important focus areas for the compliance organisation has been to improve the prevention of financial crime. Another focus area has been to improve the fair treatment of customers. Issues are managing conflicts of interest, improving product usability by tailoring them to the intended user and improving clarity of information about products. The compliance organisation also helps managers and employees to understand, accept and act according to the increasing number of rules and regulations.

Financial crime prevention

Criminals and illegal organisations want to use the bank's services for their activities. They need the financial system to receive payments, to transfer funds and not least to launder them.

Banks and authorities work together on a global scale to prevent criminals from using the financial systems. The main focus is on combating money laundering and financing of terrorism. It is a challenge to keep abreast with the developments. International and national regulations evolve constantly as do criminal methods.

Nordea has a Group wide internal framework, complemented by local ones, to comply with international and national regulations. The Board of Directors has issued directives and the CEO has issued instructions to ensure that Nordea has set adequate roles and responsibilities for financial crime management. The purpose of the framework is to prevent Nordea from interacting with questionable counterparts with unidentified backgrounds and from being subject to or used for criminal or unethical purposes.

We have tools to track money laundering and terrorist financing.

All employees are trained to identify and handle potentially unlawful activities. Anti-money laundering training is part of the initial training for new employees and provided regularly both as e-learning and in

classroom training sessions. Additionally Risk and Compliance Officers offer business specific training on anti-money laundering. In 2011, we trained almost 21,000 employees and managers.

Internal anti-corruption activities

Nordea expects all employees and other partners acting on behalf of Nordea to act with integrity and high ethical standards. Nordea's Corporate Citizenship Principles and Code of Conduct state the bank's commitment to ethics, honesty and sincerity. In 2011, Group Executive Management issued an Anti-bribery and corruption policy with an appendix on gifts, benefits and events.

The policy has been written to meet international requirements and national laws such as the UK Bribery Act. Swedish laws will be updated in 2012 with a supplementary code that will set the standard concerning prudent behaviour for the entire Swedish industry.

Nordea is evaluating a Whistle Blowing system that will be implemented in 2012. It will have both a confidential and anonymous functionality to encourage employees, or anyone else providing services for Nordea to report misconduct in the organisation.

Code of Conduct training is provided as e-learning to all employees and managers. A module on anti-bribery and corruption procedures will be added in 2012.

Compliance Awareness Programme for Senior Management

In the autumn of 2011, Group Operational Risk and Compliance launched the Compliance Awareness for Senior Management programme with the purpose of increasing senior management awareness of the requirements and expectations governing the financial industry and more specifically Nordea. Among the topics are Anti-Money Laundering, Counter Terrorist Financing and Anti-Bribery and Corruption.

For risks in credits and investments see separate sections.

Financial coalition against the sexual exploitation of children

Nordea is a member of the Swedish Financial Coalition against the sexual exploitation of children. The coalition was formed to try and stop this horrid business from making money. Web sites sell pornographic material of children and payments can be made with cards. Since the coalition started the number of sites have been

reduced. The coalition consists of banks, The National Swedish Criminal Investigation Department, the organisation End Child Prostitution and Trafficking (ECPAT) Sweden and the card companies Visa and MasterCard. For further info: <http://bankers.se/>.



MOT BARNSEXHANDEL
WWW.ECPAT.SE



Responsible lending

Lending is obviously an area where banks can make a difference and exercise their corporate social responsibility. We clearly understand that an environmental, social or political risk is a potential credit risk. In 2011 the credit process has been further developed.

Lending

As the largest bank in the Nordic countries many of the leading Nordic companies are our customers. They have many large projects both within their home region as well as on a global scale. It is clear to us that an environmental, social or political risk may also entail a credit risk.

We have a framework including instructions for environmental, social and political risks as well as processes and procedures for how to analyse and identify these risks. There are two high level Group directives adopted by the Board of Directors; “Credit Policy and Strategy for the Nordea Group” and “Credit Instructions for the Nordea Group”.

The first directive establishes the overall principles such as that the granting of credit within the Group is based on sound banking practice and high ethical standards. It also establishes that the Group should in no way compromise generally accepted ethical and legal

principles, nor should the Group have dealings with counterparts that we suspect to be of questionable morality.

The credit instructions define practical guidelines and processes when evaluating and granting credits in general. Additionally, we have guidelines giving detailed instructions for business units on how to define, measure, execute and report on specific issues including how to manage CSR risk assessment within lending.

Furthermore, we have specific industry policies (e.g. pulp and paper industry; energy with sub-groups of power, oil and gas, oil services and renewable energy; telecommunications; aircrafts; shipping; real-estate.) setting requirements and limits, including risks, on the overall industry exposure. These policies are all reviewed by industry monitoring groups and approved by the Executive Credit Committee before being reported to the Board Risk Committee (BRIC).

The sector-specific industry policies are reviewed annually. In autumn 2011 we developed the overall structure of these policies. As part of this process we for the first time added a section covering relevant sustainability issues as well as our processes and practices related to them. Pulp and paper industry policy was reviewed according to the new model. The other industry specific policies will be reviewed according to the new model in 2012.

Environmental, social and political risks

The main tool used to screen for environmental risks is the Environmental Risk Assessment Tool (ERAT). Its purpose is to consider environmentally related risks in the customer's business and to produce an environmental risk profile, including climate change risks. In order to better handle the CSR risks in the corporate lending process, Nordea has a supplementary tool, the Social and Political Risk Assessment Tool (SPRAT). Nordea's risk definitions build on commonly accepted international standards from the World Bank and the UN Global Compact. All customers are subject to an annual review, as a minimum.

By applying the ERAT and SPRAT tools our analysts go through how our clients handle environmental and social risks and requirements. The credit decision is based upon the customer fulfilling ERAT and SPRAT. Submission of false information or withholding of facts constitutes a legal issue.

ERAT includes two checklists that are used to determine the overall risk. The first checklist determines industry risk, and if the industry risk profile meets certain criteria, a second set of checks and tests are performed on company level. The findings of the ERAT process result in an overall environmental risk profile that is added to the credit evaluation process. ERAT is mandatory for customers with customer limits over EUR 500,000.

The main purpose of SPRAT is to identify relevant social and political risks in a particular customer's business with potential impact on the customer's ability to fulfill the credit obligations or likelihood of other negative impact on Nordea.

SPRAT is a three-step process. First, a risk profile is created for the country in which the customer is located. Then the industry risk is identified. These two findings are combined and compared to determine further actions to be taken in a third phase. In the end, an overall social

and political risk profile is created and included in the credit evaluation process. SPRAT is mandatory for customers with customer limits over EUR 5m. SPRAT is also used for customers with limits below EUR 5m for companies that are predisposed to social and political risks. The higher limit threshold for SPRAT compared to ERAT is due to the fact that social and political risks are most commonly a feature in large, international projects outside the Nordic region, whereas environmental risks may occur in industrial projects more generally.

An essential aspect of our credit process is that most credit analysts are dedicated to a specific industry in which they have in-depth knowledge. Our analysts' competence is essential. Internal training is offered to all Nordea analysts. Training is provided for analysts that are assigned to a new industry, which they are unfamiliar with and to new employees to ensure that they understand ERAT and SPRAT since the tools are unique to Nordea. Credit analysts also participate in external general training and industry-specific training.

Development of risk assessment

It has been decided to develop our credit processes regarding the analyses on environmental, political and governance risks. The main change is that we will identify potential risk cases in a new way and focus our efforts and analyses on the potential risk cases. The main criteria when evaluating the potential risk will be the geographical location of components or parts, place of production and sales or distribution as well as the field of business of the companies being analysed. For identified risk cases we will consider use enhanced tools i.e. internal and external databases as well as ESG analyses. We will also investigate the need for updating our existing tools ERAT and SPRAT and relevant parts of the credit process, documentation as well as decision making process. This development work will be started in the first quarter of 2012.

Project finance

In project financing the lender looks primarily to the revenues generated by a single project both as the source of repayment and as collateral for the loan. Project finance is often used for large projects for example in power plants, pulp and paper, mines or transportation infrastructure where several parties cooperate in project development and/or financing. Large and complex projects also imply more complex risks including social

Environmental Risk Assessment Tool (ERAT)



Social and Political Risk Assessment Tool (SPRAT)



and environmental risks due to location, local population issues and so on. If they materialise, such risks may impose large practical and financial consequences on the project, the project participants or other stakeholders. Therefore the aim is to have a more holistic view of the project risks.

The Export and Project Finance (EPF) unit is responsible for project finance in Nordea. In 2007 Nordea adopted The Equator Principles (EP), a global, voluntary standard for commercial lenders to identify and address social and environmental risks in project financing based on the International Finance Corporation's (IFC) guidelines for environmentally and socially responsible financing. The analysts and other relevant personnel have been trained in using the routines and tools. Internal seminars are held annually to provide staff with updates and the opportunity to knowledge sharing.

As a signatory Nordea will only provide loans to projects that confirm to principles 1-9 below.

The 10 Equator Principles

1. Review and Categorisation
2. Social and Environmental Assessment
3. Applicable Social and Environmental Standards
4. Action Plan and Management System
5. Consultation and Disclosure
6. Grievance mechanism
7. Independent Review
8. Covenants
9. Independent Monitoring and Reporting
10. Public Reporting

Applying the Equator Principles

Nordea has produced its own Equator Principles Manual (toolkit) for use in training and in the decision making process. The toolkit is updated as the EP develops.

Nordea evaluates the borrower's capacity to adequately identify, mitigate and manage key social and environmental risks and impacts of the project based on documentation provided by the borrower, independent environmental and social consultants and possibly site visits. Nordea

uses independent experts in category A projects, which is what the EP stipulates. Due to our relationship strategy and Nordic focus the number of projects subject to the EP tends to be small; in 2011, seven projects were assessed. The projects included three wind parks, one mining project, one pulp mill, one food processing factory and one project on oil and gas sector. Three of the projects were in category A, one in category B and three in category C.

The toolkit provides guidance on how to apply the EP in the day-to-day business of Nordea project finance deal managers (DM). In practice environmental specialist of the EPF unit carries out EP reviews of projects - including review of reports by independent environmental and social advisers - and helps the DMs in issues related to covenants and monitoring of projects. The ten principles contained in the EP are organised into four workflow steps, 1) Initial project review; 2) Project appraisal; 3) Project negotiation, commitment and monitoring; and 4) External reporting. The steps match the Nordea project finance cycle and are integrated with the general credit evaluation and decision workflow.

Each project finance case is presented to Nordea's EP Advisory Group for recommendation and classification. If the recommendation is positive, the terms and conditions to participate in the project are established, including environmental and social representations and covenants.

Nordea monitors quarterly, semi-annually or annually, depending on type of project, the performance of all active projects in its portfolio to ensure compliance with environmental, social and other conditions. The borrower will provide annual social and environmental monitoring reports usually verified by an independent expert. In case of any non-compliance, Nordea will determine an appropriate course of action together with the other lenders.

Increasingly, we review environmental and social issues of corporate loans involving projects, which may potentially have moderate or significant environmental and/or social impacts. These reviews utilise the EP methodology, but there is more flexibility in the process. The reviews are seen as risk management tool in these transactions.

Category A Projects

Projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented.

Category B Projects

Projects with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.

Category C Projects

Projects with minimal or no social or environmental impacts.

Equator Principles workflow steps

Initial Project review

Project Appraisal

Project Negotiation,
Commitment and
Monitoring

External Reporting



Good for the environment and good for business

Vesa Oksanen,
Environmental Specialist
for Export and Project Finance

Vesa Oksanen works as an environmental specialist for Export and Project Finance. His position has a large scope involving evaluations of environmental due diligence reports, driving the development of internal guidelines and the Equator Principles implementation and contributing to the special industry-financing criteria.

” *My job is to analyse the environmental and social risks in relevant projects and to compare them with international standards. It safeguards the environment, our customers and Nordea, says Vesa.*

Vesa's expertise is called upon for large projects, often technically complex with a multitude of environmental and social risks such as mining projects, oil refineries, power plants or pulp mills including related infrastructure. Some of the projects are located in emerging markets. The risks may, for example, include deterioration of ambient air quality, water pollution, work safety, human rights abuses, large scale industrial accidents, contamination of soil or groundwater and various kinds of social impacts on local populations at the project area.

Vesa starts by reviewing the track record of the company in question, its relevant policies and publications and possible controversies. He uses both publically available information and databases.

Next Vesa analyses the project at hand. He reviews the environmental and social impact assessments of the project and compares this with international environmental and social standards. In certain cases Vesa also visits the project in order to verify information and to interview key project personnel.

” *After this I have an analysis of the project's strengths and weaknesses. It is important for prospective borrowers to avoid, mitigate and manage material environmental and social risks effectively. If gaps in risk management are found, they need to be addressed in dialogue with the prospective borrower. Sometimes these issues involve potential costs not taken into account by the borrower; it is better to be aware of such costs before making a loan decision, says Vesa.*



Responsible returns

Nordea has signed the United Nations' Principles for Responsible Investment (PRI), which means that we have taken the commitment to include environmental, social and governance (ESG) criteria in the investment processes for all assets under our management.

As one of the first major banks in the Nordic market, Nordea's fund companies and Nordea Investment Management signed the PRI in 2007. By this we are committed to incorporate ESG issues into our investment analysis, decision-making processes and ownership policies and practices. We interact with the investment community in a wide variety of forums. As the largest asset manager in the Nordic region we seek to encourage best practice through active participation in international

initiatives. Whenever relevant we will discuss our policy and recommend others to become signatories of PRI.

Policy for Responsible Investments

Nordea's Policy for Responsible Investment describes our strategy, vision and mission, what framework our work with Responsible Investment (RI) is based on and how we address transparency with regard to RI.

The policy framework is based on international norms and conventions and is applied to all funds and portfolios managed by Nordea Investment Management. One measure in place is a biannual screening of the companies we invest in, for cases of verified violations of international norms regarding environmental protection, human rights, labour standards and business ethics.

In certain cases Nordea can take the position to withdraw from investment. Nordea does not invest in companies involved in the production of illegal weapons*. In 2011 Nordea also froze all investments in companies that produce components for nuclear weapons, pending further analysis. Each company will be analysed and we aim to take a decision by the end of Q1 2012.

Our RI policy does not apply to funds of funds, investing in external funds and funds within Nordea's Guided Fund Universe. For these funds we inform the external manager regarding companies' breaches of international norms, when these occur, and recommend them to consider Nordea's Policy for Responsible Investment in their own investment decisions.

Engaging for change

Nordea engages to change and to support this we have a corporate governance policy which includes ESG considerations. We initiate engagement dialogues to change behavior and to enhance business performance by addressing business practices employed by the companies we invest in, as well as proposing possible improvements.

Nordea prioritises engagement with companies identified as being involved in verified breaches of international environmental, human rights, labour rights and business-ethics-related norms. We also prioritise proactive engagement dialogues with our largest holdings. This is carried out by in-house expertise, our external engagement service provider Hermes Equity Ownership Services or through cooperation with other stakeholders. It is our practice to engage in direct face-to-face dialogues with companies.

We believe that a good understanding of business conditions in the companies we invest in is one key element in order to influence positive change. We see field visits as one way of learning more. In 2011 Nordea's Responsible Investment & Governance Team conducted pro-active engagement dialogues with companies on the ground in Africa, Asia, North America and the Nordic countries.

Nordea's practice is to influence through engagement and to encourage best practice. Our engagements are reviewed by Nordea's RI committee. The committee decides on the level of engagement and also whether a

company should be excluded from the investment universe due to lack of progress. When a company is no longer involved in breaches of international norms, it will reenter the investment universe.

One of the parameters that we assess during the analysis process is if and how companies disclose ESG issues that are relevant for their business. During the analysis a dialogue is conducted with companies and in this dialogue we emphasise the importance of ESG transparency. We participate in local and global initiatives encouraging companies to improve transparency of ESG issues, such as CDP and Sustainable Value Creation.

Identifying the stars of tomorrow

In 2010, a new strategy and policy was adopted focusing on positive screening and in 2011 new funds were launched. These funds are unique in that ESG is part of the fundamental investment process. We have also further developed the so-called ESG compass that gives our customers an easy overview of their portfolios ESG status. The ESG compass makes it easier for our customers to see what changes they may want to improve their portfolios in line with their policies and expectations.

In 2010, we initiated our in-house environmental, social and governance (ESG) analysis and developed our own criteria and methodology. Nordea has in its research methodology decided to track companies that have a systematic approach to manage key ESG risks and opportunities. Furthermore, we want to identify companies that from an environmental and social perspective will be the stars of tomorrow. We have therefore prioritised identifying companies that have a positive trend and the ones that have identified sustainability as a platform for growth.

Our in-house analysis focuses mainly on Nordic companies, since this is our home market. For non-Nordic companies we process and assess ESG analysis conducted by our external service provider MSCI Inc.

In 2011, the focus of the ESG analysis was on analysing companies for our enhanced RI funds. The funds have both local and global focus. We have thus analysed a wide range of companies in the Swedish market and emerging markets to find companies performing well environmentally, socially as well as financially.

Read more about Responsible Investments

In our Responsible Investment & Governance reports we describe our approach in more detail. The reports are available on www.nordea.com/csr. The PRI commitment entails an annual reporting on progress which is available on www.unpri.org.

* Illegal weapons comprise biological weapons, chemical weapons, non-detectable fragments, blinding laser weapons, anti-personnel mines and cluster munitions.

Carbon Disclosure Project

Nordea is a signatory to Carbon Disclosure Project (CDP). The aim of the project is to collect and spread information concerning greenhouse gas emissions and climate change strategies. Nordea uses the information in the database in its ESG analysis. CDP is a cooperation arrangement between 534 institutional investors who together account for over a third of the world's investments.

Sustainable value creation

Sustainable value creation is a cooperation project involving some of Sweden and Norway's biggest investors. The aim of the project is to influence listed Swedish and Norwegian companies in sustainable development and long-term value creation. Nordea considers it essential for companies to work actively with environmental and social aspects in its business; we therefore take part in the working team that drives the project in Sweden. During the first part of 2011, the survey was, for the second time, sent out to the 100 largest companies on the Swedish stock exchange.

Our active ownership

- Nordea believes in positive means of engagement where we actively contribute to improvement of company's management of key environmental, social and governance practices. As of December 2011, Nordea engaged with 15 norm-breaching companies worldwide.
- We also believe that exclusion seldom is constructive and long-term oriented. Direct divesting from companies with poor management practices is used as a last resort.
- We exclude companies when violations are severe and when companies are unwilling to change or improve their behaviour. Nordea does not invest in companies which are involved in the development, production and maintenance of illegal weapons. In 2011, 12 companies were excluded for involvement in the production of illegal weapons and/or nuclear weapons.

Progress in implementing PRI

1

We will incorporate ESG issues into investment analysis and decision-making processes

- Policy for RI covering all funds, the foundation is international norms.
- Norm-based screening applied to all funds managed by Nordea Investment Management.
- Integration of in-depth ESG analysis.
- Step by step in all asset under management, e.g. conduct ESG research for largest Nordic holdings.
- Developed two new funds, Emerging Stars & Etiskt Urval Sverige.

2

We will be active owners and incorporate ESG issues into our ownership policies and practices

- Local ownership policies are in place. The Swedish policy is recently updated with a broader ESG focus.
- We attend general meetings and participate in nomination committees.
- Engagements based on ESG activities in 2011:
 - 15 ongoing extensive engagements.
 - Moderate engagements with about 40 companies.
 - Basic engagements with about 100 companies.

3

We will seek appropriate disclosure on ESG issues by the entities in which we invest

- Disclosure on ESG issues is address with companies in our research and engagement dialogues.
- Participate in national and international initiatives, such as;
 - Carbon Disclosure Project
 - Water Disclosure Project
 - Sustainable Value Creation

4

We will promote acceptance and implementation of the Principles within the investment industry

- Inform RI expectations to external investment managers.
- Interact with the investment community in a variety of forums, such as the Nordic Sustainable Investment Forums.
- Whenever relevant we will discuss our policy and recommend others to become signatories of PRI.

5

We will work together to enhance our effectiveness in implementing the Principles

- In 2011 we have participated in 3 collaborative engagement activities through the PRI clearinghouse.
- Participate in national and international initiatives.

6

We will each report on our activities and progress towards implementing the Principles

- Twice a year we publish a Responsible Investment & Governance report.
- We report ongoing on our activities on our external blog.
- Externally publish White paper and Reports on different sustainability themes.

Water Disclosure Project

Nordea is a signatory to the Water Disclosure Project. The project is an initiative run by the Carbon Disclosure Project and is supported by institutional investors, such as Nordea. The aim of the project is to collect and spread information concerning water-related risks and possibilities and addresses 300 global companies with water-intensive production and water-related challenges.



RI team awarded

Sasja Beslik was awarded the title of Young Global Leader 2011 by the World Economic Forum. The title implies that for five years Sasja will be an ambassador of a global network aiming to influence international companies to increase their social responsibility.



Field visits to South East Asia

In May the RI and Governance team travelled to Singapore, Indonesia and Malaysia. The purpose of the visit was to meet with companies and other organisations involved in the palm oil industry. Palm oil is the world's most prolific vegetable oil and the demand for it has surged in recent years.

Along with the demand, palm oil production has expanded and the industry's management practices of environmental and social issues have become increasingly scrutinised and inevitably questioned. The challenges that the industry faces were well expressed by the companies and organisations we met during our visit.

The major sustainability risks and issues are not derived from the established plantation; it is rather from when companies expand into new plantation areas. When expanding the companies face several issues, such as logging without proper permits, expanding on prohibited peat land and virgin forests, corruption etc. In these situations the companies need to manage challenges related to the rights of indigenous people to their land, the risk of destroying the habitat of many species as well as climate change issues etc.

Palm oil can, however, be sustainably produced. But for this to happen, companies need to have solid management systems that address not only the above challenges but also the risks related to established plantations, related to use of migrant workers, hazardous chemicals, heavy machinery etcetera. Since the middle of 2000, companies are able to certify their operations against the environmental and social standard developed by the Roundtable on Sustainable Palm Oil (RSPO). The RSPO standard address main parts of key issues, thus companies striving to RSPO certify their plantations are going to the right direction from our point of view.



Committed to our customers

A bank without money to lend isn't much use. We are seeing this in other parts of Europe as we write. Nordea is one of the best capitalised and strongest banks not only in Europe but in the world. We are working very hard to keep it that way. Developing our services and accessibility is also an important area.

Our main responsibility is to ensure that both our corporate and private customers are able to finance their plans by providing sound advice as well as competitive products and services. This is our responsibility even in a financially turbulent climate. Our core value "Great customer experiences" guided us through the turbulence in 2008–2009 and we worked hard to proactively stand by our customers when times are tough. That's our mission.

Building relationships that last

We aim to build long-lasting relationships with our customers. This will enable us to be proactive and better help our customers in times of uncertainty. We can also

gage what is realistic for a customer to borrow for example, if we understand their financial situation and long-term plans.

Corporate customers have a designated relationship manager in Nordea. The same applies to our private customers who have selected Nordea as their main bank. They are invariably so-called Gold Customers and are entitled to a dedicated personal banking adviser. The adviser will have meetings on a regular basis with the customer to go through all aspects of the customer's finances including future needs. We know from our satisfaction surveys that our customers appreciate proactivity.

Transparent products

Customers have expressed through stakeholder dialogues and surveys that they want products that are easier to understand. We are working on clear and simple information when we develop products and services. This applies also to our marketing process. We test new approaches and product concepts in “live labs” through a process of trial and error. Consultation with customer focus groups is also essential to the process. Work is ongoing to streamline and centralise processes in all channels leading to improved transparency and convenience for customers and employees.

New branch concept

In 2010 we introduced a new branch model to enhance customer service and adjust our branch network to changes in customer behavior to be present with the right branches at the right locations. In the future we will have branches that are dedicated to advice and others dedicated to daily service and corporate branches dedicated to our Corporate segments.

The new model makes it more clear what service the customer can get where and the staff is specialised and dedicated to the specific needs of the customer. Before being introduced on a broad scale, the concept was tested and we found that our customers appreciated having dedicated branches. The work has progressed and 44% of our branch network is now working in the new format in the Nordic countries.

Being accessible

Our customers want to receive advice and help when they need it and consequently our internet and telephone banking as well as mobile services are well used and popular. We have had a multi-channel strategy since our

inception and it is proving useful in many different ways. It gives customers options and 24/7 accessibility. We are therefore now working on extending and improving these services further. We will start testing remote meetings. Initially, we see it as an option for customers with disabilities or for customers in rural areas.

Reacting to feedback

Maintaining a high level of customer satisfaction entails reacting to feedback and having routines in place to handle customer complaints and implied improvements. Our customer ombudsmen in the four Nordic countries write biweekly reports based on customer feedback both positive and negative to the local banking management with more detailed reports each quarter. The ombudsmen work in close cooperation with many parts of the banking organisation. The local management is notified immediately when necessary.

Our customer ombudsmen receive both positive and negative feedback. During a three-month period the customer ombudsmen in Finland and Sweden receive on average 9,000 calls, e-mails or letters, whereas the Norwegian receives 2,000–3,000 and the Danish receives between 1,000 and 2,000. Nordea has similar locally adopted processes in place in the other countries. In Poland, Estonia and Latvia we have designated persons who handle customer complaints. In Lithuania we have a Customer Complaints Committee for the same purpose and in Russia the Customer Compliance department handles customer complaints.

In 2011 we had two complaints regarding breaches of customer privacy or losses of customer data. We did not receive any fines for non-compliance with laws and regulations concerning the provision and use of products and services.

Customer satisfaction survey

In Nordea we measure our ability to deliver great customer experiences and our performance compared to our main competitors in an annual customer satisfaction survey. During 2011 approximately 128,000 customers voiced their opinion on Nordea and gave valuable input for improvements. Some 26,000 customers of our competitors responded to the same questions. The survey was conducted from late September to early November. It targeted all customer segments in Corporate, Household and Private Banking. The main focus areas in this year's survey were proactivity, the quality of our customer meetings, our service in general and the quality of our advice.

The survey is conducted so that each branch and

region can see where they stand and follow-ups and action plans are mandatory. Group Executive Management takes a strong interest in the survey and actions are taken on a group level as well. Customer satisfaction is also a relevant part of the strategic steering of the group, as both “Customer Satisfaction Improvement” and “Delivery Satisfaction Index” are Nordea's key performance indicators. We know that there is a strong connection between great customer experiences, living our values and our financial results – they all go hand in hand. Our Customer Satisfaction Index remained relatively stable in 2011 and we maintained our positive gap to competitors. During 2011 we welcomed 22,000 new gold and private banking customers.



Nordea people

Our values put people first and our People Strategy is based on our employees' strengths and determination to pursue. Our values and leadership are the strongest drivers for performance and are building and developing our corporate culture. They guide us when recruiting and developing our people as well as when we need to restructure our organisation.

We strive for an egalitarian corporate culture in Nordea. In practical terms this means that we provide opportunities for our people to develop, grow and live well-balanced lives. We focus on continuous learning to secure employability as well as competent, accurate and qualitative deliveries. We work to ensure that Nordea remains an attractive employer and to develop and retain our current and future talents. Annual employee satisfaction surveys are run to ensure that we are living up to our goals. Response rates are high and in 2011 it landed on 94%, emphasising the importance employees assign to this survey.

Focus on values and leadership

Nordea's values and leadership support and enable the People Strategy. We define great leadership as "the ability to engage and motivate people to reach out for our vision and the ability to create the right team to make it happen". Leaders need to be good at developing people, able to unfold potential and give constructive feedback.

The employee satisfaction survey 2011 shows satisfaction with immediate manager at an index rate of 79 and living our values 78.

Opportunities to develop

Nordea employees should feel that Nordea offers many opportunities to develop. Development is a joint responsibility of the manager and the employee. Annual Performance and Development Dialogues form the basis for personal development plans and short and long-term career plans. In 2011, 90% of all employees participated in a performance and development review.

Nordea HR provides group common leadership and employee development. Business areas provide specific skills and knowledge, often carried out through internal academies developed for securing common competence within a market area. Nordea also supports and rewards training leading to external certifications. The Talent Management process ensures that we have strong leaders, competent specialists, as well as high-quality succession.

Nordea embraces the "Blended learning methodology" for development where class room training constitutes only one part of the total training offering. In 2011, 40,535 days of class room training were provided of which 6,656 days focused on manager training. Employees in Retail Banking attended 1.8 training days per employee as compared to 1.4 days for employees in Group Functions. In addition to this centrally provided training, training on specific skills is provided but not centrally recorded, e.g. training for controllers, legal advisors, relationship managers or credit advisors.

Balance in life

At Nordea, we recognise that people have different needs in different phases of their lives, and that it is important to maintain a balance between private and working life. We have different ways of ensuring this, adjusted to local conditions, rules and regulations. We aim to organise

work in a way that secures mutual flexibility. We strive to create flexible working conditions, promote and provide health activities through internal health facilities or external providers. We offer good conditions for leave of absence, not least parental leaves.

Internal mobility

Internal mobility and cross-border assignments are ways to enhance job rotation and develop the employee's competence, and also build overall corporate citizenship and culture enforcing the "One Nordea Team" value. One way to learn about jobs and competence needs within the group is to join our career days, run country-wise. Another way is to use the Career Planner tool to explore personal values, strengths, competencies and interests. We know that the opportunity to work in different countries and different value chains is greatly valued by our staff, not least participants in our Graduate programme. This is a fast track to get to know Nordea's culture and organisation. The programme is in high demand, hence a measure of our ability to attract some of the best young talents. Graduates are recruited for a particular position and combine work with the Graduate training programme during the first year as a Nordea employee.

Continuous learning and internal mobility are, as always, aspects of employability. Not least in the rapidly changing environment we need a broad and profound competence base that secures employability for the individual as well as potent and accurately prioritised deliveries from Nordea. We need flexibility to find the right person, for the right place at the right time. Concrete actions are often local. Yet, there are common principles that are applied group-wide, for example the People Matching Process; where vacant positions and available people are structurally matched to find a good solution to the benefit of both the employee and Nordea.

Responsible restructuring

The financial turbulence and new global requirements regarding capital and liquidity have resulted in a need to continue ongoing cost and capital efficiency measures. During the first part of the financial disturbance (2008-2009) Nordea managed to reduce personnel by natural turnover and utilising the possibilities of internal mobility. In late August 2011 Nordea announced a reduction of approximately 2,000 positions in the Nordic region during 2011 and 2012. Reductions are negotiated in accordance with our union collaboration structure firstly on Nordic Group wide level and locally and in respective business area. Units identified having to limit process and/or deliveries, hence reducing resources, inform employees at personal meetings. Affected employees are presented with options to join our internal People Matching Process to find a new position within Nordea or to receive a country-specific voluntary redundancy package, also including outplacement support.

Since announcing the planned reductions approximately one thousand people have left Nordea. The People Matching Process has already brought together several employees looking for new jobs with vacant positions and normal turnover paired with careful external recruitment also support Nordea's restructuring.

Employee feedback

We have two main tools for feedback targeting all active employees. The Employee Satisfaction Survey (ESI) and the Performance Development Dialogue (PDD) are both conducted annually. The ESI has a high response rate, 94% in the 2011 survey, indicating our employees' perception of Nordea governance, processes and leadership. The PDD takes place, at least annually, between immediate manager and employee. It requires preparation by both parties, common understanding and constructive dialogue on expectations/requirements, action plans, as well as follow-up throughout the year.

ESI RESULTS	2011	2010	2009
Satisfaction and motivation	72	73	72
Development	71	73	72
Considered a good workplace	74	79	78
Proud to tell others where I work	76	82	82
Recommend others to start working at Nordea	72	78	77
Living the values	78	79	77
Great Customer Experiences	80	81	81
It's all about People	75	75	74
One Nordea team	79	78	78

Committed to equal opportunities

We are committed to equal opportunities as stated in our Corporate Citizenship Principles. We do not discriminate on the basis of gender, age, disability, ethnicity, religion, or sexual orientation. Vacancies are open to all employees and posted on the intranet. Statistics on gender show there are still slightly more men holding managerial positions than women even though the workforce is made up of approximately 59% women and 41% men. To come to terms with this, it is mandatory that at least one woman be among the top three candidates for every managerial position. For 2012, we are adding aspects to our recruitment process to better monitor, identify and encourage female candidates. Increasingly, both managers and employees take paternity leave, but as in society at large this is a generation issue. During 2011 we did not have any reported discrimination cases.

We do not keep statistics on the diversity of our work force on a Group level, because the parent company is domiciled in Sweden where registering ethnic origin is illegal.

Remuneration

Nordea has a clear remuneration policy, updated and approved by the Board in March 2011. The basic principle is that Nordea is to provide competitive but not market-leading remuneration. For further information concerning remuneration please see the Annual Report pages 77–80 and note 7 on pages 114–120 and separate annual disclosures on www.nordea.com focusing on risks related to remuneration.

All employees are part of a profit-sharing scheme. The performance criteria for 2011 are risk-adjusted profit, total shareholder return compared to the Nordic peers and customer satisfaction. Pension schemes are subject to local laws, regulations and market practice applied either in the form of determined public collective-agreements, company determined schemes or in a combination of these elements. Existing defined benefit plans, mainly in the Nordic countries, are covered in local pension funds or pension foundations. The aim in Nordea is to have defined contribution pension schemes.

Nordea has implemented international and national remuneration regulations and revised the remuneration policy accordingly while also honoring existing agreements. On 6 December 2011, Nordea Bank AB and Nordea Investment Management AB each received a remark and administrative fines amounting to SEK 3m, due to not having deferred parts of variable remuneration earned in 2009 and paid out 2010 to risk-takers as required by Swedish FSA regulations.

COUNTRY	AVERAGE	MALE	FEMALE	2011 % OF COLLECTIVE OR LOCAL AGREEMENT*
Denmark	8,475	4,247	4,227	90%
Finland	7,584	1,847	5,737	83%
Norway	3,536	1,897	1,640	70%
Sweden	7,530	3,320	4,210	100%
Poland	2,344	810	1,534	100%
Luxembourg	354	336	18	0%
Estonia	469	76	393	0%
Latvia	433	99	334	0%
Lithuania	345	91	254	0%
Russia	1,659	593	1,066	0%
United States	89	46	43	0%
Great Britain	71	42	29	0%
Singapore	61	24	37	0%
Germany	39	20	19	0%
China	18	7	11	0%
Brazil	3	2	1	0%
Nordea Group total	33,011	13,457	19,554	79.5%

* Managers and specialists having individual contracts; 10% in Denmark, 17% in Finland and 30% in Norway, are always at a minimum covered by terms in the local collective agreements and additionally holding, to various extent, more favourable terms.



Labor rights

Nordea follows local collective agreements and national legislations and plays an active role in the collective bargaining that takes place. By year-end 88.3% of our employees in the Nordic countries (79.52% of all Nordea employees) were covered by collective bargaining agreements. In the Nordic countries managers and specialists having individual contracts are always at a minimum covered by terms in the local collective agreements and additionally holding, to various extent, more favourable terms. The collective bargaining agreements include a number of provisions that may differ from country to country. For example terms of notice vary from 1 to 6 months. In our international units we follow possible local collective agreements and national legislations for local staff. In Poland, for example, a collective agreement is in force. Likewise in Luxemburg, where there is a collective bargaining agreement for bank employees, Nordea has an agreement with two financial unions concerning information and negotiation requirements.

Health and safety

Health and safety legislation in the Nordic countries is comprehensive and in some cases the collectiv bargaining agreements additionally stipulate the content of Nordea's health and safety services. We have measured the number

of days absent from work but also work-related injuries.* Armed robberies are a safety issue among branch employees and therefore they have received mandatory training and procedures for how to act in the event of a robbery. A support process is activated if a robbery occurs.

Work-related stress (WRS) is a serious and occasionally present factor undermining our employees' well-being. We have a WRS Policy to prevent WRS by addressing working conditions and reduce absence.

Occupational health care

The health care services we offer our employees are in addition to the services offered by the different governments and therefore vary. The goal is to promote and maintain our employees working ability throughout their careers by providing preventive health and work place measures, health screenings and examinations. In Denmark, we provide our employees with health insurance. In Finland, Norway and Sweden occupational health care is closely regulated. In the Nordic countries occupational health is integrated into business activities. In Estonia, Latvia, Lithuania, Poland, and Russia, the scope of Occupational Health Care services provided vary depending on local legislation and financial sector market practice.

More social data can be found on page 40.

* In Finland and Sweden injuries that occur when commuting to/from work are seen as work related injuries. Work related illness is not registered in Denmark.



Community involvement

Nordea's community involvement is based on giving time and expertise. Our main project is helping youth gain a better understanding of their personal finances. In addition there are many projects that Nordea people have initiated spontaneously. We do not include sponsoring here as it belongs with marketing.

Helping youth understand personal finances

Throughout the Nordic countries Nordea employees are visiting schools to help students understand basic private economy. The purpose is to help students, between the ages of 13 and 18, become aware and make informed decisions. No marketing or promotion of Nordea is allowed.

The sessions tend to generate lively discussions about pros and cons of cash and cards, loans and interest rates

and how much a soft drink a day adds up to in the long run. An essential part is how you can get that special something by making a budget and saving for it.

In 2011 we had 62 Nordea employees who volunteered to give financial education in the schools. The project does not only benefit the students but also the Nordea employees. Many of the Nordea colleagues participating say that it makes their work more meaningful.

Enterprising Preschoolers

The financial education for preschoolers was initiated by the City Hall in Wroclaw, Poland, in cooperation with Nordea in 2010 and continued in 2011. The goal is to make entrepreneurship interesting and fun for preschoolers, their parents and teachers.

Apart from classroom activities, the preschoolers toured a branch and among other things withdrew cash from a toy cash machine, adequate to their height. The children also participated in two contests: an art competition titled “My Dream Money” and a marketing competition writing slogans for their preschool.

Helping traumatised children in Poland feel special

Poland celebrates “Kids’ Day” on June 1. In May 2011, employees at Nordea operations centre decided to make the day special also for children at the Support Centre for Victims of Domestic Violence. The Nordea team organised charity fund raising and managed to collect 3,535 PLN and to fill a big car to the brim with gifts – clothes, toys, cleaning products and food.

The idea was simple – to help these kids feel special and loved in spite of the family drama. For the collected money the team also managed to get small symbolic gifts to celebrate Mother’s Day on the 26th of May.

Helping Latvian entrepreneurs

Nordea launched the Nordea Business School in Latvia in 2010 due to the high unemployment. It continued during 2011. The school is open to customers and the general public who would like to establish their own business. Classes run over a six-month period and are taught by leading business consulting and staff training companies in Latvia along with the Stockholm School of Economics in Riga. The sessions are filled and will continue for the foreseeable future.

Encouraging Estonian children

Nordea and Estonian Olympic discus thrower champion, Gerd Kanter, work together with the President’s Young Sports Foundation to encourage young athletes.

Gerd Kanter has written a book about the 15 steps that helped an average small town boy become an Olympic champion. Nordea donated copies to all Estonian school libraries delivered when Gerd Kanter and Estonia’s

First Lady Evelin Ilves visited schools to talk about and encourage healthy nutrition, honest sports, achieving something in one’s life and being a fully valued citizen.

Working to stop HIV/AIDS

Together with their customers Nordea’s Private Banking in Sweden support Star for Life, an organisation working to combat HIV/AIDS in Namibia and South Africa and to increase self-esteem. The program was launched after a survey showed that the customers wanted to be able to “invest with their hearts”.

Star for Life works where the problems exist: in schools and together with young people, community members, local partners and the government in combating HIV/AIDS and stimulating socioeconomic development. It is a value based programme aiming to increase the students’ self-esteem and encourage them to pursue their dreams. The project is active in rural and urban areas of South Africa and Namibia.

Today, the programme reaches over 100,000 students and 4,000 teachers in over 100 schools. Nordea supports one school for three years with an amount of SEK 200,000 per year. Nordea’s customers support other schools, classes or individual students.

The programme has been evaluated by independent observers. Students in the programme are showing positive development in terms of higher grades, less absence from school, lower HIV prevalence and reduced number of teenage pregnancies.





Reducing our ecological footprint

For a bank the indirect impacts deriving from lending and investments exceed impacts from operations. But a company of our size can still achieve a lot by changing the way we conduct our day-to-day business.



There is an increased expectation both from external stakeholders and from employees for Nordea to exert itself in limiting the environmental impact of its operations. Nordea has an Ecological Footprint programme to drive and coordinate efforts across disciplines and business units. In 2009 we set targets to reduce our CO₂ emissions by 2016 (using 2008 as baseline). The targets only include Nordic countries. We are on target, with the exception of internal paper consumption and travel.

Reducing our footprint

The focus of the program is to reduce Nordea's CO₂ emissions by reducing our consumption of energy, air travel, paper and the other significant contributing factors to our emissions. In addition, we realise that as a large consumer we can influence our suppliers to reduce the environmental impact of their operations and to increase their green product and service offerings. We do this by having clear environmental requirements in our sourcing and purchasing processes, by making sure our suppliers adhere to our CSR principles, by having procedures in place for checking that they actually do and escalations procedures if they don't. In addition, we have initiated closer collaboration with some of our key suppliers in order to increase the share of "green" products purchased.

AREA	TARGET	STATUS 31.12.2011
Energy	Reduce consumption by 15% (kWh/Full-time employee)	Energy consumption is down by 5%. On schedule to reach 2016 target
Air travel	Reduce air travel for internal purposes by 30% (trips/Full-time employee)	Travel increased substantially in 2009 and 2010, so in spite of a dramatic drop in travel in the last three quarters, travel for 2011 overall is above 2008 level
Customer paper	Reduce consumption by 50% (g/customer)	Customer paper is down by 36% and we are ahead of schedule to reach 2016 target
Internal paper	Reduce consumption by 50% (kg/Full-time employee)	No reduction in 2009 and 2010, but consumption/FTE 2011 is down by 7%.
Sourcing	All sourcing of materials and services are made according to a set of environmental criteria	The criteria and process is in place
	On-spot audits are implemented	Procedure is in place
	All sourcing partners comply with Nordea's CSR principles in a legally binding manner	Achieved for all new contracts. Part of the renewal process for existing contracts

Targets are set for 2016 and only cover the Nordic countries. Status compares the 2011 figures to 2008 baseline. FTE scope is identical to page 41.

Teams drive progress

We have designated teams that work hard to achieve these targets. In addition, we also have teams focusing on other areas where we see clear opportunities to reduce Nordea's environmental impact. Altogether, the Ecological Footprint programme consists of 8 teams that focus on identifying and implementing improvements in their areas of responsibility. Each team has a designated driver and in 2010 a dedicated programme manager was hired to further strengthen and drive the Ecological Footprint programme.

Monitoring and reporting

In 2011 we have improved our reporting procedures and our environmental indicators now cover our operations in Estonia, Latvia, Lithuania, Poland and Russia in addition to the four Nordic countries. Our environmental reporting incorporates 96.9% of our operations (Full Time Employees). Our international network is excluded from the environmental indicators as they are not material in this respect. However, the international offices participate in our green efforts and are encouraged and expected to do their best to reduce their environmental impact. Consumption reporting related to our environmental indicators takes place quarterly. The results from 2011 show positive development in a number of areas.

Good results

Our environmental targets are set for 2016 and they currently only cover the Nordic countries. We have been able to substantially reduce the amount of paper we send to our customers by continuing to implement electronic statements and invoices. Last year we reduced the amount of paper we send to customers by 212 tonnes, that is 24 grams per customer and a decrease of 9%. Energy is another area where we see good results. We have been able to cut our energy consumption primarily by making many small improvements in a number of areas. We have also installed a heat pump in one of our office buildings in Sweden which is showing impressive results. In 2011 we reduced the energy consumption in our premises by 11%. When it comes to internal paper consumption and travel, both of these areas experienced an increase in 2009 and 2010 and thus have further to go to reach the targets. However, the development in 2011 has been very positive and we have planned major activities for 2012 to catch up on progress. Nordea has Renewable Energy Certificates (RECS) for all electricity consumption in the Nordic countries.

Nordea's 14 office buildings in Copenhagen, Helsinki, Oslo and Stockholm have been LEED certified since 2009 and a branch in Espoo also received a LEED commercial interior certification in 2010. All new buildings are currently reviewed for possible certification in the future.





TEAM	ACTIONS 2011
Energy	Switched to LED lighting in appropriate areas, identified the 100 most energy-consuming branches and identified potential to reduce their consumption
Green IT	Mapped and suggested improvements to the process for reuse and recycling of old IT equipment and mobile phones, improved virtual collaboration tools and conducted training on these, investigated potential ways to implement default duplex print from a technical point of view
Customer paper	On-going project to convert physical paper letters into electronic media. This involves working closely with industrial print partners and the business units that produce most of the physical letters.
Internal paper	Ran information campaign, initiated activities to implement double-sided print in 2012 and worked with business units to identify potential for reducing print
Travelling & virtual collaboration	Ran information campaign and improved travel statistics to facilitate better monitoring and reporting of travel consumption
Facility services	Initiated and executed dialogues with main service providers and set targets for improved environmental performance. Installed furniture in main offices to enable employees to sort their waste.
Sourcing	Put environmental criteria in place for all relevant product categories. Developed process for spot checks and escalation procedure
Communication	Worked to increase awareness and change habits.

Designated teams are focusing on each area within the Ecological Footprint Programme.

Customer Paper Feature: Cutting environmental impact and costs instead of trees

In 2008, Nordea sent approx. 125 million letters to our customers in the form of bank statements, invoices, loan documents etc. We realised that reducing the number of letters we send out has a positive effect on the environment, our costs and customer convenience. A team has since then worked hard to cut down on the letters we send out. The team has cooperated closely with Strålfors, Nordea's biggest external print partner, to identify the types of letters that are distributed in large volumes. They have also worked closely with our product-responsible units and supported them in turning snail mail into electronic format.

"The customers' reactions to switching to electronic letters have been overwhelmingly positive," says Nordic Portfolio Manager in Deposit & Loan Products Mikaela Laurell. "Most customers appreciate the convenience of receiving their bank documents electronically in their netbank rather than in the form of printed letters that end up in the garbage."

In 2009 and 2010 we reduced the mail we send out by 20 million letters. In 2011 we reduced by a further 7 million letters and will meet the target of a 50% reduction in customer print from 2008–2016.

More environmental data can be found on pages 41–44.

GRI index

We have self-declared our reporting to be Application Level B+ (Self-declared). Our auditors have checked our reporting and have confirmed it to be Application Level B+ (Third-party-checked).

The index below includes degree of reporting and page reference to the relevant indicators in this report. In some instances reference is made to the Nordea Annual Report 2011 (AR). All core indicators are included in the table, together with the additional indicators Nordea has found relevant, and a selected number of indicators from the GRI Financial Services Sector.

● Fully reported ● Partly reported ○ Not reported ■ Not applicable

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5. ECONOMIC INDICATORS

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Economic performance	4-7, 9-11, AR 2-5, 10-13, 203	●
Market presence	5, AR 39	●
Indirect economic impacts	10, 18-25	●

The economic performance of Nordea is managed by the CEO and the CFO and their related organisations and due care is taken to secure that sustainability aspects are integrated where necessary. This is for example governed in the Nordea CoC and followed up as part of our risk management processes.

ECONOMIC PERFORMANCE		
EC1	Direct economic value generated and distributed	5, 32-33 ●
EC2	Risks and opportunities due to climate change	9-11, 18-20 ●
EC3	Coverage of the organisation's defined benefit plan obligations	AR 107-108 (Note 22) ●
EC4	Financial assistance received from government	5 ●
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EC6	Policy, practices, and proportion of spending on locally based suppliers	○
EC7	Local hiring and proportion of senior management hired from the local community	○
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EC8	Infrastructure investments and services provided for public purposes hired from the local community	■

6. ENVIRONMENTAL PERFORMANCE INDICATORS

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EN20	NO, SO, and other significant air emissions		■
EN21	Total water discharge – water consumption is relevant to our business not discharge		■
EN22	Waste by type and disposal method	43	●
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PRODUCTS & SERVICES			
EN26	Initiatives to mitigate environmental impacts of products and services	16, 18–25	●
EN27	Products sold and their packaging materials that are reclaimed		■
COMPLIANCE			
EN28	Fines and/or non-monetary sanctions for noncompliance with environmental laws		■
TRANSPORT			
EN29	Environmental impact of transports	42–43	●

7. SOCIAL PERFORMANCE INDICATORS

DISCLOSURE ON MANAGEMENT APPROACH

Goals, performance and policy	13, 28–31, 40	●
Organisational responsibility	AR 203	●
Training and awareness	28–31	●
Monitoring and follow-up	28–31, AR 42–43	●

A group level HR unit is responsible for Nordea's HR policies and processes. These are implemented by (and when necessary adapted to the local regulatory framework) and followed up by local HR units in all countries where Nordea is operating.

EMPLOYMENT			
LA1	Total workforce by employment type, contract and region	30	●
LA2	Rate of employee turnover by age group, gender and region	40	●
LA3	Benefits provided to full-time employees		○
LA4	Percentage of employees covered by collective bargaining agreements	30–31	●
LA5	Minimum notice period(s) regarding operational changes	31	●
LA7	Rates of injury, occupational diseases, lost days, work related fatalities	40	●
LA8	Education, training, prevention and risk-control programs in place	28–31	●
LA9	Health and safety topics covered in formal agreements with trade unions	28–31	●
LA10	Average hours of training per year per employee	29	●
LA12	Employees receiving regular performance and career development reviews	29	●
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LA14	Ratio of basic salary of men to women		○

HUMAN RIGHTS

DISCLOSURE ON MANAGEMENT APPROACH

Human Right issues can be direct and indirect for Nordea. In the direct case these issues are governed by the UN Global Compact and the Nordea CoC, and are the responsibility of the Human Resource organisation. The compliance function (second line of defence) and IA functions (third line of defence) are also available to secure compliance but the overarching principle is a decentralised responsibility for the operating organisation, see 11,13. In the indirect case this is mainly a responsibility for the credit organisation and the investment organisation, see 18-25.

HR1	Investment agreements that include human rights clauses	18–25	●
HR2	Suppliers that have undergone screening on human rights and actions taken		○
HR4	Total number of incidents of discrimination and actions taken	30	●
HR5	Operations where freedom of association and collective bargaining may be at significant risk and actions taken		○
HR6	Operations identified as having significant risk for incidents of child labour and actions taken		○
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour and actions taken		○

GRI content index		Pages	
SOCIETY			
DISCLOSURE ON MANAGEMENT APPROACH			
Goals and performance		16–17	●
Policy		16–17	●
Organisational responsibility		16–17	●
Training and awareness		16–17	●
S01	Programs for evaluating the operation's impacts on communities		■
S02	Business units analysed for risks related to corruption		○
S03	Employees trained in the organisation's anticorruption policies and procedures	17	●
S04	Actions taken in response to incidents of corruption	17	●
S05	Participation in public policy development and lobbying		○
S08	Monetary value of fines for non-compliance with applicable laws		○
PRODUCT RESPONSIBILITY			
DISCLOSURE ON MANAGEMENT APPROACH			
Goals and performance		26–27	●
Policy		9–11, 13	●
Organisational responsibility		26–27, AR 16–18, 24–25, 32–34	●
Training and awareness		26–27	●
PR1	Life cycle stages in which health and safety impacts of products and services are assessed		○
PR3	Type of products and service information required by procedures, and percentage of products subject to such information requirements	22–23, 27	●
PR5	Results related to customer satisfaction, including results of surveys	27	●
PR6	Programs for adherence to laws, standards and voluntary codes for marketing communications	CSR Report 2010 30–31, 26–29	●
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	27	●
PR9	Monetary value of fines for non-compliance with regulations concerning the use of products and services		○
FINANCIAL SERVICES SECTOR SUPPLEMENT INDICATORS (SELECTED)			
FS1	Policies with specific environmental and social components applied to business lines	18–27	●
FS2	Procedures for assessing and screening environmental and social risks in business lines	16–25	●
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	18–27	●
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to the business lines	16–21	●
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	16–21	●
FS6	Percentage of the portfolio for business lines by specific region, size and by sector	4–5, AR 14–38	●
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	22–23	●
FS11	Percentage of assets subject to positive and negative environmental or social screening	22–23	●
FS15	Policies for the fair design and sale of financial products and services	CSR Report 2010 30–31, 26–27, 32–33	●
FS16	Initiative to enhance financial literacy by type of beneficiary	32–33	●

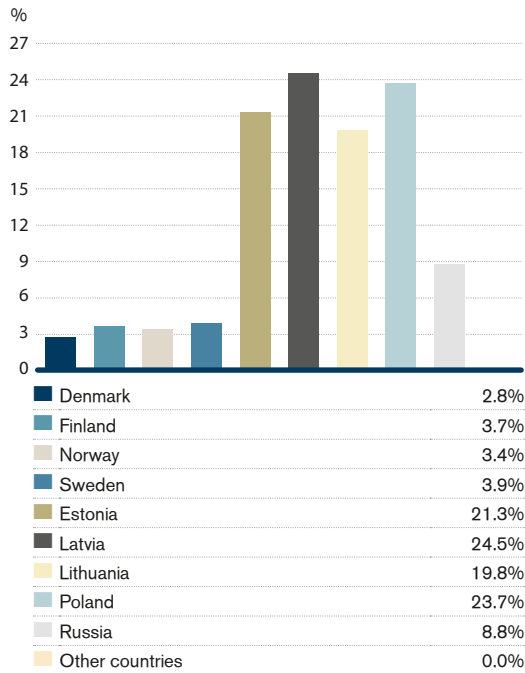
Report Application Levels

Mandatory	Optional	Report Application Levels						
		2011	C	C+	B	B+	A	A+
Self declared	Third party checked							
GRI checked	GRI checked							

Social data

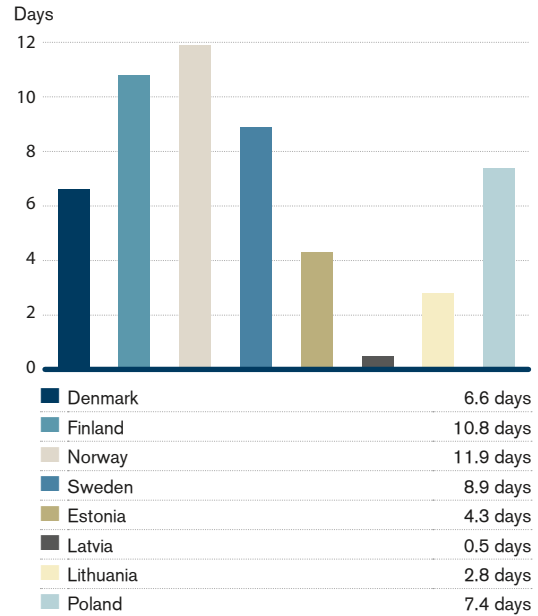
Employee turn-over rate in Nordea Group by region

Employee turn-over as a percentage of total number of employees was 5.8%.

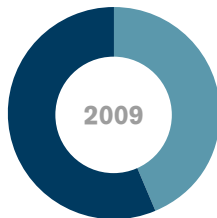


Absenteeism because of sick leave in Nordea Group

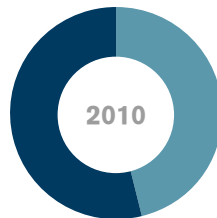
The average sick leave per employee in 2011 was 9 days, same as 2010.



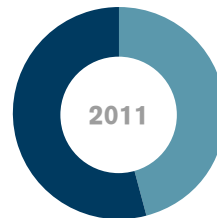
All Managers in Nordea Group



Female 43.8%
Male 56.2%



Female 46.2%
Male 53.8%



Female 46.1%
Male 53.9%

In 2011 Nordea employed on average 33,011 full time employees and on 31 December 2011 Nordea had 33,068 full time employees.

Work related injuries/illnesses*

COUNTRY	WORK RELATED INJURIES	ROBBERY CASES	ACCIDENTS WHILE COMMUTING	FATALITIES	WORK RELATED ILLNESSES
Denmark	26	288	-	0	-
Finland	78	0	165	0	1
Norway	4	1	-	0	0
Sweden	14	17	23	0	1
Estonia	0	0	-	0	0
Latvia	0	0	-	0	0
Lithuania	0	0	-	0	0
Poland	8	1	-	0	0
Russia	0	0	-	0	0
TOTAL	130	307	188	0	2

The table presents the total number of affected persons to a reported injury.

* In Finland and Sweden injuries that occur when commuting to/from work are seen as work related injuries. Work related illness is not registered in Denmark.

Environmental data

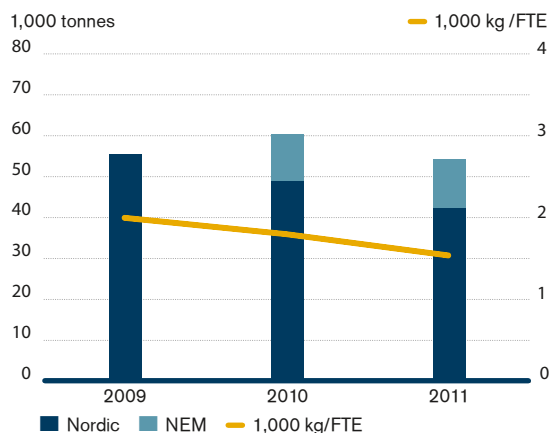
In order to ensure comparability with previous periods all trendlines measuring indicators per employee refer to data on Nordic countries only. The full-time equivalent figures used in this report refer to full-time equivalents at year end including temporary staff and external consultants working in Nordea's premises. Data from New European Markets (NEM)* excludes the newly established Nordea Operations Centre and Nordea Life & Pension in Poland.

Total CO₂ emissions, 1,000 tonnes

	2009	2010	2011
Nordic	55.42	49.09	42.33
Percentage change	-26.1%	-11.43%	-13.77%
NEM**	n/a	11.29	11.87
Percentage change	n/a	n/a	5.21%
1,000 kg/FTE	1.99	1.79	1.53

Total CO₂ emissions have decreased steadily from 2009 to 2011. The decrease in 2009 and 2010 was due to renewable energy certificates bought to offset Nordic electricity consumption. The decrease in 2011 is mostly due to reduced heating and cooling.

Total CO₂ emissions



CO₂ emissions from energy consumption, 1,000 tonnes

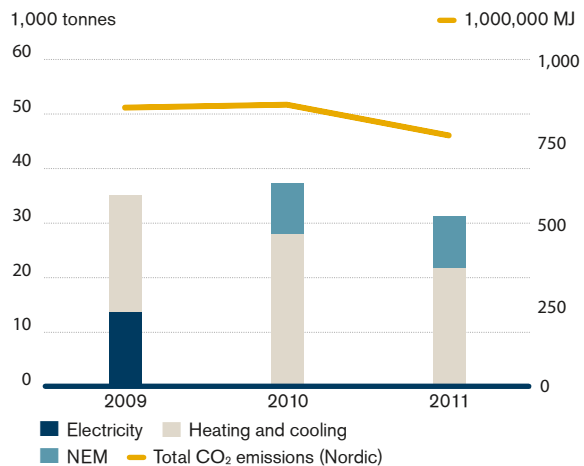
Nordic CO₂ emissions			
	2009	2010	2011
Electricity	13.86	0.00	0.00
Heating and cooling	21.26	28.02	21.80
Total CO₂ emissions (Nordic)	35.12	28.02	21.80
Percentage change	-35.3%	-20.22%	-22.19%
Total consumption MJ (Nordic)	851	860	766
NEM CO₂ emissions**	n/a	9.27	9.38
Percentage change	n/a	n/a	1.24%

Nordic Consumption

Electricity (MWh)	127,466	120,475	119,194
Heating and cooling (MWh)	108,925	118,542	93,485
Total consumption (Nordics)	236,391	239,017	212,679
Percentage change	0.7%	1.11%	-11.02%
NEM (MWh)	n/a	33,588	34,144
Percentage change	n/a	n/a	1.66%

Carbon dioxide emissions from energy consumption decreased in 2009 due to the use of green electricity. Nordea has bought renewable energy certificates to offset the electricity consumption in the Nordic premises since 1.7.2009. Total carbon dioxide emissions from energy are extrapolated to cover all Nordea's premises in Nordic and NEM countries.

CO₂ emissions from energy consumption



* New European Markets (NEM) stands for Estonia, Latvia, Lithuania, Poland and Russia.

** The calculations of NEM flight and energy emissions for 2010 have been updated in 2011. The 2010 year figure in tables and graphs for Total CO₂ emissions, CO₂ emissions from energy consumption and CO₂ emissions from travel regarding NEM are therefore not comparably with previous CSR report.

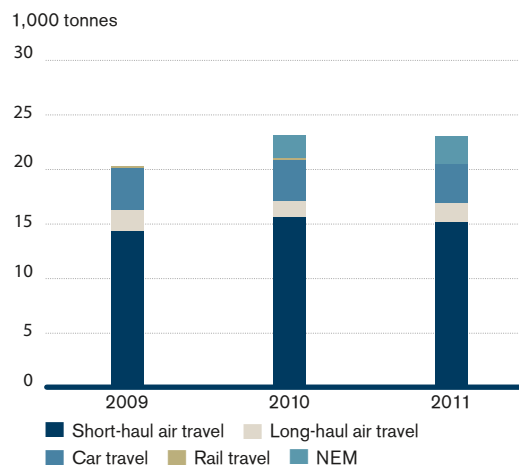
CO₂ emissions from travel, 1,000 tonnes

CO ₂ emissions	2009	2010	2011
Nordic			
Short-haul air travel	14.39	15.64	15.24
Long-haul air travel	1.90	1.51	1.71
Car travel	3.89	3.78	3.57
Rail travel	0.12	0.14	0.01
Nordic Total	20.30	21.07	20.53
Percentage change	-1.8%	3.77%	-2.57%
NEM*	n/a	2.02	2.49
Percentage change	n/a	n/a	23.44%
Distance travelled			
Total Nordic air travel (1,000 km)	78,701	97,776	97,131
Total Nordic car travel (1,000 km)	19,953	21,219	19,958
Total Nordic rail travel (1,000 km)	5,080	5,684	6,597
Total NEM air travel (1,000 km)	n/a	4,922	6,022
Total NEM car travel (1,000 km)	n/a	6,106	7,696
Total NEM rail travel (1,000 km)	n/a	1,978	1,613

Short-haul flights are within Europe. Long-haul are inter-continental flights. Nordic train travel only includes data from Norway and Sweden. The factor used for train travel has been updated for 2011 based on emissions figures from NSB and SJ. Some extrapolations have been made on data from NEM countries to adjust figures to actual number of staff.

* The calculations of NEM flight and energy emissions for 2010 have been updated in 2011. The 2010 year figure in tables and graphs for Total CO₂ emissions, CO₂ emissions from energy consumption and CO₂ emissions from travel regarding NEM are therefore not comparably with previous CSR report.

CO₂ emissions from travel

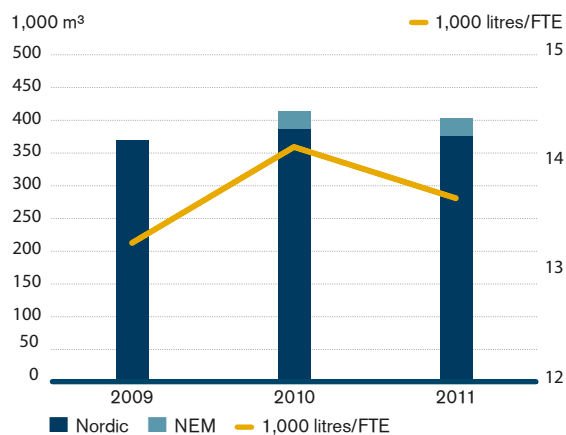


Water consumption, 1 000 m³

	2009	2010	2011
Nordic	369.28	387.81	377.35
Percentage change	-4.5%	5.02%	-2.70%
NEM	n/a	26.63	26.21
Percentage change	n/a	n/a	-1.58%
— 1,000 litres/FTE	13.27	14.15	13.68

Water consumption per FTE only includes the Nordic countries. Actual water consumption data from Russia is not available. Consumption has been extrapolated based on average consumption in other NEM countries.

Water consumption



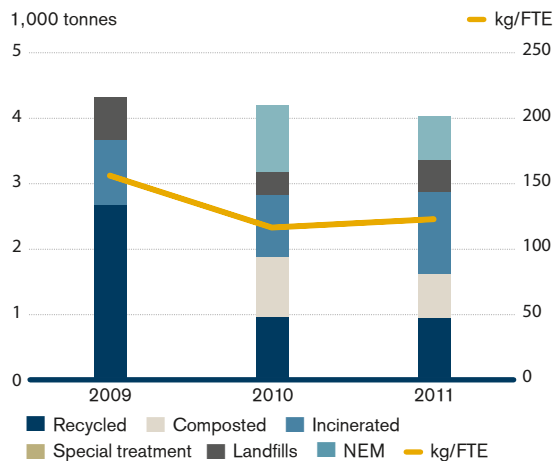
Waste management, 1,000 tonnes

	2009	2010	2011
Nordic			
Recycled	2.68	0.97	0.96
Composted	n/a	0.91	0.66
Incinerated	0.99	0.95	1.25
Special treatment	0.00	0.00	0.01
Landfills	0.65	0.35	0.49
Total Nordic waste	4.33	3.17	3.37
Percentage change	+7.2%	-26.6%	+6.1%
% Recycled of total waste*	62%	59%	48%
kg/FTE	155.5	115.8	122.2
NEM			
Total waste	n/a	1.02	0.66
Percentage change	n/a	n/a	-35.8 %
kg/FTE	n/a	187.91	127.06

From 2010 recycled waste has been divided into recycled and composted waste. Construction waste was excluded from 2009 data, but included in 2010 and 2011. Some extrapolations have been made on data from NEM countries to adjust figures to actual number of staff.

*Recycled total waste only includes Nordic countries.

Waste management

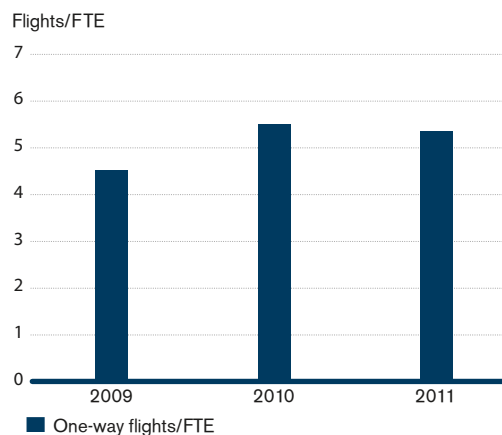


Flight travel, Flights/FTE

	2009	2010	2011
Number of one-way flights	126,076	150,790	147,517
Percentage change	+4.3	+19.6	-2.2
One-way flights/FTE	4.53	5.50	5.35
Total air travel (1,000 km)	77,712	97,777	97,131
Air travel km/FTE	3,191	4,215	4,050

The flights/FTE indicator only includes travel activity in the Nordic countries.

Flight travel

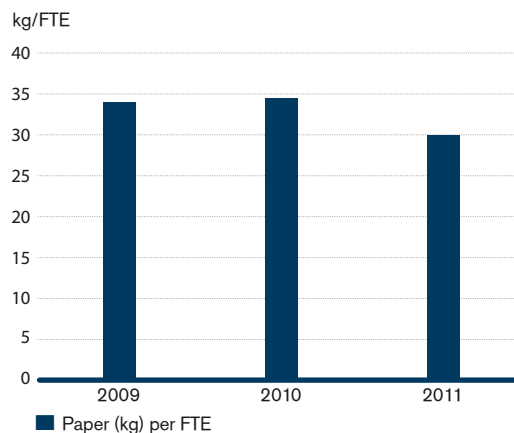


Internal paper consumption, kg per FTE

	2009	2010	2011
Tonnes of paper consumed	946	946	826
Percentage change	+1.4	+0.1	-12.7
Paper (kg) per FTE	34.00	34.53	29.95

Internal printing covers printing in Nordea head-offices and branches. The kg of internal paper/FTE indicator only includes Nordic data.

Internal paper consumption

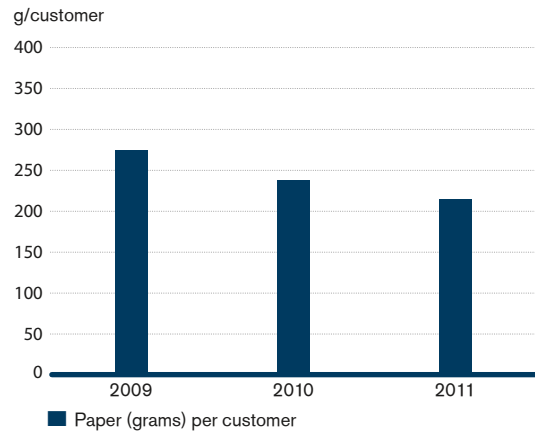


External paper consumption, grams per customer

	2009	2010	2011
Tonnes of paper consumed	2,697	2,383	2,171
Percentage change	-5.8	-3.2	-8.9
■ Paper (grams) per customer	274	238	214

External paper is print produced by industrial printing partners and sent to our customers. This indicator only includes consumption in the Nordic countries.

External paper consumption

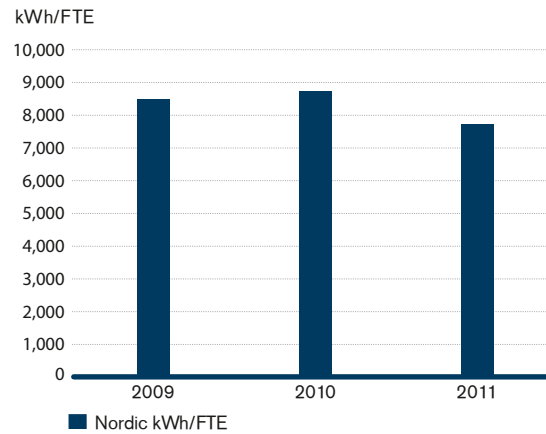


Energy consumption, kWh per FTE

	2009	2010	2011
Nordic consumption (MWh)	236,391	239,017	212,679
Percentage change	+0.7%	+1.1%	-11%
■ Nordic kWh/FTE	8,498	8,721	7,712

The energy/FTE indicator only includes the Nordic countries.

Energy consumption

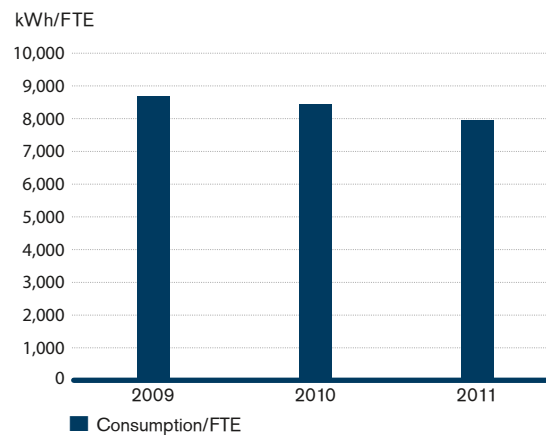


Weather corrected energy consumption, kWh per FTE

	2009	2010	2011
Weather corrected consumption	241,704	231,227	219,662
Percentage change	-3.1%	-4.3%	-5.0%
■ Consumption/FTE	8,689	8,436	7,965

The weather corrected energy consumption is meant to show the effect of our efforts to reduce consumption, by taking away the weather as a variable. The weather corrected energy consumption includes the Nordic consumption of energy for heating, cooling and electricity. This is the first year we publish weather corrected energy consumption.

Weather corrected energy consumption



Auditor's Review Report

on Nordea CSR Report 2011

To the readers of Nordea CSR Report 2011:

Introduction

We have been engaged by Nordea's Group Executive Management to review the Nordea CSR Report 2011. The Board of Directors and Group Executive Management are responsible for ongoing CSR activities, and for the preparation and presentation of the CSR Report in accordance with the applicable criteria. Our responsibility is to express a conclusion on the CSR Report based on our review.

Scope of review

We have performed our review in accordance with RevR 6 Assurance of sustainability reports issued by Far (the institute for the accountancy profession in Sweden). A review consists of making inquiries, primarily of persons responsible for CSR matters and for preparing the CSR Report, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain an assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our assurance does not comprise the assumptions used by Nordea or whether or not it is possible for Nordea to reach certain future targets described in the report (e.g. goals, expectations and ambitions).

The criteria on which our review are based are the parts of the "Sustainability Reporting Guidelines, G3" published by the Global Reporting Initiative (GRI), which are applicable to the CSR Report. We consider these criteria suitable for the preparation of the CSR Report.

Our review has, based on an assessment of materiality and risk, among other things included the following main procedures:

- Assessment of suitability and application of criteria in respect to stakeholders' need of information.
- An update of our knowledge and understanding of Nordea's organisation and activities.
- Interviews with responsible management, at different levels within the Group, with the aim to assess if the qualitative and quantitative information stated in the CSR Report is complete, correct and sufficient.
- Reading of internal documents to assess if the information stated in the CSR Report is complete, correct and sufficient.
- Evaluation of routines used for the collection and reporting of CSR information and data.
- Review of the calculation of CO₂-emissions.
- Analytical review of reported information.
- Review of underlying documentation, on a test basis, to assess whether the information and data in the CSR Report is based on that documentation.
- Review of qualitative information and statements in the CSR Report.
- Assessment of Nordea's self-declared application level according to GRI's guidelines.
- Overall impression of the CSR Report, and its format, considering the information's mutual conformity with the applicable criteria.
- Reconciliation of the reviewed information with the sustainability information in the Nordea Annual Report 2011.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that Nordea CSR Report 2011 has not, in all material aspects, been prepared in accordance with the above stated criteria.

Stockholm, February 9, 2012
KPMG AB

Carl Lindgren
Authorised Public Accountant

Åse Bäckström
Expert Member of Far

