

Nordea sustainability policy

Approved by Nordea Board of Directors October 2023

Table of contents

1	Purpose and scope	3
1.1	Purpose.....	3
1.2	Scope	3
1.3	Subsidiaries and branches.....	3
2	Definition of sustainability	3
3	Sustainability in Nordea.....	3
3.1	How we manage sustainability.....	3
3.1.1	Integration of sustainability in the strategic priorities and business plan.....	4
3.1.2	Sustainability statements.....	4
3.1.3	Advice	4
3.1.4	Investment	5
3.1.5	Financing.....	6
3.1.6	External commitments and positioning.....	6
3.1.7	Sustainability in branding, communication and reporting	7
4	Roles and responsibilities.....	7
4.1	Governance for sustainability	7
4.2	Group Board	7
4.3	Group CEO	8
4.4	The Second line of defence.....	8
5	Reporting and disclosures	8

1 Purpose and scope

1.1 Purpose

Nordea Group (“Nordea” or the “Group”) recognizes the importance of sustainability in our business operations and in the wider community. We believe that sustainable practices not only benefit the environment but also contribute to the long-term success of our business, built on trust and confidence.

This directive sets the baseline for how Nordea defines sustainability and how we manage and implement sustainability practices to ensure that we fulfil our strategic priorities, long-term objectives and targets.

1.2 Scope

This directive applies to the Group and covers Nordea’s business activities in all countries where Nordea has its operations. All employees of Nordea, and non-permanent staff working on behalf of the Group, are subject to this directive.

It is the responsibility of each head of Business Area (“BA”) and Group Function (“GF”), to ensure that this directive is where relevant known and conformed to within their respective area of responsibility.

The more detailed rules are, or will be as deemed necessary, described in subordinate internal rules, such as guidelines and standard operating procedures as relevant for each respective BA and GF.

1.3 Subsidiaries and branches

The directive applies to Nordea Bank Abp and to all subsidiaries within the Nordea Group unless legal or supervisory requirements determine otherwise.

2 Definition of sustainability

Sustainability for Nordea means the continuous work to improve the business model and its operationalization through products, services, business relationships and internal operations whilst seeking to materially contribute to the achievement of strong, balanced and inclusive long-term growth that reduces adverse impacts on environment, societies and people.

3 Sustainability in Nordea

For us at Nordea, sustainable banking is about inspiring our customers to become more sustainable and providing solutions that meet the customer’s sustainable preferences, contributing to societal goals through climate action, social impact and strong governance – while reducing the adverse impacts of our internal operations on the environment, societies and people.

3.1 How we manage sustainability

The sustainability management in Nordea is built on the double materiality approach. The concept of dual materiality in sustainability refers to the idea that a company’s sustainability performance should be evaluated based on two interrelated aspects;

- how sustainability issues impact Nordea and its financial health and outlook, both directly or indirectly, via Nordea’s counterparties and third-parties, referred to as *financial materiality*.

- how Nordea impacts the larger world i.e. people and environment both directly or indirectly via Nordea's counterparties' and third-parties', referred to as *impact materiality*.

This directive covers *impact materiality* including development, decision and oversight of the strategic priorities and related targets and objectives. The *financial materiality* and related Environmental, Social and Governance ("ESG") risk management requirements, including for those risks associated with Nordea seeking to take action on material impacts to sustainable development, for people and the natural environment, are handled according to *CEO Instructions on ESG factors*.

3.1.1 Integration of sustainability in the strategic priorities and business plan

Nordea wants to make a difference for a greater good - not only for ourselves, but for the future and for generations to come. We aim to provide the best possible support for customers transitioning to a more sustainable future, and actively contribute to society to benefit the greater good.

To fulfil this commitment the Group Board have decided on a Group sustainability strategy, integrated in the Nordea strategy, as described in the Annual Report. The Board of Directors guides the management and employees to actively work towards implementing the strategic priorities, and making sure that they regularly report on their progress towards achieving these goals.

To implement the strategy in the business plans, the strategic priorities must be cascaded to the BAs and GFs. The BAs and GFs must establish, monitor and disclose specific strategic targets relating to sustainability in accordance with the Group strategic priorities. Group Sustainability "GS" has ownership of oversight and coordination of these Group strategic priorities and associated target setting, follow-up and escalation process.

3.1.2 Sustainability statements

Nordea is committed to conducting sustainable business and development by combining financial performance with environmental and social responsibility as well as sound governance practises. To guide us the below statements shall be used in the daily work and when making business decisions. Nordea shall take these statements and other relevant environmental, social and governance principles into consideration when evaluating business risks and opportunities in connection with advice, investments and financing.

3.1.3 Advice

- We are committed to enhancing our competence and knowledge regarding environmental, social and governance aspects relevant for advice in relation to our products and services.
- We are committed to continuously improving our advice and to being transparent on environmental, social and governance aspects relevant to our products and services in a way that supports our customers' preferences and enables them to make informed decisions on sustainability aspects and impacts.

- We are, for our advisory investment product offering, committed to ensure that our products adhere to a baseline of responsible investment requirements for the Nordea advisory product universe, and we are continuously committed to ensure that products that adhere to more strict sustainability requirements are also part of the product offering.
- We are, when giving investment advice, in line with applicable legislation, committed to
 - ensure that we as a part of the suitability assessment of the individual Customer assess suitability against the customer's sustainability preferences, so as to only recommend suitable products. This is done in a sufficiently granular way to allow for a matching of the customers' sustainability preferences with the sustainability-related features of investment products.
 - ensure that employees acting in role of investment advisor have the necessary knowledge and competence to understand the key characteristics, including the sustainability implications of investment products being offered or recommended.

3.1.4 Investment

- We are committed to including and considering environmental, social and governance aspects through a risk-based approach in our research and relevant analysis processes and to have an understanding of the challenges and opportunities companies have in their respective businesses and industries.
- We are committed to being an active long-term shareholder which means that we use the rights to vote, to have representation in nomination committees and engage with companies to influence their environmental, social and governance performance.
- We are committed to developing and supplying investment products that support sustainable development. By having proper product governance processes for investment products based on environmental, social and governance product insights we strive to offer customers investment products that match their sustainability preferences.
- We are committed to reviewing sustainability aspects in the product governance process to ensure our products live up to the sustainability related claims that are made. And when manufacturing and distributing investment products and insurance based investment products we are committed to, as a part of product governance processes, identify the potential target market of a product, including specifying the sustainability-related objectives target customers should have in order for a product to be eligible for them.
- We are committed to be transparent by disclosing information for our products with sustainability-related objectives.

- We are committed to engaging with relevant stakeholders in order to ensure continuous development of our activities.

3.1.5 Financing

- We are committed to engaging with our customers on environmental, social and governance matters and to have an understanding of the challenges and opportunities customers have in their respective businesses and industries. This includes careful consideration when selecting funded initiatives and companies.
- We are committed to including and integrating environmental, social and governance-related risk assessments in the risk management and due diligence processes.
- We are committed to developing and supplying financial products that support sustainable development.
- We are committed to engaging with stakeholders in order to ensure consistent development and performance in financing activities.
- We are committed to engaging in analysing the potential reputational risk elements in connection with financing. Equally, we expect that customers and stakeholders would engage themselves in managing their reputational risk.
- We are committed to high standards and best practices with regards to tax compliance and reporting and do not finance or facilitate tax schemes that are regarded as tax evasion or finance tax schemes that may be legal but perceived as either aggressive tax planning or not in line with Nordea's internal ethical standards.

Nordea's position on tax is further elaborated in The Nordea Tax Policy (<https://www.nordea.com/en/doc/nordea-tax-policy-2022.pdf>) and in the Group CEO Instructions on Tax.

3.1.6 External commitments and positioning

Nordea strives to take a leading role in global and local collaborations to drive towards a more sustainable economy. A means to doing so is through participating in and supporting external voluntary commitments and choosing initiatives that enable businesses to operate in a more sustainable way. Besides influencing Nordea's own practices, voluntary commitments and initiatives are joined with the aim to influence other companies, sectors and/or states to improve their sustainability practices. Participating in and supporting public advocacy initiatives, globally and locally, is an essential part of Nordea's work to implement our strategy and commitments.

Nordea's participation in external voluntary commitments, initiatives and public advocacy is listed at Nordea.com.

Nordea's thematic guidelines and sector guidelines are owned and developed by GS to support our strategy. Thematic guidelines aim to clarify Nordea's view and stance regarding a specific topic within sustainability while sector guidelines aim to explain Nordea's view on a specific sector.

Nordea thematic and sector guidelines are published at [Nordea.com](https://www.nordea.com).

3.1.7 Sustainability in branding, communication and reporting

We are committed to work with sustainability in a responsible manner to avoid greenwashing risks.

In Nordea we define greenwashing as any ESG-related claim, action or communication which make Nordea and its operations, policies, products and services appear more sustainable than they actually are.

To guide us, we adhere to the following principles:

- Nordea's marketing & communications related to sustainability must be legal, decent, honest & truthful.
- We must communicate in a way that makes sustainability understandable for our customers and is fair, clear, and not misleading.
- Our sustainability-related statements must be verifiable with reliable scientific evidence.

4 Roles and responsibilities

4.1 Governance for sustainability

Nordea's sustainability governance follows the double materiality approach. It consists of Group Board Committees recommending the Group Board decisions, both on the financial materiality (ESG-related risk management) and impact materiality. The governance bodies for sustainability are presented below and further described in their respective charters.

4.2 Group Board

The Group Board sets out Nordea's purpose and values on which the sustainability approach is built. The Group Board, by approving this Group Board Directive, sets out its expectations for how sustainability should be strategically driven and implemented as part of the Group Board's role in setting and approving our overall strategies.

The Group Board is responsible for overseeing the integration of sustainability into Nordea's strategic priorities and business plan as well as ensuring that the implementation is compatible with the transition to a sustainable and climate-neutral economy.

The Board Operations and Sustainability Committee ("BOSC") assists the Group Board in overseeing the sustainability impacts, including development, decision and oversight of the strategic priorities and related targets and objectives that is presented for review and input. On the recommendation of BOSC, the Group Board approves the strategic sustainability priorities.

The Group Board is also responsible for overseeing that the Group Leadership Team's remuneration is consistent with these strategic priorities and the Group's long-term interest. Board Remuneration and People Committee ("BRPC") prepares and presents proposals to the Group Board regarding inclusion of ESG KPIs in remuneration schemes. Input on relevant KPIs is provided by BOSC. The BOSC also oversees the sustainability reporting as part of the Annual report in cooperation with the Board Audit Committee ("BAC"), which reviews the external auditor's oversight of the Sustainability Reporting as part of the Annual Report and associated disclosures. BOSC also reviews the sustainability related business initiatives and provides recommendations on the sustainability reporting to the Group Board for approval.

The Board Risk Committee ("BRIC") oversees the financial impacts of ESG factors on Nordea and reviews the Group risk profile and key risk issues including significant development with regards to environmental, social and governance risks.

4.3 Group CEO

The Group CEO in the Group Leadership Team ("GLT") is responsible for proposing the strategic sustainability priorities and deciding on the related targets and objectives after first consulting BOSC. This regards both Group, BA and sector targets.

The Group CEO also approves the sustainability disclosures in the annual reporting together with the Group Board, as well as participation in and exit from external commitments after first consulting BOSC.

The Group CEO is assisted by the group wide committees and Group Accountable Executive. These responsibilities is further described in the CEO Instruction on ESG risk factors as well as in their respective charter.

4.4 The Second line of defence

Second line of defence consists of Group Risk and Group Compliance, comprising the independent risk and compliance functions. The responsibilities and mandates are described in more detail in the *"Group Board Directive for Group Compliance"* and the *"Group Board Directive for the second line of defence risk function"*

5 Reporting and disclosures

The Annual Report includes both mandatory and voluntary sustainability disclosures. Mandatory sustainability reporting is disclosed in the Non-Financial Statement including the EU taxonomy regulation reporting which is in accordance with the EU's Non-Financial Reporting Directive as implemented into the Finnish Accounting Act. The disclosure has been prepared in accordance with the GRI Sustainability Reporting Standards of the Global Reporting Initiative. The voluntary sustainability disclosures of financed emissions, the Global GHG Accounting and Reporting Standard for the Financial Industry provided by the Partnership for Carbon Accounting Financials (PCAF) is used.

The voluntary sustainability disclosures in the Annual Report are subject to limited assurance by our auditor. The scope of the limited assurance engagement is agreed with the auditor.

In addition, Nordea reports on the Modern Slavery Act, Norwegian Transparency Act, The Sustainability Accounting Standards Board index as well as participating in a number of surveys from e.g. rating institutes, NGOs and research agencies.