Sustainability **notes**

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Sustainability notes

S1 About the sustainability notes

Our strategy

Our sustainability efforts are built on four strategic pillars: financial strength, climate and environmental action, social responsibility, and governance and culture. Definitions of our four strategic pillars are presented below. In the Sustainability notes, we present our sustainability disclosures through these four strategic pillars.

Under each pillar, we have identified relevant UN Sustainable Development Goals and specific sustainability-related matters that impact us or that we can have a significant impact on – by reducing the negative impact or increasing the positive impact through our financing, investments and internal operations. We have set measurable long-term and medium-term objectives and 2023–2025 targets to support a more sustainable future for each of the strategic pillars. All of these sustainability targets and their progress are presented in the respective sections within the Sustainability notes.

In Note S2 "Financial strength" we describe how we integrate ESG in our credit and investment decisions. In this section we also cover our ESG-related product and service offerings, our active engagement practices as well as how sustainability is integrated into our funding and liquidity strategy.

In Note S3 "Climate and Environment" our climate action agenda is described in detail. This includes all our climate targets on Group, portfolio and sector level. Additionally, we expand our biodiversity and nature-related as well as financed emissions disclosures. In Note S4 "Social responsibility" we explain how human rights, labour right, employment conditions, gender equality and education are considered in our operations and value chain.

In Note S5 "Governance and culture" we cover our sustainability governance. This note includes descriptions of our Code of Conduct, our practices related to financial crime prevention, anti-bribery and corruption, cyber security, data privacy and sustainable procurement. This year we also expanded our tax-related disclosures to cover our total tax contribution.

In Note S6 "Materiality and impact analysis", Note S7 "Our stakeholders" and Note "S8 Position statements and guidelines", we provide supplementary information to support the understanding of our sustainability approach and disclosures.

Sustainability disclosures

We have reported on environmental and sustainability performance on an annual basis since 2002. Our sustainability reporting in the Annual Report for 2023 constitutes sustainability disclosures found: (i) in the Sustainability at the core chapter on pages 16–17, (ii) in the Non-financial statement (incl. our EU taxonomy reporting) on pages 84–98, (iii) in the Corporate Governance Statement 2023 on pages 61, (iv) in Note G11 "Risk and liquidity management" on pages 241–242 and (v) in the Sustainability notes on pages 329–380, which provide in-depth information and data related to the sustainability disclosures. In addition, indices referring to our reporting in relation to the Principles for Responsible Banking (PRB), the Task Force on Climate-related Financial Disclosures (TCFD) and the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) are published as a separate appendix available at nordea.com/sustainability.

Sustainability at the core

Actively engaging to drive transition and capture growth opportunities

Financial strength	Climate and environmental action	Social responsibility	Governance and culture
Understanding and managing environmental, social and governance risks and opportunities is crucial to maintaining our financial strength and strong capital position.	To become a net-zero emissions bank by 2050 at the latest, we are engaging with and supporting our customers and portfolio companies in reducing their climate impact, while reducing our own.	By considering human and labour rights throughout our value chain and promoting gender equality, fair employment conditions and education we aim to create social impact where it matters the most.	Strong governance and a healthy corporate culture will lead to the successful execution of our strategic sustainability agenda for a greater good.
13 Climate action	7 Affordable and clean energy; 12 Responsible consumption and production; 13 Climate action; 14 Life below water; 15 Life on land	4 Quality education; 5 Gender equality; 8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 10 Reduced inequalities	16 Peace, justice and strong institutions; 17 Partnerships for the goals

S1. About the sustainability notes, cont.

PricewaterhouseCoopers Oy has provided assurance on the sustainability information provided in this report. The scope of the assured information is indicated in the Independent practitioner's limited assurance report on page 380.

In addition to the Annual Report, we disclose ESG-related information in accordance with the Pillar III disclosure requirements in the Capital and Risk Management Report available at nordea.com.

Like all other disclosures in the Annual Report, the sustainability disclosures refer to the period 1 January to 31 December 2023, i.e. Nordea's financial year. The previous report covering the financial year 2022 was published in March 2023.

Similar to the financial statements, the sustainability disclosures in this Annual Report cover the parent company, Nordea Bank Abp, and its subsidiaries, i.e. the Nordea Group. The reported data cover the Nordea Group as a whole unless otherwise stated.

Basis for the sustainability disclosures

Nordea Bank Abp has reported in accordance with the GRI Standards for the period 1 January to 31 December 2023. Our GRI Content Index, including omission statements, is published at nordea.com/sustainability. For disclosures of financed emissions, we use the Global GHG Accounting and Reporting Standard for the Financial Industry provided by the Partnership for Carbon Accounting Financials (PCAF). See more details on PCAF and our financed emissions disclosure on pages 350–357.

The Non-financial statement is prepared in accordance with the Non-Financial Reporting Directive as implemented in the Finnish Accounting Act, including the requirements on EU taxonomy disclosures.

The Annual Report is available for downloading at nordea.com. If you have any questions about the sustainability disclosures, you are welcome to send them to sustainability@nordea.com. Additional information on sustainability as well as an SASB index is available at nordea.com/sustainability.

For a list of our association memberships, see nordea.com/sustainability. The Annual Report is our disclosure in relation to several of the commitments and initiatives we participate in (see table below).

Disclosure requirement	Details and references on disclosures
Principles for Responsible Banking (PRB)	As we are a signatory to the PRB, we report on our implementation of the PRB in the sustainability disclosures. In addition to the Annual Report, the PRB Reporting and Self-Assessment Template is available at nordea.com/sustainability.
Task Force on Climate-Related Financial Disclosures (TCFD)	We report climate-related information in line with the TCFD recommendations. See the TCFD Index at nordea.com/sustainability for further details.
Net Zero Banking Alliance (NZBA)	The report serves as a description of our actions to mitigate climate change in accordance with our Net Zero Banking Alliance (NZBA) commitment to transition all operational and attributable GHG emissions from our lending and investment portfolios to align with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100. See our report "Climate targets and actions for the lending portfolio" at nordea.com/sustainability for further details.
Responsible Ship Recycling Standard (RSRS)	We are a signatory to the Responsible Ship Recycling Standards (RSRS) for banks. The RSRS promotes responsible ship recycling and minimising the dangers associated with hazardous materials on board. In 2023 close to 100% of new loan agreements for Nordea-financed vessels included a clause relating to responsible recycling (same as in 2022). As an RSRS bank we aim to include a responsible recycling clause in all new loan agreements for Nordea-financed vessels in the shipping sector. For our complete reporting according to the RSRS requirements, see nordea.com/sustainability.
Equator Principles (EP)	The sustainability information in the report partly fulfils the reporting requirements of the Equator Principles (EP). For full EP reporting, see Nordea Equator Principles Reporting at nordea.com/sustainability.
Country by country reporting	The information in Note "S5 Governance and culture" pages 369-373 fulfils the reporting requirements of the Finnish Act on Credit Institutions chapter 10, section 12.
UK Modern Slavery Act	The sustainability information in the report partly fulfils the reporting requirements of the UK Modern Slavery Act. In addition, we publish a separate modern slavery and human trafficking statement at nordea.com/sustainability.
Norwegian Transparency Act	The sustainability information in the report partly fulfils the reporting requirements of the Norwegian Transparency Act. In addition, we publish a separate statement at nordea.com/sustainability.

S2 Financial strength

Understanding and managing environmental, social and governance risks and opportunities is crucial to maintaining our financial strength and strong capital position.

2023–2025 targets	Status
Risk management framework for ESG risks in place by the end of 2023.	Target met
Risk assessments in place for the sectors and customers most vulnerable to climate risk by the end of 2023.	Target met
Facilitate more than EUR 200bn in sustainable financing by the end of 2025.	EUR 135bn
Grow gross inflows from the Nordea Sustainable Selection universe to account for 33% of total fund gross inflows by the end of 2025.	22%

At Nordea, we have a long-term business perspective and believe that companies with sustainable business models carry lower risk. As ESG factors can have both negative and positive impacts on Nordea, our customers and business environment, they can be used to identify risks as well as opportunities. Therefore, we integrate ESG factors into risk management processes for both our lending and investment portfolios. We manage our ESG-related risks so that our financial strength and position is well supported and our ability to raise the funding we need at competitive prices is maintained. Financial strength is therefore fundamental for our sustainability strategy and our commitment to service customers.

We develop and supply financial products supporting sustainable practices through our ESG-related offering, where active engagement with customers and investees is a key enabler of our sustainability strategy and targets. These ESG-related offerings allow us to incorporate sustainability into our funding and liquidity strategy, via our sustainability-related funding activities.

ESG-related risk strategy and management

ESG factors can be significant drivers of credit, market, liquidity, compliance and operational risks. The principle of embedding ESG factors into risk management and business strategy is based on the importance of each factor as a driver of existing risks. We use qualitative and quantitative measures for the risk identification and materiality assessment of ESG-related risks. We subsequently develop monitoring, mitigation and management strategies for the identified material risk. Where relevant, we assess the potential need for capitalisation while accounting for good practices and regulatory guidance.

ESG-related risk assessments impacting our customers and balance sheet

As a key principle of effective risk management, we maintain a diversified lending portfolio, distributed between corporate and household customers and diversified across geographies, industries and products. For all impacted financial risk categories, existing processes are progressively being enhanced to identify, evaluate and monitor material ESG-related risks. Process enhancements for all risk categories will continue in 2024 as part of our multi-year ESG Programme to align with the regulatory supervisor's expectations on climate-related and environmental risk management. We provide a detailed description of existing processes in the Capital and Risk Management Report available at nordea.com.

ESG assessments are performed for both lending and investment portfolios on Nordea's balance sheet to identify, evaluate and monitor material ESG-related risks.

Nordea continues to redevelop aspects of the credit customer ESG assessment process to systematically integrate ESG-related considerations in the credit process. For corporate borrowers ESG assessments are performed according to the size and type of the transaction and the customer's internal segmentation. ESG assessments are performed on new customers, in ordinary reviews of existing customers, and when the ESG-related risk(s) or credit exposures to existing customers significantly change. ESG-related risks identified qualitatively as material at customer level inform the credit risk assessment, with conclusions on the customer group's risk level included to the credit memorandum. The purpose of the assessments is to conclude on ESG-related risk components relevant to credit customers' repayment capacity. Approvals are made according to the established credit decision-making process. For customers associated with a high level of ESG-related risks, decisions are escalated to higher-level credit committees where relevant.

2023 saw the further development of ESG risk management at the level of individual corporate customers. ESG credit risk definitions were established which form the basis for identifying ESG risks in the credit process. The ambition is to screen corporate customers for whom individual ESG risks could materially impact their credit risk. This will be accomplished by a semi-automated tool supplemented by human oversight, to flag customers that require enhanced ESG assessments by dedicated ESG analysts with focus on identifying and assessing their vulnerability and resilience towards material ESG issues. To support these analyses, external databases are used to assess performance on specific ESG-related risks and to assess if the company has been, or is, involved in ESG-related controversies.

Climate-related transition risks are assessed with an enhanced focus for larger customers. The key components of the assessment include counterparties' greenhouse gas (GHG) emissions intensity developments, the corresponding quality of their transition planning, and the resulting impact of climate-related transition and physical risks on customer repayment capacity. This analysis is aligned with the Group targets on financed GHG emissions reductions and transition plan coverage.

For certain customers, there is an enhanced focus on environmental and social risks. The process includes e.g. ensuring that sufficient policies and programmes are in place to reduce potential harmful impacts on the environment, communities and indigenous rights.

ESG-related considerations in the credit process are further guided by our internal industry credit policies, which can include ESG-related exclusion criteria for exposure to harmful or controversial economic activities, and requirements on engagement and monitoring of climate-related transition plans.

In addition to these processes, where relevant, we carry out an environmental and social impact assessment when financing certain large infrastructure and industrial projects, as part of our commitment to the Equator Principles. We also follow applicable valuation standards and regulatory requirements, which includes taking ESG factors into account in applying market values for collateralised real estate assets, when available or relevant.

Nordea's loan pricing frameworks reflect strategic choices in Nordea's business selection and risk appetite, including established targets for risk-adjusted returns on allocated credit risk capital. Our approach is to integrate ESG factors into existing pricing components, like credit risk (as a key driver), profitability, business strategy, risk appetite or any other pricing considerations.

ESG factors affect business selection decisions be it through established sector targets, sector guidelines or decisions on individual credits risk. These strategic choices are also reflected in the capital allocation and pricing decisions, as ESG factors may also affect risk-based pricing. ESG factors can also be reflected in the margin of certain sustainable lending products, such as green loans and sustainability-linked loans where the margin is tied to the financed assets or the customer's ESG performance.

For mortgage borrowers, the main ESG-related risks relate to collateral energy efficiency and physical hazard exposures. In 2023 we continued to improve understanding of our mortgage portfolio's energy efficiency and physical risk exposure through data improvements.

For the long-term illiquid asset portfolio, ESG and impact principles guiding investment decisions include the introduction of concrete ESG criteria, which fund managers seeking to secure investments from Nordea are expected to either satisfy at the outset or strive to satisfy as soon as practically possible. The principles also include the requirement to monitor the progress of the ESG performance of the portfolio, with plans to develop KPIs for stronger performance tracking and reporting. For further details, see our Capital and Risk Management Report available at nordea.com.

Beyond monitoring and managing these potential risks at counterparty level, we also monitor ESG-related risks at portfolio, product and sector levels through deep dives and our risk appetite framework. Through these activities we assess exposure to any vulnerable or potentially harmful economic activities and manage our balance sheet according to the related aspects of our business strategy. For further information on these activities, see our Capital and Risk Management Report available at nordea.com.

Business environment scanning related to climate and environmental driven changes

We aim to continuously improve the scanning of our business environment with regard to impacts of climate and environmentally driven changes at global, European and Nordic levels. Business environment scanning covers large corporations and institutions, business banking and personal banking operations, focuses on sectors that are most material to us, and includes consideration of climate and environmental physical and transition risks.

The business environment is defined as including explicit consideration of the macroeconomy, the competitive landscape, policy and regulatory trends, technological trends and societal/demographic developments which shape business conditions at industry and geographical levels and related to the products and services that we are active in or are considering becoming active in. We have established a team of dedicated sector experts and established a process to integrate the insights on opportunities and risks into relevant risk management and strategy processes.

Integrating ESG-related risks into investment decisions in our asset management business

In order to ensure that investment decisions are based on comprehensive information, we seek to integrate ESG factors into our investment analysis. Since ESG factors can have both a negative and a positive impact on our portfolio companies and their business environment, they can be used to identify sustainability risk as well as investment opportunities.

ESG-related risk considerations are integrated into our investment decision-making framework as part of the overall risk assessment. This assessment, based *inter alia* on quantitative and qualitative ESG information, allows for a robust identification of ESG-related risks. We identify ESG-related risks by considering ESG factors in the investment process and by assessing the materiality of the potentially negative impact of these ESG factors on the value of the investment. In addition to the integration of climate-related risks, we include risks related to social factors as well as governance-related risks in our considerations.

The integration of ESG-related risk considerations into our investment decision-making process may differ between our investment teams as the relevance, availability of information and time horizon of ESG-related risks will vary depending on the characteristics of the investment product, including asset class, investment strategy, customer objectives and market trends.

ESG-related risks are considered in the investment decision-making process together with traditional investment risks (e.g. market, credit or liquidity risk). ESG-related risks may have a significant impact on traditional investment risks and be a factor that contributes to their materiality. The identification, evaluation and consideration of ESG-related risks in the investment decision-making process are done in accordance with the characteristics of the investment strategy and may result in a range of actions, including but not limited to: not investing, divesting, engaging or excluding.

Managing climate-related risks in investment portfolios

Fulfilling our mission to deliver returns responsibly requires us to manage the exposure to climate-related risks in our investment portfolios. We assess material climate-related risks and opportunities across asset classes using a range of tools and data sets. For listed equity and corporate bond exposures, we use the MSCI Climate Value-at-Risk (Climate VaR) model to assess transition risks and physical risks under different climate scenarios.

In addition, we conduct climate alignment analysis for individual issuers to establish the extent to which a company's strategy and decarbonisation trajectory support the achievement of a desirable target scenario.

Investment teams in Nordea Asset Management (NAM) have access to a proprietary ESG data platform, allowing them to integrate climate-related analyses into the investment research process, and portfolio managers regularly receive portfolio risk reports, which include climate dash-

S2. Financial strength, cont.

boards with key figures, such as the emissions intensity of the portfolio and identification of relative outliers.

At Nordea Life & Pension (NLP), investment managers have access to a comprehensive set of backward- and forward-looking metrics, scenario analyses and tools for their respective portfolios. Monitoring of key metrics and elevated risk areas is conducted regularly, and a climate risk report is provided to NLP's Board of Directors and Sustainability Committee regularly.

Assessing transition and physical risks in investments

In both NAM and NLP, the MSCI Climate VaR tool is used for listed equities and corporate bonds to assess climate risk across a number of plausible climate change scenarios. Our choice of scenarios includes three scenarios from the Network for Greening the Financial System.

The first one is the Divergent Net Zero scenario where emissions are reduced in line with at least a 50% probability of limiting global warming to below 1.5°C by the end of the century. Net zero is achieved by 2050 but at higher costs due to divergent policies introduced across sectors and a quicker phase-out of fossil fuels.

The second one is the below 2°C scenario where the stringency of climate policies is increased gradually, resulting in a 67% probability of limiting global warming to below 2°C.

The third one is the 3°C NDC scenario, where nationally determined contributions (NDCs) represent a pathway in which climate-related policies are implemented in some jurisdictions, but global efforts are not ambitious enough to stop global warming. The transition risk is low, but physical risks are high in this "hothouse" scenario.

For each of these scenarios, climate risk can be assessed using three distinct climate metrics: policy risk, technology opportunities and physical risk. Policy risk refers to the investment value at risk due to the future climate policy. Technology opportunities represent the investment upside due to low carbon technology revenues, which, combined with policy risk, gives us net transition risk. Physical risk refers to the investment value at risk materialising from climate-related acute events and chronic changes, such as extreme heat and cold, rainfall, flooding and tropical cyclones.

The MSCI Climate VaR model is used for listed equities and corporate bonds in both NAM and NLP to assess transition risks (policy risk) and physical risks (extreme weather risk) in different climate scenarios. In addition, NLP uses the Carbon Risk Real Estate Monitor to assess transition risk in its directly held real estate portfolio. For sovereign bonds, NLP notes a positive trend in the increased availability of carbon accounting methodologies and required data. For illiquid asset classes, retrieving sufficient data remains a challenge.

	Divergent Net Zero			Below 2.0°C			3.0°C NDCs		
Climate VaR as of end 2023[1]	**Policy risk (%)**	**Technology opportunity (%)**	**Physical risk (%)**	**Policy risk (%)**	**Technology opportunity (%)**	**Physical risk (%)**	**Policy risk (%)**	**Technology opportunity (%)**	**Physical risk (%)**
Nordea Asset Management									
Listed equities (%)	-11.2	2.4	-1.4	-2.1	0.4	-2.0	-1.5	0.2	-2.9
Corporate bonds (%)	-1.4	0.0	-0.4	-0.1	0.0	-0.6	-0.1	0.0	-1.0
Nordea Life & Pension									
Listed equities (%)	-10.2	2.7	-1.4	-2.0	0.5	-2.0	-1.4	0.3	-3.0
Corporate bonds (%)	-3.5	0.1	-1.2	-0.2	0.0	-1.9	-0.2	0.0	-2.9

1) Policy risk and Technological opportunities are calculated at instrument level, meaning it takes into account the remaining maturity of individual bonds. Data coverage is 84% and 76% for Policy risk and 84% and 67% for Technology opportunity for NAM and NLP respectively. Physical risk values are based on company levels (listed equity or corporate bond), and do not adjust for maturity and instrument type. Data coverage for Physical risk is 94% for NAM and 76% for NLP.

ESG-related opportunities

Over the past couple of years we have seen a significant increase in the demand for our sustainability offering, accelerated by customer demand and the growing strength of our product range, guidance and engagement. With our experience with sustainability-linked and green lending, ESG-focused investment products as well as active ownership, we are well placed to accelerate our customers' and investee companies' transition to a sustainable future. Within all of these areas, we aspire to be a leading voice.

Sustainable financing

We offer a range of sustainable financing solutions that broadly cover transition financing and the financing of sustainable activities and projects. Our offering includes lending products, such as green loans and sustainability-linked loans, as well as facilitating our customers' access to capital markets financing, such as green, social, sustainable and sustainability-linked bonds. Additionally, we have, together with the European Investment Fund, introduced a new range of guaranteed loans under the InvestEU Programme for small and medium-sized enterprises to accelerate the transition to a green and sustainable economy.

Our green financing offerings follow the criteria of the Nordea Green Funding Framework. Sustainable financing adheres to, and takes into account, Nordea's sector policies and guidelines. Our customer relationship teams and debt product specialists are supported by our dedicated Sustainable Finance Advisory team as we tailor sustainable finance solutions to align with our customers' sustainability objectives and material ESG factors. With these offerings, we are able to link our financing to our customers' ESG objectives and align with relevant sustainable financing criteria.

Sustainability-linked loans are a type of lending arrangement where the company's borrowing costs are tied to its progress in meeting certain set and measurable annual sustainability targets. In addition to offering sustainability-linked loans to our customers, we help customers select the right targets for their specific situation.

We also continue supporting our household customers' transition by offering financial advice, combined with our sustainable product offering. We offer homeowners green mortgages and energy efficiency loans. In addition, we offer specifically tailored loans for electric vehicles, to support the transition to less emission intensive transport modes.

During 2023, we have strengthened our internal rules for responsible product development ensuring regulatory compliance and mitigation of reputational risks. The responsible product guideline is built on several frameworks, both Nordea specific, internal and external, and regulatory, guiding and contributing with standards for the development of our responsible products. If the name or the marketing of the product

S2. Financial strength, cont.

includes sustainability claims, it is ensured that these claims are properly assessed, substantiated, documented and disclosed to the customers.

Financing	2023	2022	2021
Sustainability-linked loans EURm			
Take-and-hold volume	19,855	15,459	7,520
Volume of green loans EURm			
Green loans	12,108	8,919	5,799
- Green corporate loans	9,705	7,642	–
- Green mortgage loans [1]	1,165	734	–
- Other green loans[2]	1,238	544	–

1) Mortgage loans collateralised by residential immovable property which fulfil the green funding framework criteria. Excluding loans reclassified as green by Nordea
2) Other green loans include e.g. car financing and green lending to public entities

Financing the transition and our sustainable advisory

In 2023 we continued to see strong demand for our sustainable financing and advisory services, in the face of continuing challenging market conditions in light of inflation and interest rate increases.

We have maintained our position in the Nordic markets as the leading provider of sustainable finance. Global Finance named Nordea the winner of its 2023 Sustainable Finance Awards in Denmark, Finland and Norway, and Transition/Sustainability-Linked Loans Western Europe in recognition of our outstanding leadership position.

During 2023 we helped facilitate EUR 77bn of sustainable financing, predominantly for our large corporate and institutional customers. We facilitated 127 green, sustainable, sustainability-linked, and social bond transactions, Together with the green and sustainability-linked loans, this puts us on track to meet our 2025 target to facilitate more than EUR 200bn of sustainable financing.

We continue to invest in our sustainable platform to provide a leading lending and bond offering. Throughout 2023 we have increased our advisory capacity and ensured that the Sustainable Finance Advisory team is locally present throughout the Nordics.

Supporting SMEs with carbon accounting

As larger companies are, through the Corporate Sustainability Reporting Directive (CSRD), expected to disclose supply chain emissions (scope 3), SMEs are increasingly requested to disclose emissions as well. When it comes to measuring and reporting on emissions and creating credible transition plans, SMEs are naturally less mature. This is why we launched a partnership with Normative, a global company with headquarters in Stockholm, which has specialised in carbon accounting since 2014. With Normative's Business Carbon Calculator, our customers can measure their carbon footprint and report reduction progress to value chain stakeholders, such as customers or investors.

Net-Zero Commitment Loan

To cater for our SME customers' need for transition financing, we are piloting a new Net-Zero Commitment Loan for customers publicly committing to net zero through the SME Climate Hub. Nordea is a frontrunner in offering this solution and we hope it will encourage even more customers to commit to climate transition and net zero.

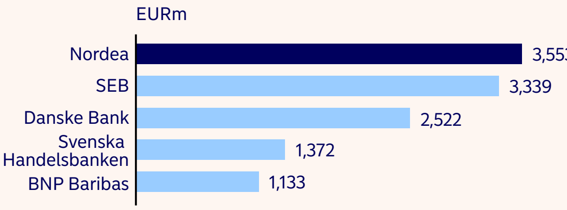
Strengthening frontline ESG capabilities

Knowledge, data and systems are key enablers to our sustainability objectives. Therefore, we have launched an internal sustainability training programme with a bespoke curriculum to build our employees' competence and knowledge, so they can best support customers in their transition to a low-carbon economy. We have also invested in enhancing internal processes and tools to support our offering to customers and the expected continued growth while at the same time ensuring the integrity of our offering. We have introduced new business intelligence tools for our frontline to get a firm picture of our customers' GHG emissions transition plans, including, for example, trajectories and alignment to Nordea's sector targets. We have initiated a new governance structure for financed emissions and profitability, enabling a closer link between return and climate-related risks.

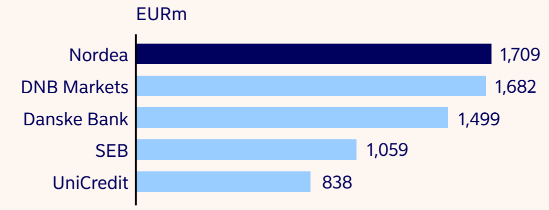
We continue to invest in technology tools that will support climate data for analysis, the setting of KPIs related to our sustainability-linked products and revisions to our sustainability-linked and green lending processes. The development of our internal sustainability platforms and business intelligence tools will continue in 2024.

Corporate sustainable finance league tables 2023

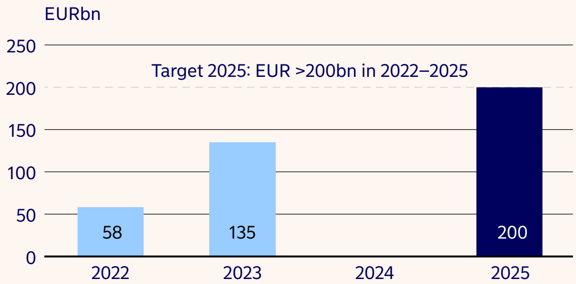
Bonds



Loans



Total facilitation of sustainable financing 2023



Our target is to facilitate more than EUR 200bn of sustainable financing by 2025. Total facilitation includes social and other sustainability bonds as well as sustainability linked and green loans.

Supporting **Pandora's sustainability journey**

Sustainability is a strategic priority for the world's largest jewellery brand, Pandora. The company aims to lead the way by becoming a low-carbon, circular, inclusive and fair business.

To that end, Pandora broke new ground in 2023 when it issued an inaugural 500m euro sustainability-linked bond, tying its financing to its climate and circularity goals. Nordea played a pivotal role as the sole sustainability structuring advisor, helping Pandora formulate its sustainability-linked bond framework and select ambitious sustainability targets.

The bond is linked to Pandora's commitments to purchase 100% recycled silver and gold for use in its jewellery by 2025, to become carbon neutral in its own operations by 2025 and to reduce its scope 3 emissions in line with its validated Science-based target. The targets are aligned with Pandora's core business and were assessed by Moody's to have a "high contribution" to sustainability. To underscore Pandora's commitment to achieving its goals, the structure's financial penalties for missed targets exceed market averages.

"Pandora has integrated sustainability across the business, so it is only natural that the company's financing be sustainability-linked. The ambitious nature of our targets is a testament to our desire to lead the jewellery industry forward on this most important topic," says Marissa Saretsky, VP of Global Sustainability at Pandora.

In March 2023, Pandora announced the successful placement of 500m euros in senior unsecured sustainability-linked notes under the framework – a significant milestone under the company's newly established Euro Medium-Term Note (EMTN) program.

The sustainability-linked bond marks the third time Pandora has tied its financing to ambitious sustainability targets, highlighting the company's dedication to advancing its sustainability agenda, with Nordea by its side.

S2. Financial strength, cont.

ESG-focused investment offering

As the largest financial services group in the Nordics, we have a significant impact through our advice and products, supporting our customers in making more sustainable investment choices. Individual customers, together as a collective, can contribute with their investments while making a good risk-adjusted return on their capital in line with market returns in the long term.

In 2023 we launched an array of initiatives to help our customers make more informed investment decisions in terms of sustainability. We also increased and improved our product offerings. For example, we:

- launched more detailed ESG information about funds in our digital channels
- started assessing the sustainability level of selected individual equities and incorporated that into the investment advice process
- released a publication on how ESG risks affect investments
- added new funds to our advisory offering – a social bond fund and a biodiversity fund
- tightened and added additional thresholds to the criteria for our sustainability-focused product offering
- expanded our sustainability-focused discretionary solution to Swedish retail customers.

Nordea Sustainable Selection (previously Sustainable Choice) is Nordea's framework for assessing and selecting investment products based on Nordea's rigorous ESG criteria. Both the provider of the product and the product itself need to pass our assessment. To drive real change, we believe that sustainability needs to be integrated into the core business of all product providers. Therefore, we, among other things, evaluate our selected product providers' commitments, resources and focus on collaborative engagements across their assets. When assessing products for Nordea Sustainable Selection, we emphasise current financial and sustainability performance as well as long-term strategy and intentions. For example, we look for products with proper integration of ESG risks and opportunities in the investment decision-making process, a strong active ownership approach and a commitment to invest in companies that contribute positively to the environment and to society. Products also need to apply exclusionary criteria to tobacco, gambling, weapons and other controversial sectors.

We have set a target for gross flows to Nordea Sustainable Selection funds at 33% of total flows by 2025 as a means to contribute to the Nordea climate targets to reduce emissions in our investment portfolio by 40-50% by 2030 compared with 2019 levels. By the end of 2023 the share of gross flows to Nordea Sustainable Selection reached 22%.

We categorise all our savings and investment customers according to their sustainability profile and preference, as we do for return targets and risk tolerance, to be able to recommend the most suitable product for the individual customer. Our Nordea Sustainable Selection products are primarily recommended to customers with sustainability preferences. These customers find it important to consider the positive contribution of their investments to the environment and society, and to reduce negative impacts. During 2023 we assessed our customers' sustainability preferences 370 000 times where in 4 out of 10 cases, or 43%, the customer expressed that they have sustainability preferences. We started asking customers about whether they were interested in considering sustainability in their investments already back in 2019 and have had over two million dialogues since then. Hence, we supported our customers in making more sustainable investment choices several years before it became a regulatory requirement in 2022.

We offer a variety of investment products focusing on sustainability. Identifying the sustainability level of a product can be complex, but Nordea Sustainable Selection can help our customers identify products with a credible sustainability strategy. The EU Sustainable Finance Disclosure Regulation (SFDR) also classifies products in categories where Article 9 funds have sustainability as their objective and Article 8 funds promote environmental and social objectives. Nordea Sustainable Selection includes products from both categories. As Article 8 includes a very wide range of products with varying sustainability ambitions, the SFDR classification alone is not enough for products to be included in Nordea Sustainable Selection. Our offering of sustainability-focused products will continue to develop and grow as the market matures and we strive to meet new customer demands.

Investments	2023	2022	2021
AuM – SFDR article 9 products (products with sustainable investment as objective)			
AuM in EURm	13,113	13,622	14,568
Share in relation to total AuM at Nordea Asset Management (%)	5.2	5.7	5.0
AuM – SFDR article 8 products (products that promote environmental and/or social characteristics)			
AuM in EURm[1]	160,860	143,732	180,007
Share in relation to total AuM at Nordea Asset Management (%)	64.1	60.2	61.5
AuM in Nordea Sustainable Selection products			
AuM in EURm	60,290	51,728	59,048
Share in relation to total AuM at Nordea Asset Management (%)	24.0	21.7	20.2

1) Measurement methodology was changed from 2022, whereby fund of fund investments into article 8 and 9 funds are now excluded from AuM. This is to align with customers' active decision making and preferences.

Active engagement

We continually engage with customers and investee companies to understand the sustainability challenges and opportunities they face in their business environments. This enables us to address material sustainability risks and concretely put to action our sustainability related commitments. Our approach prioritises dialogue over disengagement.

Engagements with our customers

We engage with our Personal Banking customers via our advisory and digital channels. Our advice is centred around financial well-being and increasingly touches on sustainability. This is enabled by our advisers' increasing understanding of sustainability from completing training programmes. Our digital channels promote sustainable choices and their benefits, for example benefits of renovating homes, and provide links to further insights, for example government subsidies. In addition, we regularly organise webinars on home renovation to inspire our customers to transition.

We also take collective action by engaging in external activities. One example is the recently completed Nordic Energy Efficient Mortgage (NEEM) Hub research programme funded by the EU. The aim of the programme is to identify how best to support homeowners' transition, for example by identifying barriers and solutions.

Engaging with our corporate customers enables us to address and understand material sustainability risks and opportunities, and concretely put to action our commitment

S2. Financial strength, cont.

to climate actions outlined in our sector policies and for sectors where we have set climate targets in line with our commitment to the Net-Zero Banking Alliance (NZBA).

We develop our customer engagement strategy based on the use of our Climate Transition Maturity Ladder (see more information in Note "S3 Climate and environment") to address relevant engagement objectives based on our customer's climate disclosures and commitments . We believe that this structured approach to understanding our customers and engaging with them can help us proactively drive business and sustainability in the same direction.

Our engagement, with the companies we finance, combines the expertise of our corporate advisers, Sustainable Finance Advisory team, ESG experts and analysts to shape a customer engagement. In 2023, we engaged with mid-corporate customers to increase our understanding of their progress in climate transition planning. We saw an increase from estimated 58% in 2022 to estimated 70% in 2023 of large corporate customers exposure in climate-vulnerable sectors now covered by transition plans, which is considered a strong progress towards our 2025 target of 90%. Through client dialogues we hope to encourage more clients to start formulating transition plans and progress on their climate transition planning.

We also take collective action by engaging in external activities through for instance Bankinitiativet Hållbar Byggbransch in Sweden, the Poseidon Principles and the Responsible Ship Recycling Standards.

Active ownership

Engaging with our investee companies enables us to address material sustainability risks and opportunities. Our engagement activities combine the perspectives of the portfolio managers, the financial analysts and the ESG experts to form a holistic opinion and establish coherent engagement objectives. Portfolio managers actively participate in engagement activities together with our ESG analysts. Engagements often run over several years and are carried out either by NAM alone or in collaboration with other institutional investors.

During the engagement period, we conduct regular meetings with the company in question and track progress against predefined engagement objectives. Engagement may entail a dialogue with the company's executive bodies, influence on board composition, cooperation with other investors on joint voting at annual general meetings and keeping a strict eye on the company in general. The dialogue allows us to put forward our expectations on corporate behaviour and to support companies in enhancing their sustainability performance. Progress reports and outcomes of the engagement are communicated to portfolio managers and financial analysts, allowing the information to be considered in investment decisions. In cases where an engagement relates to critical issues material to the specific investment case or the general investability of a company, failure to meet expectations will entail escalation of the issue through other stewardship activities, such as voting, and ultimately the consideration of quarantine or divestment.

Our engagement activities typically fall into one or more of four different categories: investment-led engagement, norms- and incident-based engagement, thematic engagement or political engagement. Each theme is closely aligned with the Sustainable Development Goals (SDGs) and relevant ESG risks and has been selected and defined through close collaboration between ESG experts, portfolio managers, financial analysts and customers. In addition to engagements with companies, we are increasing our work in the sovereign engagement sphere.

In 2023 we engaged with 1,179 companies on environmental, social and governance issues. We estimate that this corresponds to 52% of the total number of the equity assets under management in NAM portfolios. We provide more information on our engagement activities in our Responsible Investments Report available at nordea.com.

During 2023

43%

of advised customers **expressed that they have sustainability preferences**

Customers' preferences were addressed 370 000 times where in 160 000 cases the customer expressed a preference to consider their investments' negative or positive impact to the environment and society.

S2. Financial strength, cont.

At Nordea Funds, we believe that the promotion of sound corporate governance is part of our fiduciary duty to our customers and will contribute to long-term shareholder value creation and responsible returns. Our engagement with investee companies includes proxy voting in line with our Corporate Governance Principles. We exercise our right, on behalf of our customers, to promote sound corporate governance and protect shareholder interests in the companies in which our funds have invested capital through voting at shareholders' annual general meetings (AGMs). In 2023 we voted at around 3,700 general meetings and achieved a voting frequency of over 95% for our holdings. We show how we have voted in our voting portal at nordea.com.

Sustainable funding and our frameworks

Our sustainability-related lending product offering allows us to also incorporate sustainability into our funding and liquidity strategy. The Nordea Green Funding Framework and the Sustainability-Linked Loan Funding Framework represent a further step in our efforts to integrate ESG and sustainability considerations into all our core operations. We believe that green bond and sustainable-linked loan financing creates transparency of the funds allocated to climate change mitigation and other environmentally beneficial uses. In 2023 we issued more than EUR 5bn in sustainable funding across six currencies, bringing our total outstanding sustainable issuance to above EUR 10bn.

The Nordea Green Funding Framework defines how we identify, select, verify and report the green assets financed by the proceeds of our green funding. It also establishes how we manage such proceeds. The framework is based on the Green Bond Principles published by the International Capital Markets Association. We review it annually and, where necessary, update and expand it as the Green Bond Principles and market practices evolve. We are committed to supporting the growth and integrity of the market for sustainable financing.

We have engaged the external provider ISS Corporate to verify the Nordea Green Funding Framework and our green bond assets. These are reviewed at asset level before being included in the green bond asset portfolio. Both the green assets recorded in the green covered bond registers and the green covered bond process follow a separate track in terms of verification. The second party opinion is publicly available on our website. Our aim is to engage ISS Corporate in an annual reverification where updates to the framework and new asset inclusions are verified.

In 2023 we timed the reverification for December and only made minor updates to the framework content. We strengthened the coupling of Nordea's green funding with our general sustainability direction by including updated information on targets, NZBA commitments and the initiated biodiversity work in the Nordea Green Funding Framework. We also aligned the Green Buildings asset category criteria with the green covered asset category criteria for buildings for increased clarity, by utilising EU taxonomy criteria for substantial contribution to climate change mitigation. The green asset portfolio includes only green corporate loans verified on asset level by a second party opinion. The portfolios for green covered bonds includes green mortgage loans and reclassified mortgage assets fulfilling the green funding framework criteria.

Green bonds tend to have lower yields and attract stronger investor demand than conventional bonds. The cost of fund benefit or "greenium" that Nordea receives for green bonds is transferred to the business areas on a quarterly basis.

With our Sustainability-linked loan funding framework, we look to advance the market for sustainable finance by providing an opportunity for investors to support companies that have set material and ambitious sustainability goals. An amount equal to the net proceeds issued under this framework is intended to be used specifically for sustainability-linked loans - as defined by the Sustainability Linked Loan Principles published by the Loan Market Association, the Asia Pacific Loan Market Association and the Loan Syndications and Trading Association – that are considered to meet certain criteria around materiality and ambitiousness and with a positive contribution to at least one of the impact objectives defined in this framework.

Our Sustainability-linked loan funding framework is an innovative framework launched in 2022 and builds on the successful development of the use-of-proceeds bond market, such as green bonds, while also recognising the considerable developments seen in the sustainability-linked loan market. In 2023 we issued our first EUR benchmark bond on the back of the framework in addition to the previously issued bonds in local Nordic currencies.

For further information on the green bonds, sustainability-linked loans and bonds and the respective asset portfolios, see our Sustainable funding page available at nordea.com.

Deposits with climate focus

Deposits with climate focus are the latest addition to our sustainability offering. They combine our sustainable lending and savings offerings and our sustainable funding frameworks and practices. A deposit with climate focus is a term deposit where funds are held for a fixed term and where an equivalent amount is intended to be invested and reinvested in the green bond asset categories according to the Nordea Green Funding Framework.

We provide our customers with a platform to invest their surplus cash balances in a way that contributes to eligible environmental projects within renewable energy, clean transport, pollution prevention and control, green buildings, sustainable water, wastewater management and other projects.

Deposits with climate focus were launched as a pilot in September 2021 in Norway, with Nordea being the first large bank in the Nordics with this offering in the corporate market. After a successful pilot with positive feedback from the customers, the product was introduced to retail customers in Norway in April 2023 and also to corporate customers in Sweden in June 2023.

A strong ESG performance is becoming an important KPI for companies in the Nordics where sustainability is a top priority for companies wanting to stay relevant in the future. As the next step in the expansion of our sustainable product offering to serve our customers, we are planning to launch deposits with climate focus to corporate customers in Denmark and Finland. Since the pilot launch in Norway, we have interacted with several hundreds of customers who have invested their surplus funds in the product. More than EUR 3bn in total has been invested in the product, and we see increasing customer demand.

S3 Climate and environment

To become a net-zero emissions bank by 2050 at the latest, we are supporting our customers and portfolio companies in reducing their climate impact while reducing our own.

Our sustainability targets

Achieve **net-zero emissions** by the end of **2050** at the latest → **2030 mid-term objectives** → **2023–2025 targets**

Reduce carbon emissions across our lending and investment portfolios by 40–50% by the end of 2030 compared with 2019.

2023–2025 targets	Status
Ensure that 90% of our exposure to large corporate customers in climate-vulnerable sectors is covered by transition plans by the end of 2025.[1]	70%
By 2025 ensure that 80% of the top 200 financed emissions contributors in Nordea Asset Management's portfolios are either aligned with the Paris Agreement or subject to active engagement to become aligned.	81%
Double the share of net-zero-committed AuM by 2025.	On track
Reduce the carbon footprint from Nordea Life & Pension's listed equity, corporate bond and real estate portfolios by at least 25% by the end of 2024.	26%
All asset managers[2] managing assets on behalf of Nordea Life & Pension must commit, no later than 2024, to transitioning their assets under management to net zero by 2050.	48%

Reduce carbon emissions from our internal operations by more than 50% by the end of 2030 compared with 2019 and achieve a net positive carbon contribution (through offsetting).

2023–2025 targets	Status
Total carbon reduction from internal operations of 40% compared with 2019 by the end of 2025.[3]	51%
Suppliers covering 80% of spend are either aligned with the Paris Agreement or subject to active engagement to become aligned by 2025.[3]	70%

1) Transition plan defined as the quantifiable and time-bound target to reduce GHG emissions set by an obligor or group mother. The percentage is based on YE 2023 exposure to climate vulnerable sectors and transition plans reported during 2023

2) Target covers all asset managers in liquid asset classes. For asset managers in illiquid asset classes selected criteria apply.

3) As the 2023 targets were reached, the total carbon reduction from internal operations was raised from 30% to 40% and the expectation of suppliers Paris Agreement alignment has been raised to cover 80% from 70% of the spend.

Overall development around us

Global greenhouse gas emissions hit an all-time high in 2023. The summer was the hottest on record and the majority of the global population experienced extreme weather events causing significant disruption and economic losses all around the world. Therefore 2023 is a stark reminder of the urgency to decarbonise the global economy. According to the IPCC, there is a rapidly closing window of opportunity to limit the temperature increase to 1.5°C degrees.

Global climate action is speeding up in both public and private spheres. Countries' net zero targets cover 90% of the global economy and are increasingly backed by regulation and policies. The EU 2030 climate package was finalised in July and will set a new direction for the entire region on climate action. We've also seen a lot of companies set net zero targets and take action during the year.

According to the IEA, the world was set to invest a record USD 1.8 trillion in clean energy in 2023. Solar energy was expected to have to attracted more capital than oil production for the first time ever in 2023. Both innovation and deployment of green technology are increasingly aligning with what is needed to be on track with net zero. For the first time, IEA projects that demand for coal, oil and natural gas will all peak before 2030, even without any new climate policies.

The past year was an important test for the implementation of the Paris Agreement, with the first global stocktake at the COP28 Climate Conference providing a comprehensive assessment of what still needs to be done. Success requires rapid and deep emissions reductions by all countries in all sectors during this decade.

In addition to the emerging global climate actions, there is an increasing recognition of the huge societal risks associated with the loss of biodiversity and nature degradation. The 2022 adoption of the Kunming-Montreal Global Biodiversity Framework (GBF), sometimes referred to as the equivalent of a Paris Agreement for nature, brought a focus to the urgent need to take action across sectors.

The role of financial institutions is explicitly stated in the GBF: to substantially and progressively increase the level of financial resources, mobilising at least USD 200 billion per year by 2030. The GBF proposes to stimulate investments in biodiversity, including through impact funds and other instru-

Climate targets

Group-wide 2050 long-term objective for the bank

Become a **net-zero** emissions bank by 2050 at the latest

Group-wide 2030 medium-term objectives

40–50% **Reduce carbon emissions across our lending and investment portfolios by 40–50% by the end of 2030 compared with 2019**

Reduce carbon emissions from our internal operations[1] by more than **50%** by the end of 2030 and achieve a net positive carbon contribution (through offsetting)

With defined supporting targets across the group as

Bank

- 40–50% by 2030: Reduction in lending portfolio-wide financed emissions by 2030 across business loans, residential & commercial real estate, motor vehicles and shipping[1]
- Sector targets: 90% of exposure to large corporates in climate-vulnerable sectors to be covered by transition plans[2]

NLP

- 25% by 2024: Reduce at least 25% in the carbon footprint for listed equities, corporate bonds and directly held real estate[1,2]
- 100% of asset managers managing assets on behalf of NLP must commit to transitioning to net zero by 2024

NAM

- 50% by 2030: Reduce the weighted average carbon intensity (WACI) of listed equities and corporate bonds by 50% before the end of 2030[1]
- Double the share of net zero committed AuM[2]
- 80% of the top 200 emission contributors in NAM portfolios to be aligned with the Paris Agreement or else subject to active engagement to become aligned[2]

Operations and supply chain

- 40% Reduce carbon emissions from internal operations[1,2]
- 80% Suppliers covering 80% of spend aligned with the Paris Agreement[2]

1) With baseline year 2019.
2) By the end of 2025

ments, and to stimulate innovative schemes, such as payment for ecosystem services, green bonds, biodiversity offsets and credits, and benefit-sharing mechanisms, with environmental and social safeguards. Expectations are high also for transparent disclosures.

Our climate agenda

As the leading Nordic bank, we have the capacity to support the transition to net zero – via our customer offerings, through our lending and investment decisions and by reducing emissions from our internal operations and supply chain. Therefore, our business objective is to achieve net-zero emissions across our value chain in terms of scope 1, 2 and 3 emissions by the end of 2050 at the latest.

As we have made this long-term commitment to align our business to the goals of the Paris Agreement, we have set interim targets to reduce emissions by 2030 across both our lending and investment portfolios. These targets were set using scenarios and modelled pathways that align with the long-term trajectory to limit warming according to the Paris Agreement. These are normative scenarios showing what is required to limit warming to a certain level using a range of socio-economic and technological assumptions across different sectors of the economy. While these targets intend to help us reduce transitional risks in our portfolios and support the decarbonisation of the economy, we also acknowledge and recognise that there are strategic risks associated with rapidly decarbonising our portfolios if the broader economy is not decarbonising at the same rate. We are enhancing and further developing our monitoring of these risks and dependencies.

As a financial institution our largest challenge and impact come from scope 3 emissions from our investment and lending portfolios, so-called financed emissions. In 2023 these represented 99.9% of our total disclosed GHG footprint. Total scope 1, scope 2 and scope 3 emissions for 2023 can be seen in the figure on the next page.

Additionally, each business area has set individual climate-related targets and actions for 2023–2025 and 2030 that are monitored and reported regularly. See details of the business area targets in the table below.

To support the lending portfolio interim objective to reduce absolute financed emissions by 40–50% by 2030, we have

2023 – 2025 and 2030 targets

Target	Explanation
Reduce the weighted average carbon intensity (WACI) of listed equities and corporate bonds by 50% before the end of 2030 compared with a 2019 baseline	NAM has set a target to reduce the weighted average carbon intensity (WACI) of listed equities and corporate bonds by 50% before the end of 2030 compared with a 2019 baseline. From 2019 to 2023 WACI decreased by 38.4%. From 2022 to 2023 alone WACI decreased by 19.6% percent. The change was in part driven by divestments from emissions-intensive companies and new investments in lower-intensity alternatives. However, a majority is due to a reduction in the carbon intensity of companies that were held in NAM portfolios over both periods. Here, the biggest driver is an overall increase in company revenues without a corresponding increase in emissions, thereby reducing carbon intensity, defined as GHG emissions per Million EUR Revenues. Such a reduction can signal both improved operational efficiency, and sensitivity to inflation. From a real world decarbonisation perspective, we are interested primarily in the former.
Reduce the carbon footprint from Nordea Life & Pension's listed equity, corporate bond and real estate portfolios by at least 25% by the end of 2024	NLP has set a target to reduce the carbon footprint of listed equities, corporate bonds and directly held real estate (in NO, FI, SE) by at least 25% by 2025. Indicative figures for 2023 show a decrease of 26% between 2019 and the end of 2023. Between 2022 and 2023, the carbon footprint increased by 3,2%. This increase was mainly due to new investments, and reallocations to companies with a higher carbon footprint. Many of the respective companies have ambitious targets to decrease their emissions. NLP notes that the companies in NLP's portfolios overall have decreased their real world emissions. However, this positive effect on the carbon footprint was neutralized by a fall in the enterprise values of the companies. Since the carbon footprint measures financed emissions per million USD invested, a fall in enterprise value leads to an increase of the carbon footprint, without there being an actual increase in emissions.
200 emission contributors in NAM portfolios to be aligned with the Paris Agreement or else subject to active engagement to become aligned by the end of 2025	NAM has set a 2025 target to ensure that 80% of its top 200 largest contributors to financed emissions are Paris aligned or else subject to engagement. Each company falls into one of four alignment categories: aligned, aligning, committed to aligning or not aligning based on six evaluation criteria: GHG emissions disclosure, net zero ambition, credible GHG reduction targets, progress against targets, a supportive climate strategy and aligned capital expenditures. NAM has developed a tool to assess alignment, which is supplemented with individualised research and company engagement. As of 2023 81% of Top 200 companies were aligned or subject to active engagement to become aligned.
Double the share of net zero committed AuM by the end of 2025	As part of NAM's Net Zero Asset Managers initiative (NZAMI) commitment, NAM reports the percentage of AuM committed to be managed in line with net zero by 2050. A key choice by NAM is to apply NZAM principles at the level of individual portfolio strategies. To date strategies that we consider managed in line with net zero include funds and mandates that are subject to a decarbonization target that is consistent with 1.5°C, have a core objective to invest in climate solutions or have a core objective to support achievement of real economy emission reductions through specific and consistent engagement activity. In 2023, 12 additional funds and mandates have been designated as managed in line with net zero in 2050.
All asset managers managing assets on behalf of Nordea Life & Pension must commit, no later than 2024, to transitioning their assets under management to net zero by 2050	Asset Owners, being placed at the top of the investment value chain, have an important responsibility to drive change also within the investment industry. To reflect this, NLP set a target in 2021 which requires all asset managers which manage assets on behalf of Nordea Life & Pension to commit to a net zero target for their respective assets under management, by the end of 2024 at the latest. By the end of 2023, 50% of NLP's asset managers had committed to such a target, compared to 38% in the end of 2022 and 28% in the end of 2021. In terms of assets under management, 99% of assets in scope of the target were managed by managers with a net-zero commitment.
Ensure that 90% of our exposure to large corporate customers in climate-vulnerable sectors is covered by transition plans by the end of 2025	We have collected significant data on customers' GHG emissions and climate targets and included the broadened scope from public sources to create a better understanding of our customers' position and progress. We have analysed the largest climate-vulnerable sectors to understand our customers' transition plans and the associated opportunities and risks. An estimated 70% of our exposure to large corporate customers in climate-vulnerable sectors was as of year-end covered by a time-bound and quantifiable target to cut GHG emissions.

performed climate risk sector-specific deep dives and set sector-specific targets in order to align with regional sector roadmaps and scientific pathways. The process and targets are discussed in more detail in the section "Sector analysis and targets" of this report.

Our Group net zero transition plan will be reviewed and updated in 2024 and 2025, at a time when we expect data availability and data quality to have significantly increased. Several of our targets are already aligned, or closely aligned, with the requirements set out in the Science Based Targets initiative (SBTi). As the SBTi is currently working on a Net-Zero Standard for the financial sector, which will replace the existing standard, potential validation of our climate targets through the SBTi will be assessed and considered once the new Net-Zero Standard is finalised.

The climate and environmental policy and the expectations towards us and our customers develop at a rapid pace. We acknowledge that keeping up with these expectations will require significant efforts from us, our customers and society. We engage with our peers, civil society and the public sector on climate action and the role of banks in transitioning the real economy towards a low-carbon and climate-resilient future. We also continue to play an active role in the international climate finance ecosystem, helping to further develop the ambition and standardisation of carbon accounting, target setting and net zero alignment across the financial industry.

Towards net zero

We have joined the Net Zero Banking Alliance, the Net Zero Asset Owner Alliance and the Net Zero Asset Managers initiative in order to establish common guidelines and work with peers on the roadmap towards net-zero emissions in the real economy as well as in our portfolios.

The Glasgow Financial Alliance for Net Zero recommends financial institutions to provide feedback and support to customers and portfolio companies as well as encourage net zero transition strategies. It is also in our interest for customers to have a gradual and predictable transition, which we can help support.

We offer to finance our customers' transition plans and help them become more mature. We have therefore developed and offer products and services such as sustainability-linked, green financing and other ESG-focused products. Find out more about our ESG offering in Note S2 "Financial Strength".

Supporting and engaging with our customers is central to our climate strategy. We focus on developing products and solutions that both support their transition and enable us to increase the positive impact (financing sustainable activities) while decreasing the negative impact (financing the transition away from high-emitting activities). Through close dialogue, we encourage our customers to further develop and strengthen their transition plans. And we provide them with financing to enable their transition.

In order to build skills and a culture to support our customers' transition, we have developed a proprietary Nordea Climate Transition Handbook and a climate transition maturity ladder that we use for training customer-facing staff in Large Corporates & Institutions and Business Banking as well as staff in Procurement. Read more about the climate transition maturity ladder from the next page.

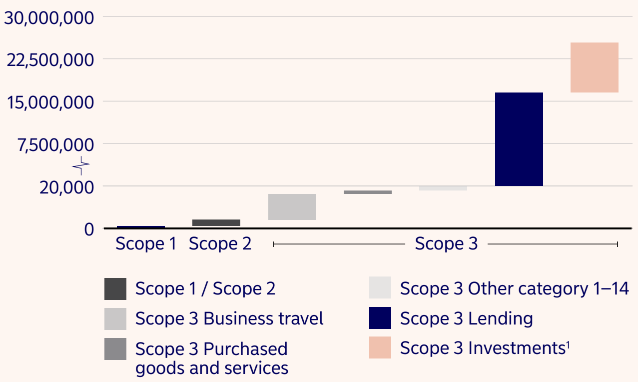
Additionally, we have regular internal training on topics such as net zero transition plans, sustainable finance, ESG data and the EU taxonomy. These trainings range from generalist trainings to external ESG analyst certification of selected client executives, analysts and sales staff.

Integrating climate assessment into the credit and investment processes is crucial to understanding and managing risks in our portfolios. This includes continuous updates to our sector guidelines, industry credit policies and responsible investment policies, which are described in more detail in Note S5 "Governance and culture".

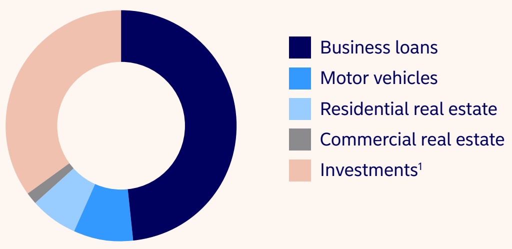
Our strategy is supported by Board and executive-level oversight and responsibilities, and in 2023 we further integrated climate-related targets applicable to remuneration. The variable pay or Profit Sharing Plan of all GLT members, senior leaders and other employees is now linked to climate-related goals in addition to financial targets.

For our lending portfolio, we have included targeted financed emissions development in regional policy frameworks and real customer level transition plans in our financial planning to ensure progress towards our lending portfolio targets for 2030 and 2050. Portfolio emissions and climate risk analysis have been performed in several areas to understand the portfolio footprint, resulting in actions to derisk and steer the balance sheet in the right direction. Between 2019 and 2023 we saw a 29% decrease in the lending portfolio financed emissions mainly due to volume reductions in shipping and animal husbandry as well as exit from offshore and Russia.

Distribution of our total emissions



Financed emissions



1) Investment portfolios is defined as the combination of Nordea Asset Management (NAM) and Nordea Life & Pension (NLP) investments. In the capacity as an asset owner, NLP invests with NAM. The majority of this double-counting is eliminated in this overview by adjusting for NLP's holding of NAM funds, but some double-counting remains.

S3. Climate and environment, cont.

Sector analysis and targets

We have prioritised sectors identified as vulnerable to climate- and environment-related risks. Targeted sector analysis covers more than 70% of lending exposures and more than 80% of lending financed emissions. We have also updated our business environment scanning to cover the most relevant climate policies and regulations as well as sector decarbonisation roadmaps in the Nordic region.

Sector deep dives enabled insights into each portfolio to understand climate- and environment-related risks and opportunities, by means of estimating financed emissions and building transition pathways to align our overall targets and strategy. In the absence of adequate publicly available data, we engaged directly with customers to understand the challenges they face and their plans to adapt their business models. In support of our climate goals, we have also made significant progress in mapping the transition plans of our large corporate customer base. Descriptions of the deep dives conducted during 2023 covering motor vehicles, commercial real estate, agriculture and aquaculture can be found on page 348.

Following the deep dives, we have since 2021 set eight sector targets and transition pathways relative to Paris Agreement-aligned benchmarks. Power production, agriculture and motor vehicles are the newest additions set during 2023.

Turbulence in the energy sector and the COVID-19 pandemic had a visible impact on progress related to targets for oil and gas exploration and production, thermal peat mining, shipping as well as power production in the 2019–2022 period. We are on track to meet our oil and gas exploration and production as well as offshore and thermal peat mining targets. Oil and gas exploration and production is a sector where we target absolute reduction in full value-chain emissions until 2030. Due to reduced exposures we are well in line with

Climate transition maturity ladder

During 2023 we introduced out Nordea's climate transition maturity ladder to our corporate customer responsible teams. This internal framework for evaluating customers' climate transition plans and the extent to which they are adapting their business models towards being aligned with 1.5°C supports targeted customer engagements.

The maturity ladder addresses key dimensions such as climate target setting and governance across five maturity tiers with tightening expectations for disclosures and climate commitments. The maturity ladder enables a systematic targeted engagement approach that ensures risk mitigation and enables identification of commercial opportunities to help finance our customers on their transition journey.

Nordea's climate transition maturity ladder is a tool to enable achieving our 2025 target to have 90% of our lending exposure to large corporate customers covered by transition plans. Any customer that feeds into this performance target will be evaluated and scored across the tiers. Many SMEs do not disclose climate-related data and thus customer dialogues play a significant role in supporting and assessing the maturity of their climate transition plans.

The climate transition plan maturity ladder approach supports our products and service offering, policies and credit assessments as well as our business selection criteria. We believe that the climate transition plan approach can help us proactively drive business and sustainability in the same direction. During the year we initiated customer transition plan dialogues with our customers with the largest carbon footprint in climate-vulnerable sectors.

Overall, our customers have responded well to the climate transition plan approach, which has enabled direct structured discussions on emissions and a closer understanding of transition financing needs. We will continue developing a more targeted engagement plan and working on advancing our engagement model.

this target, although high energy prices have also reduced the need for financing this sector. Offshore and thermal peat mining are sectors that we aim to exit in full already by 2025. Offshore is well in line for that exit, while exposures to thermal peat are still largely unchanged. We are still confident to deliver on this target as set out.

For the shipping sector, progress during the year 2022 (a one year lag of data) indicates a slight reduction, but from a 2021 level that was slightly elevated due to COVID-19 (particularly the cruise segment). The residential real estate sector (the PCAF asset class Mortgages) is highly dependent on the transition of energy production across the Nordics, particularly in Denmark and Finland which account for the largest share of fossil energy. We are currently not seeing a reduction in line with the targeted levels. Although availability of energy performance certificates for financed properties increased during the year, intensities are still based on fixed national proxies, meaning that we are not yet capturing actual reductions in the energy mix in society. For this sector we have access to customer level GHG data on 77% of the Nordic lending portfolio. For further information on sectors and targets, see the documents "Climate targets and actions for the lending portfolio" and "Climate target methodologies for the lending portfolio" available at nordea.com.

During the year three new sector targets for power production, agriculture and motor vehicles were added. Together they made up 30% of total financed emissions but only 4% of the exposures in 2021.

Power production is a key sector for society to decarbonise faster than other sectors. Our ambition is to be part of the journey to fossil-free power production, with the aim of decreasing the physical intensity by 70% by 2030.

Agriculture (excluding fishing and aquaculture) is a sector with high emissions intensity, where the transition will be slower than in most other sectors. One large obstacle for the agriculture target is the availability of reported emissions data since most customers are small corporations. We only have access to customer-level GHG data on 1% of the Nordic lending portfolio.

Motor vehicles sector (cars and vans) is experiencing a fast transition from fossil-fuel to particularly electric solutions. Our ambition is for our car financing business to play a leading role in lowering the average tank-to-wheel emissions per kilometre.

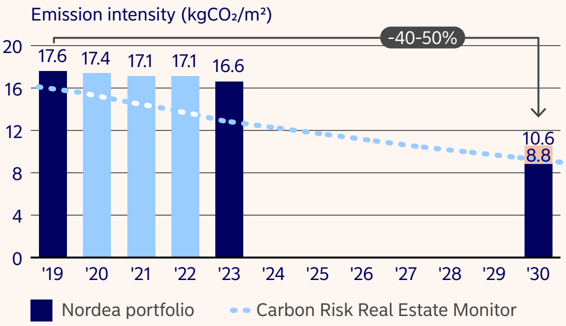
Sector targets

Sector	Sub-sector	Emissions scope	Metric	Benchmark scenarios	Base year	Baseline	Target year	Target	2023 actuals[1]	2023 vs baseline
Residential real estate	Households and tenant-owner associations	1 and 2	Emissions intensity $kgCO_2e/m^2$	Utility sector NDC[2], CRREM[3]	2019	17.6	2030	-40–50%	16.6	-6%
Shipping	Vessels	1	Emissions intensity AER, gCO_2/dwt-nm	Poseidon principles (IMO 2050)	2019	8.3	2030	-30%	8.1	-2%
Agriculture	Crops, plantation and hunting, and animal husbandry	1 and 2	Emissions intensity tCO_2e/EURm	National sector targets SBTi FLAG[4]	2021	738	2030	-40–50%	681	-8%
Motor vehicles	Cars and vans	1[5]	Emissions intensity gCO_2e/km	IEA NZE[6]	2022	117	2030	-40%	116	-1%
Power production	Electricity generation	1 and 2	Emissions intensity gCO_2e/kWh	IEA NZE[6], SBTi 1.5°C	2021	220	2030	-70%	117	-47%
Oil and gas	Exploration and production	1, 2 and 3	Absolute emissions $MtCO_2e$[7]	IEA NZE[6]	2019	3.0	2030	-55%	0.4	-85%
Offshore	Drilling rigs and offshore service vessels within oil and gas and shipping	–	Lending EURm	–	2019	1,885	2025	-100%	127	-93%
Mining	Thermal peat	–	Lending EURm	IEA NZE[6]	2022	52	2025	-100%	51	-1%
	Thermal coal	–	Lending EURm	IEA NZE[6]	*Full phase-out achieved in 2021.*					

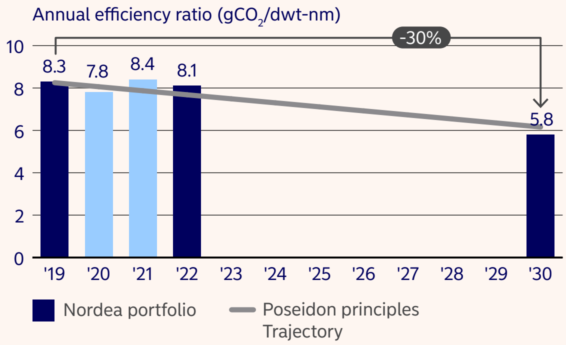
1) Shipping and power production are 2022 actuals
2) Combined, NDC (Nationally Determined Contributions) plus renovation decarbonisation and building stock turnover decarbonisation (conservative estimates)
3) Carbon Risk Real Estate Monitor benchmark
4) National sector targets and the Science Based Targets initiative Forestry, Land and Agriculture (FLAG) guidance include both greenhouse gas emission reductions and carbon removals
5) Scope 1 covers emissions tank-to-wheel
6) A normative International Energy Agency (IEA) scenario that shows a pathway for the global energy sector to achieve net-zero CO2 emissions by 2050 and is consistent with limiting the global temperature rise to 1.5°C without a temperature overshoot (with a 50% probability), in line with the reductions assessed by the IPCC in its Special Report on Global Warming of 1.5 °C
7) Including methane emissions in CO_2 equivalents for scopes 1 and 2

S3. Climate and environment, cont.

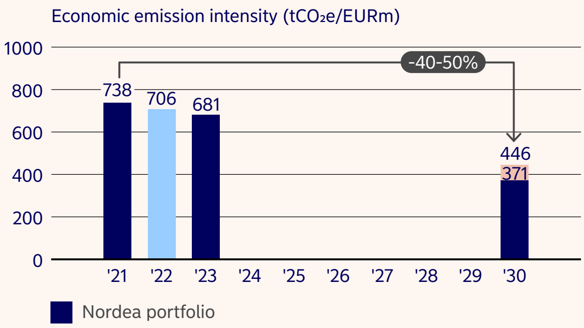
Residential real estate



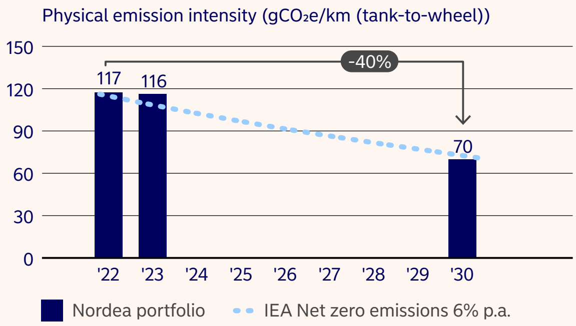
Shipping



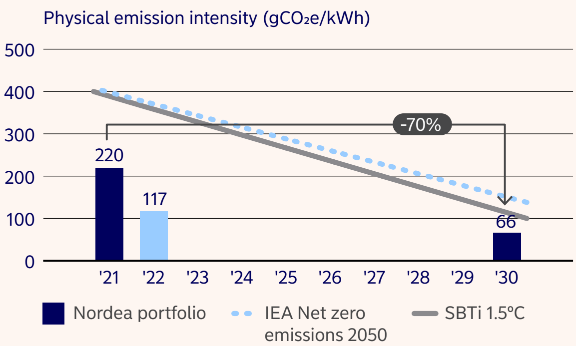
Agriculture



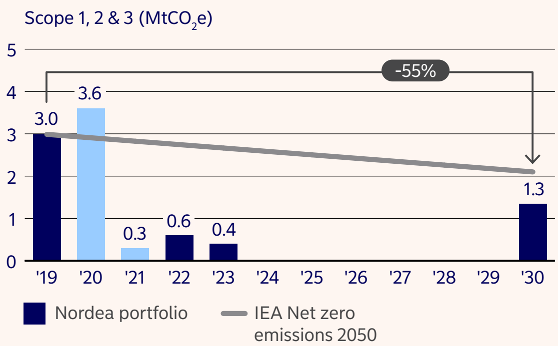
Motor vehicles – Cars and vans



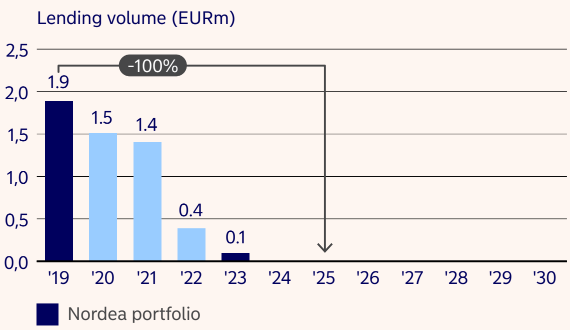
Power production



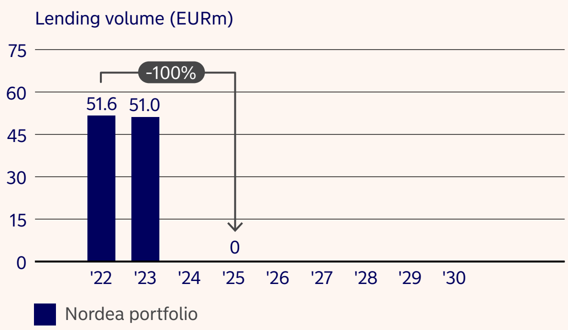
Oil and gas – Exploration and production



Offshore



Thermal Peat Mining



Motor vehicles (cars and vans)

In 2023 we analysed our motor vehicle portfolio and became the first bank to set a Paris aligned target to this sector. By 2030, Nordea aims to reduce emission intensity of the car and vans financing portfolio by >40% from 2022 levels. Intensity is 117 gCO_2e/km for 2022. The target is measured as a physical emission intensity in gCO_2e/km (tank-to-wheel) and assessed to fulfil 1.5C requirements.

Transport has the highest reliance on fossil fuels of any sector, and vehicles still run mostly on internal combustion engines. This sector accounts for a third of global CO_2 emissions from end-use sectors. To be on track to net zero by 2050, transport emissions need to be reduced significantly by 2030. Emissions need to decline even with rising passenger and freight activity. According to the IEA, battery electric vehicles will come to dominate all land transport segments, but the different segments are not decarbonising at the same rate because technology maturity varies. The development in the Nordics is, however, encouraging. Regulation, together with consistent technology development and favourable economics, is changing the Nordic passenger vehicle market rapidly. Led by Norway, our domestic markets are switching to electric vehicles at the fastest pace in the world. This development is further supported by car manufacturers' net zero targets and investment plans. Nordic governments and the car industry are planning and targeting a phase-out of internal combustion engines during this decade. The EU has also regulated the phase-out of vehicles that are not zero emission by 2035. Decarbonisation will require significant changes and investments throughout the entire value chain. To balance risks and opportunities, we will use our sector target to make sure that we are aligned with net zero and facilitate the real economy transition with our financing.

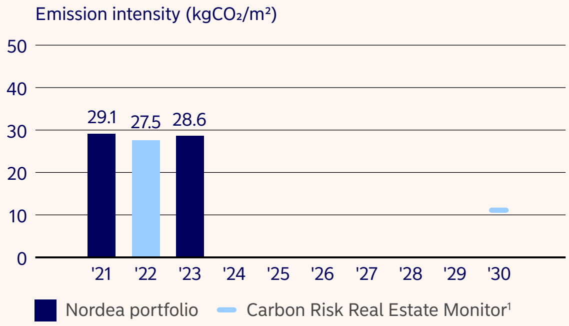
Commercial real estate

During 2023 we performed a thorough analysis of climate-related risks and opportunities in the commercial real estate (excluding construction) sector. Our customer base is diverse across the Nordic countries and asset types. Analysing the energy performance and GHG emissions of our commercial real estate exposures enables a targeted approach needed to improve our financed emissions data quality.

The emissions profiles mainly depend on local electricity sources, which vary greatly across the Nordics: Norway relies mostly on hydroelectric power, Sweden on hydro and nuclear power, whereas the electricity production of Denmark and Finland is a mix of fossil and non-fossil sources. Where the energy sources are predominantly fossil-free, energy efficiency is a more relevant metric than GHG emissions. This sets the Nordics somewhat apart from Southern Europe.

During 2024 we aim to expand our energy efficiency data further. To strengthen our risk management, we monitor the financed emissions development against relevant external benchmark and we have introduced climate transition plan requirements in a phased approach in our industry credit policy. This will tighten the requirements for large real estate customers and help to transition our book towards more energy efficient assets.

In addition, we support our customers' green transition by financing building energy renovations and on-site renewable power generation that lower the energy consumption and emissions of buildings. We will continue to engage directly with our customers to support and encourage them in their climate transition journey.



1) Carbon Risk Real Estate Monitor (CRREM) 1.5C benchmark weighted according to the geographical distribution of Nordea's portfolio

Agriculture

The agricultural sector is a key sector to provide access to safe, affordable and nutritious food. However, it is also necessary to maintain a sustainable food production system. We are committed to supporting our customers to be part of the transition in this sector, and we have set a target to reduce the economic emissions intensity of the agricultural lending portfolio by 40–50% from 2021 to 2030.

Accounting for 26% of the Danish national emissions in 2021, the agricultural sector is also key to reach the Danish climate targets for 2030. In the other Nordic countries, agriculture contributes less to national emissions. The sector represents a material share of our financed emissions and is therefore key for us to reach our targets for reducing financed emissions.

The target covers lending to companies whose primary activity is animal husbandry, crops, plantation and hunting and covers customers' scope 1 and 2 emissions. The target is aligned with the national agriculture targets in Denmark and Finland, and to the SBTi Forest, Land and Agriculture (FLAG) target-setting tool, and is assessed to fulfil 1.5°C requirements.

To reach the target we will conduct climate screening and consider portfolio composition where we want to focus on sustainable foods, for example plant-based farming, green energy farming and technology developments such as grass protein facilities. We will also initiate dialogues with our customers on their climate data, targets and transition plans and support customers leaving peat soils.

Aquaculture and fishing

The aquaculture and fishing sectors are both important for the Norwegian economy but have somewhat different value drivers and risks. Our aquaculture customer base consists predominantly of large Norwegian companies with diversified business through vertically integrated operations across the fish farming value chain. These companies have ambitious emission reduction targets by 2030. As of 2023, estimated 86% of the customers have a quantifiable and time-bound climate target. Our fishing customer base consists mainly of ocean-going fishing vessels capturing wild fish resources. The majority of these do not currently publish emissions or targets to reduce emissions. Emission reduction activities within vessels relies to a greater extent on the transition to alternative fuels, new technologies, retrofitting and newbuilds.

During 2023, we have collected GHG emissions data from the largest customers in the fishing and aquaculture sectors and, where possible, assessed their climate transition plans using Nordea's proprietary Climate Transition Plan Maturity Ladder. To strengthen our risk management we have introduced requirement to classify the maturity of customers transition plans and have close dialogues to strengthen plans where needed in the instituted an industry credit policy. Biodiversity is a key factor for both sectors. We have recently outlined our position and commitment in our first thematic guideline on biodiversity and developed a biodiversity risk assessment framework to be included our ESG-related Risk Appetite Statement.

We will continue to support our customers' transition by financing and through direct client engagement. Our Sustainable Finance Advisory also supports with advisory in respect of sustainable finance in this sector.

S3. Climate and environment, cont.

Our internal carbon footprint

Although our greatest impact is through our engagement with customers in financing and investments, we also work to reduce carbon emissions from our internal operations by more than 50% by 2030 compared with our 2019 baseline. Our work is based on the precautionary principle.

So far on our journey towards meeting our targets, we have reduced carbon emissions from our internal operations by 51% compared with 2019. Travel emissions accounted for the largest part of the reduction since we decided to more than halve our travel compared with 2019, enforced by our Travel Guidelines.

As the 2023 target has been met, we have set a new 2025 target to maintain emission reductions at a level that keep us on track to meet the 2030 target of more than 50% reduction.

New ways of working

We had set 2023 as the target year for reducing our carbon emissions from air travel by 50% compared to our baseline year 2019. We have managed to exceed the target as carbon emissions from air travel has reduced by 53%. We will continue to encourage our employees to only travel when it is absolutely necessary and to use more sustainable means of travel than air travel. We have set a new target for 2025 to reduce our carbon emissions from air travel by 60% compared to our 2019 baseline year. Since 2021 our company car policy only allows electric and plug-in hybrid company cars and these now account for 83% of our total registered company cars, which is a 21 percentage point increase compared with 2022 (62%). During 2023 we continued with the transition of company cars and are on track with our ambition to have a complete low-emission fleet.

Resource efficiency

We continuously work to introduce more customer-friendly digital solutions, primarily through our internet banks and mobile banking apps. Since 2019 we have digitalized more than 50% of all customer letters, enabling a reduction in carbon emissions from the distribution of letters.

At the same time, we have continued to improve the condition of our premises by replacing more fluorescent lights with LED, as well as installing solar panels on the roof of our head office in Norway, to go with the ones already in place in Denmark and Finland. Over 70% of our large head offices are LEED or BREEAM certified to ensure energy efficiency. We purchase 100% renewable electricity through guarantees of origin equal to our electricity consumption in Denmark, Finland, Norway, Sweden, Estonia, Poland and Luxembourg. Our Technology unit also progressed on its journey to reduce its carbon footprint to align with its internal objectives in 2023. One of the key initiatives was to improve the operating environment in the data centres. In 2023, we actively lowered the use of cooling in the data centres, thereby also reducing the consumption of electricity otherwise used.

In Denmark we have seen an increase in energy consumption from our premises where we have our technology located, impacted by the increased amount of digital services to our customers. Furthermore, warm temperatures in the early autumn has led to a reduced demand for reuse of our surplus heat from the data centres, as well as an increased need for cooling at our premises.

Supply chain

Managing our supply chain and cooperating with suppliers to reduce our carbon footprint are key enablers to deliver on our short- and long-term climate targets. Climate and environmental indicators are integrated into our supplier screening and monitoring process as well as into our tender process. In addition, we have set a target that 70% of our spending by the end of 2023, with full-year 2022 data as the baseline, should be with suppliers that are aligned with the Paris Agreement or are subject to active engagement. In practice, this means that we have conducted a review of 194 of our suppliers that operate in carbon-intensive sectors and/or suppliers with whom we have a large spend. We have assessed their maturity on five parameters covering their net-zero commitment, short- and medium-term targets, their scope 1, 2 and 3 disclosures, their decarbonisation strategy and whether they have an externally verified climate commitment. We have used data sources, such as the CDP and the SBTi, as input for the assessment, which showed that 32% of our spend is with suppliers that are aligned and 38% is with suppliers that are subject to active engagement. For 2025 we have set a new target that 80% of our spend should be with suppliers that are aligned with the Paris agreement or are subject to active engagement, with an aspiration for all our large suppliers to have a science-based transition plan in place by 2028.

Offsetting

Despite our best efforts to limit our internal carbon footprint, some emissions still remain difficult to reduce. We therefore purchase carbon offsets to reduce equivalent emissions elsewhere. We supported the generation of renewable energy through the purchase of carbon credits for 2023. We will continue to fully offset residual emissions from our internal operations. Going forward, we will switch to a long-term carbon removal portfolio, which will be reviewed periodically to align with evolving best practices for achieving net-zero emissions.

Internal carbon footprint data

Our total emissions of 20,372 (18,155) tonnes of CO_2e in 2023 marked a 51% reduction from the 2019 baseline. Our internal carbon footprint includes greenhouse gas (GHG) emissions from our operations in Denmark, Finland, Norway, Sweden, Poland, Estonia and Luxembourg as this is where we have our main operations and where we have operational control. This covers 99% of our employees.

Internal carbon footprint tCO_2e	2023	2022	2021
Scope 1[1]	1,142	1,315	1,446
Scope 2[2]	3,116	4,150	3,311
Scope 3[3]	16,114	12,690	6,570
Total internal carbon footprint	**20,372**	**18,155**	**11,327**
CO_2e emissions intensity (total tonnes CO_2e emissions/EURm of total operating income)[4]	1.73	1.76	1.18

1) Biogenic emissions from diesel and petrol corresponded to 100 tCO_2e in 2023.
2) Location-based scope 2 emissions were 6,401 tCO_2e in 2023 and 5,359 tCO_2e in 2022.
3) Includes the categories Purchased goods and services, Fuel- and energy-related activities, Waste generated in operations and Business travel. Excluding Financed emissions reported separately below.
4) Total operating income excluding items affecting comparability.

GHG accounting is performed according to the GHG Protocol, including scopes 1–3 and the following sources: mobile combustion of leased cars and stationary combustion from diesel generators (scope 1); purchased electricity, heating and cooling (scope 2); and emissions from production of energy carriers, business travel, postal services, paper and water consumption (scope 3). Still excluded from the scope are train and ferry travel and rental cars as well as purchased goods and services such as IT equipment.

S3. Climate and environment, cont.

Carbon emissions from electricity are disclosed as market-based, i.e. after buying 100% renewable electricity through Guarantees of Origin. Renewable energy equals our electricity consumption of 55,303 MWh and 450 litres of EcoPar of our fuel consumption. All emissions are stated in tonnes of CO_2-equivalent (CO_2e). The calculations cover the relevant GHGs, namely CO_2, CH_4 and N_2O.

We disclose the emissions factors that we have used as a basis for our calculations in relation to each source of emission in a separate table in our GRI Index available at Nordea.com. Applied Global Warming Potentials (GWP) based on the IPCC Fourth Assessment Report (AR5) (2014) are: CO_2 – 1, CH_4 – 28 and N2O – 265.

The base year for our carbon footprint is 2019 as the scope of our GHG accounting by then also included the additional sources we could retrieve data for and was as such complete. Furthermore, in 2019 we had fairly normal temperatures in the Nordics, making that year suited to serve as our base year from which to track progress.

Fuel and energy consumption	2023	2022	2021
Fuel consumption for diesel generators (MWh)[1]	250	292	255
Fuel consumption for leased cars (MWh)[2]	4,668	5,300	6,085
Electricity (MWh)[3]	55,303	52,184	57,783
District heating (MWh)	23,180	25,329	29,933
District cooling (MWh)	3,292	4,998	4,943
Energy intensity (MWh/EURm of total operating income)[4]	7.38	7.99	9.63
Water use (m^3)	94,153	92,111	74,530

1) Includes EcoPar A with 450 litres in 2023, 600 litres in 2022 and 1,800 litres in 2021.
2) Covers all employees in Denmark, Finland, Norway, Sweden, Poland and Estonia regardless of location/office corresponding to approximately 99% of the total number of employees. In addition CNG consumption corresponds to 807 kg in 2023, 466 kg in 2022 and 641 kg in 2021.
3) 237 (234) MWh of electricity consumption in 2023 (2022) originated from own rooftop solar energy production. Renewable electricity amounted to 100%.
4) Calculated based on reported consumption of electricity, district heating and district cooling. Total operating income excluding items affecting comparability.

Biodiversity and nature-related impacts

The rate and scale of biodiversity loss and nature degradation is increasingly recognised as a societal threat. Expectations are increasing to take urgent action across society to halt and reverse the negative impact. At Nordea, we have identified that our financing and investment activities have an impact on biodiversity, as described in Note S6 "Materiality and impact analysis". In 2023 we published the Nordea thematic guideline on biodiversity where we recognise our responsibility to contribute to societal goals and describe our current work to address biodiversity issues across the organisation and our commitment to action going forward. This guideline forms an important and first step in our roadmap towards 2025 to integrate biodiversity dependency, impact and related risks and opportunities into our sustainability strategy and our sustainability governance.

We recognise this topic as material to us and have therefore selected biodiversity as our second impact area as part of our commitment to the UNEP FI Principles of Responsible Banking. We set practice targets in 2023, adopting a progressive approach towards setting impact targets where data availability and quality allow. During 2024 we will assess biodiversity dependencies and impacts covering the corporate lending portfolio and make a physical and reputational biodiversity risk assessment of all Nordea's offices. We will also conduct an environmental impact assessment of material sourcing categories, including biodiversity risks.

An important part of the 2025 roadmap is to build understanding across the organisation, to enable the integration of biodiversity issues into our business, stakeholder engagements and offerings over time. The aim is to understand the consequences our lending and financing activities have on biodiversity and what risks we are exposed to.

We conducted training on biodiversity for Nordea's Board, the Group Leadership Team, the Sustainability and Ethics Committee, spokespersons and selected relevant teams across the organisation during 2023. Biodiversity is incorporated into the training plan for 2024 to continue this capability building. The roadmap will evolve over time and strategic opportunities will result in biodiversity integration into the business at a different pace across the organisation. NAM continued with an active approach to biodiversity in 2023, publishing a white paper in which ambitions, actions and commitments are described, including actions as a signatory to the Finance for Biodiversity Pledge. In 2023 NAM became a member of the Nature Action 100 initiative, a global investor engagement initiative focused on driving greater corporate ambition and action to reverse nature and biodiversity loss, representing USD23.6 trillion in assets under management or advice.

Biodiversity practice targets 2024

Area	Practice target 2024
Lending	Assess biodiversity dependencies and impacts covering the corporate lending portfolio
Internal operations	Biodiversity physical and reputational risks' assessment of all Nordea offices, including a process for biodiversity risk assessment of new locations
Supply chain	Conduct an environmental impact assessment of material sourcing categories, including biodiversity risks

Our financed emissions

Recognising the role we play in financing the transition to a low-carbon economy and in line with the Partnership for Carbon Accounting Financials (PCAF), we are committed to disclosing our share of climate responsibility for the emissions associated with the loans and investments we provide to our customers and investees, known as financed emissions.

In 2023 we concentrated our efforts on improving our data quality, looking for new alternatives and developing own approaches to providing a more comprehensive view of our climate impact. We also worked to include financed emissions from the commercial real estate asset class and counterparty scope 3 emissions for a wider scope of industries. Limited data and use of assumptions are the main challenges that we face, but we are committed to increasing transparency to our stakeholders and, more importantly, to showing progress in our decarbonisation journey.

Our financed emissions cover a selection of on-balance and off-balance sheet asset classes in our lending and investment portfolios. For our lending portfolio, i.e., on-balance sheet, we cover the PCAF asset classes of business loans, motor vehicles, residential real estate and, for the first time commercial real estate for the years 2022 and 2023. As of 2023, we managed to cover financed emissions for ~95% of the exposures of our total on-balance sheet lending portfolio.

For our investment portfolio we include investments in listed equities and corporate bonds from Nordea Asset Management (NAM) and Nordea Life & Pension (NLP) as well as directly held real estate in NLP. NAM investments are off the balance sheet of the Nordea Group. This portfolio encompasses information from 2021 to 2023.

Financed emissions from lending and investment portfolios includes counterparty scope 1 and 2 emissions. Furthermore, in accordance with the PCAF Standard we report counterparty scope 3 emissions for oil and gas, mining, transport (air, land and maritime), construction, buildings management, materials, paper & forest products and industrial activities for the lending portfolios. This is also in line with the Implementing Technical Standards on Pillar 3 disclosures on ESG risks. For the investment portfolio we report investees' scope 3 emissions for all sectors. In addition, we include intensity metrics for sector-specific targets in the lending portfolio and weighted average carbon intensity for NAM and NLP.

This report does not cover financed emissions from bonds and equities in Markets and Treasury operations as they are held for shorter durations and liquidity management purposes. Similarly, financed emissions from the sovereign debt PCAF asset class as well as emission removals and facilitated emissions are not included this reporting period. We expect to include information about these in the near future as our work progresses.

Our methodology for estimating financed emissions is mainly based on the PCAF Standard, but we also apply certain deviations and own methods to meet specific characteristics of our lending portfolio. We are continually reviewing and updating our methodology, with the principles approved on an annual basis by the Asset & Liability Committee and controlled through the quarterly risk appetite monitoring carried out by our second line of defence. Detailed information can be found in the document "Financed emissions methodology for the lending portfolio" at nordea.com.

To ensure transparency of our financed emissions estimates, we assess the data using the PCAF scoring. The score ranges from 1 to 5, with 1 being the score for the most accurate data (audited and direct customer and investee data) and 5 being the score for the uncertain data (estimated data).

For 2023 reporting of financed emissions, estimates across all asset classes in the lending and investment portfolios were based on 2023 or earlier financial data, and on 2022 or earlier emissions data, depending on the latest available information from customers and investees.

Baseline recalculation

In 2023 the inclusion of commercial real estate in the scope of financed emissions and data quality improvements across the lending portfolio impacted our baseline and historical figures. Regarding data enhancements, we integrated more actual data from corporate exposures into business loans and applied our own proxy for power production; within residential real estate and commercial real estate we collected publicly available Energy Performance Certificates (EPCs). Within motor vehicles we collected data for passenger cars and vans from external providers (see section "Lending portfolio"). With these improvements, the 2019 baseline accounted for 23,357,424 tCO_2e (-7.6% compared with the baseline disclosed in our Annual Report 2022). Financed emissions for 2022 were also recalculated and accounted for 17,703,876 tCO_2e (-13.8% compared to the data reported in 2022). Our sector-specific targets were not affected by these recalculations.

These improvements were carried out according to our Recalculation Guidelines on Financed Emissions, which states the circumstances under which we should recalculate our base year financed emissions and the threshold (>5%) for what we consider a significant impact. Detailed information on these guidelines is included in the document "Financed emissions methodology for the lending portfolio" available at nordea.com. Further data collection and refinement of data and methodologies for historical years are planned and expected.

Lending portfolio

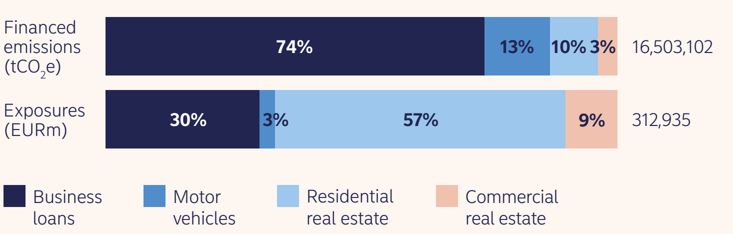
From 2019 to 2023, we saw a 29% decrease in the total lending portfolio financed emissions mainly due to a reduction of exposures in certain sectors within business loans.

Financed emissions from business loans are presented by a breakdown of sectors, including climate vulnerable industries. Financed emissions weighted company-specific data is 37%, corresponding to an average PCAF data quality score of ~3.57. The remaining financed emissions are estimated using the proxies from the PCAF.

We reported a 35% decrease in the business loans financed emissions from 2019 to 2023 mainly due to a reduction of exposures in shipping and animal husbandry as well as exit from offshore and Russia. Furthermore, within the power production sector we have introduced a green production proxy for fully renewable energy producers that do not report emissions. Based on information from the Intergovernmental Panel on Climate Change (IPCC) and the United Nations Economic Commission for Europe (UNECE) we have estimated that those customers can generate $5gCO_2/kWh$, which has led to an improvement in the data quality score from 5 to 3.

Financed emissions from motor vehicles include lending and leasing. While the PCAF Standard only provides guidance for motor vehicles lending, we have decided to include leasing by calculating and treating it in the same way as lending. The decision was made given that customers always gain possession of the vehicle after the short lease term. Leasing accounts for the major share (~70%) of financed emissions from this asset class. In 2023, we have managed to source emissions data for passenger cars and vans from external

Lending portfolio financed emissions



29%

reduction in financed emissions from lending portfolio between 2019 and 2023 data providers based on the car's model (data quality score 2). The average PCAF data score was ~3.85 as of 2023.

For residential real estate financed emissions, our improvements were centred around the collection and updating of EPC labels. Financed emissions in this asset class are estimated using the 2018 emission factor from the PCAF. In addition, we have chosen to treat EPCs that expired up to five years ago as valid and give them a data quality score of 4. We believe that this provides a better estimation of financed emissions from properties with expired EPCs than the PCAF proxy. The average PCAF data quality score for residential real estate was ~4.03 as of 2023. We will continue to improve data quality over time.

During the year part of our efforts were focused on analysing our commercial real estate portfolio, and we are now pleased to report this asset class for the first time. The commercial real estate baseline for 2019 is 467,200 tCO_2e and the current financed emissions are 414,699 tCO_2e. The inclusion of this new asset class had an impact on our total baseline financed emissions. The recalculated baseline can be found from the next page.

The methodology for estimating financed emissions in commercial real estate is the same as for residential real estate, including the treatment of the expired EPCs. The exception is commercial real estate financed emissions with data quality score of 5 where we have developed an internal proxy to close the information gap on physical emissions intensity.

Financed emissions from tenant-owner associations (TOAs) are also estimated and included in residential real estate as TOAs are mainly used for residential purposes.

Investment portfolio

Financed emissions estimates in NAM's off-balance sheet investment portfolio are based on the collection of information from investee companies through data vendors MSCI and ISS ESG. The GHG emissions data sourced from these vendors includes emissions that are directly reported by investee companies, as well as modelled estimates for these emissions when reported emissions are lacking.

Reported emissions data is considered equivalent to PCAF data quality score 2. For this data, NAM's data providers have governance and quality assurance procedures in place to validate the accuracy of the emissions data that NAM subsequently extracts. For example, for MSCI this includes processes such as anomaly detection, dual vendor validation (comparing collected values from various sources) and company outreach. NAM consolidates data from several data vendors to improve the overall data coverage, and consequently, NAM has been able to identify cases where different vendors provided significantly different emissions data for the same company and the same year. In such cases, NAM has created an additional layer of quality assurance to select the data that is most likely to be correct.

If reported data is not available, or of sufficient quality, NAM's data vendors provide estimated scope 1 and 2 GHG emission values, based on their respective estimation models. For MSCI, the production model (E.PROD) is used for electric utilities where the type of fuel is known as being equivalent to a PCAF score of 2. The MSCI company-specific intensity model (E.CSI) is used for companies where we have historical but not current emissions data equivalent to a PCAF score of 3. The MSCI industry segment-specific intensity model (E. Segmt) is based on sector averages for companies that have not made any disclosures and are equivalent to a PCAF score of 4. In addition, NAM complements MSCI data with data from ISS ESG. The data reported from ISS ESG is assigned a score of 2 and modelled emissions a score of 4. NAM's final data consolidation across providers seeks to optimise the overall PCAF data quality.

In 2023 NAM has chosen to report unscaled financed emissions, i.e. financed emissions for all companies where data coverage is complete. This corresponds to 95% of the investments. This approach was chosen because it is considered the most transparent, and fully enables interested parties to calculate scaled emissions. Whenever there is less than 100% data coverage, there is a systematic underreporting of financed emissions, although the extent of the underreporting is not known. One way to approximate the missing emissions data is to scale up financed emissions figures by assuming that the companies for which data is missing are exactly as emissions intensive as the portfolio average. Dividing the unscaled financed emissions figure by the data coverage percentage will give this higher scaled figure. In 2023 NAM did not have sufficient data coverage to estimate financed emissions for 5% of the investments.

For NLP, financed emissions are reported for all managed assets where NLP makes investment choices on behalf of our beneficiaries. NLP reports financed emissions from all asset classes where data coverage is sufficient and established methodologies are available. Regarding asset classes where this is not the case yet we assume that data and methodologies will become available in the future, and we are encouraged by the development of methodologies for calculating financed emissions from sovereign bonds.

Reported financed emissions from NLP's investments are based on data from investee companies provided by MSCI. The above description of data quality in accordance with the PCAF categories also applies to NLP. For NLP's directly held real estate portfolio, we use vendor-specific reported data corresponding to a score of 1 in PCAF's data quality hierarchy for commercial real estate.

Participation in PCAF

Nordea has an active role within PCAF. Since 2020 Nordea has been represented on the PCAF Board of Directors, and in 2023 Nordea joined the PCAF Core Team which is mandated to lead the developments of new methodologies and standards.

Within the PCAF initiative, PCAF Nordic is a regional group with the aim to align efforts across the Nordic market methodologies as well as to ensure a close dialogue with the PCAF global initiative. During the year we played an active role in the real estate and agriculture working groups. We have had an open collaboration with the participating banks to share knowledge and different methodological approaches to address the common concerns and characteristics of the region.

As a result, in the residential real estate working group, we have decided to collaborate for a more standardised methodology on TOAs with our peers to enhance the comparison of data. In the agriculture working group, we have explored more databases to estimate financed emissions from agriculture. We expect to strengthen the collaboration with the PCAF Nordic banks and continue solving common challenges.

S3. Climate and environment, cont.

Breakdown of financed emissions in the lending portfolio

	2023				2022	2019	
Asset class	Exposure (EURm)[1]	Financed emissions scope 1 and 2 (tCO_2e)	Company/ asset-specific data(%)	Overall data quality score (1–5)	Financed emissions scope 1 and 2 (tCO_2e)	Financed emissions scope 1 and 2 (tCO_2e)[2]	2019-2023 development (tCO_2e) (%)
Business loans	94,016	12,261,500	37	3.57	13,528,314	18,883,139	-35
Motor vehicles[3]	10,249	2,153,039	30	3.85	2,139,040	2,261,917	-5
Residential real estate[4]	178,955	1,673,864	48	4.03	1,697,692	1,745,167	-4
Commercial real estate	29,715	414,699	42	4.12	338,831	467,200	-11
Sub-total[5]	312,935	16,503,102	–	–	17,703,876	23,357,424	-29
Other exposures[6]	16,706	–	–	–	–	–	–
Total[5]	**329,641**	**–**	**–**	**–**	**–**	**–**	**–**

1) Exposure is defined as exposure for on-balance sheet items, with an adjustment for exposures reported under fair value (Nordea Realkreditaktieselskab)
2) In 2023 the baseline for financed emissions in the lending portfolio (i.e., 2019) was recalculated. The recalculation includes data improvements across all asset classes and the inclusion of the commercial real estate asset class
3) Data for motor vehicles includes loans and leasing
4) Residential real estate includes tenant-owner associations (TOA) where collateral type is residential real estate. Residential real estate corresponds to the mortgages PCAF asset class
5) Total portfolio coverage of lending is ~95%
6) Other exposures includes exposures in sovereign debt and other consumer lending

Business loans financed emissions

	2023				2022				
Sector	Exposure (EURm)[1,2]	Counter-party scope 1 and 2 (tCO_2e)[2]	Counter-party scope 3 (tCO_2e)[2]	Emissions intensity	Exposure (EURm)[1,2]	Counter-party scope 1 and 2 (tCO_2e)[2]	Counter-party scope 3 (tCO_2e)[2]	Emissions intensity	2023 share of financed emissions in % (vs 2019, %)
Mining and supporting activities	309	116,492	394,258	–	269	124,932	399,242	–	1 (2)
Oil, gas and Offshore	427	369,845	554,958	–	660	525,701	806,856	–	3 (9)
of which oil and gas exploration and production	69	11,540	424,905	–	97	16,056	596,964	–	0 (1)
Shipping	4,709	3,092,368	1,958,156	–	5,428	3,614,946	2,076,576	–	25 (31)
of which shipping vessels[3]	3,143	2,128,021	1,243,474	–	3,902	2,774,246	1,428,393	8.1 gCO_2/dwt-nm	17 (22)
Transport (air and land)	2,338	162,359	711,171	–	1,822	185,724	582,387	–	1 (3)
Construction	6,759	229,724	3,685,291	–	7,243	295,036	8,222,850	–	2 (1)
Materials	1,957	435,585	1,575,101	–	2,617	477,738	1,729,952	–	4 (5)
Paper and forest products	1,497	135,612	518,425	–	1,910	219,521	730,864	–	1 (1)
Buildings management	279	18,279	59,559	–	224	18,771	51,639	–	0 (0)
Industrial activities	10,573	466,137	13,849,587	–	10,146	430,971	11,424,758	–	4 (2)
Agriculture[4]	7,341	3,485,011	–	–	7,661	3,808,642	–	–	29 (27)
of which animal husbandry and crops, plantation and hunting	4,597	3,130,416	–	681 tCO_2e/EURm	4,993	3,523,022	–	706 tCO_2e/EURm	26 (25)
Power production[5]	2,315	1,015,200	–	–	2,750	1,160,174	–	117 gCO_2e/kWh	8 (4)
Utilities, distribution and waste management	4,495	1,114,013	–	–	4,421	950,039	–	–	9 (4)
Other[6]	51,018	1,620,877	–	–	55,233	1,716,121	–	–	13 (11)
Total	**94,016**	**12,261,500**			**100,382**	**13,528,314**			**100 (100)**

1) Exposures related to on-balance sheet items
2) Exposures and counterparty emissions in mining and supporting activities covers NACE L2: 05 and 07-09; oil, gas and offshore covers NACE L2: 06, 09, 19 and 35; transport (air and land) covers NACE L2: 49 and 51-53; shipping covers NACE L2: 50; construction covers NACE L2: 41-43 and 71; materials covers NACE L2: 20 and 21-24; paper & forest products covers NACE L2: 02, 16 and 17; buildings management covers NACE L2: 81; and industrial activities covers NACE L2: 10-15, 18 and 25-33
3) Poseidon-matched shipping vessels
4) Agriculture includes fishing and aquaculture; animal husbandry; crops, plantation and hunting
5) Financed emissions from renewable energy producers applies an internally developed proxy of 5g/kWh
6) Other includes real estate management industry (REMI) and capital goods and other sectors under business loans not defined as climate vulnerable sectors

S3. Climate and environment, cont.

Company-specific data and PCAF data quality score	2023 Company-specific data (%)[1]	2023 Overall data quality score (1–5)[2]	2022 Company-specific data (%)[1]	2022 Overall data quality score (1–5)[2]
Sector				
Mining and supporting activities	73	2.14	71	2.20
Oil, gas and offshore	8	4.72	9	4.69
of which Oil & gas exploration and production	99	1.05	100	1.00
Shipping	77	1.99	86	1.63
of which shipping vessels[3]	100	1.00	100	1.00
Transport (air and land)	25	4.24	39	3.83
Construction	25	4.13	39	3.78
Materials	39	3.45	40	3.45
Paper and forest products	44	3.25	58	2.70
Buildings management	5	4.84	32	3.72
Industrial activities	22	4.25	32	3.94
Agriculture[4]	1	4.84	1	4.84
of which animal husbandry and crops, plantation and hunting	0	4.87	0	4.87
Power production	65	2.50	76	2.14
Utilities, distribution and waste management	50	3.49	35	3.93
Other[5]	24	4.09	23	4.17
Total	**37**	**3.57**	**41**	**3.42**

1) Financed emissions weighted company-specific data
2) Overall data quality score is based on counterparty scope 1 and 2 emissions
3) Poseidon-matched shipping vessels
4) Agriculture includes fishing and aquaculture; animal husbandry; crops, plantation and hunting
5) Other include real estate management industry (REMI) and capital goods and other sectors under business loans not defined as climate vulnerable sectors

Motor vehicles financed emissions[1]

	2023 Exposure (EURm)	2023 Counter-party scope 1 and 2 (tCO_2e)	2023 Emissions intensity (gCO_2/km)	2022 Exposure (EURm)	2022 Counter-party scope 1 and 2 (tCO_2e)	2022 Emissions intensity (gCO_2/km)	2023 share of financed emissions in % (vs 2019, %)
Vehicle type							
Cars and vans	4,459	252,399	116.3	4,586	262,741	117.3	12 (12)
Industrial vehicles and mobile machinery	2,398	720,028	–	2,471	743,199	–	33 (34)
Trucks and heavy vehicles	1,476	602,531	–	1,398	557,001	–	28 (24)
Farming machinery incl. tractors	1,078	465,252	–	1,025	465,945	–	22 (20)
Other	838	112,829	–	851	110,154	–	5 (10)
Total	**10,249**	**2,153,039**	**–**	**10,331**	**2,139,040**	**–**	**100 (100)**

1) Motor vehicles includes loans and leasing

Asset-specific data and PCAF data quality score	2023 Asset-specific data (%)	2023 Overall data quality score (1–5)	2022 Asset-specific data (%)	2022 Overall data quality score (1–5)
Motor vehicles	30.1	3.85	35.2	3.82

S3. Climate and environment, cont.

Residential real estate[1] financed emissions

	2023			2022			
	Exposure (EURm)	Counter-party scope 1 and 2 (tCO_2e)[1,2]	Emissions intensity[2] ($kgCO_2e/m^2$)	Exposure (EURm)	Counter-party scope 1 and 2 (tCO_2e)[1,2]	Emissions intensity[2] ($kgCO_2e/m^2$)	2023 share of financed emissions in % (vs 2019, %)
Country							
Denmark	49,346	707,347	25.9	50,033	740,975	26.0	42 (43)
Finland	36,536	719,928	29.4	36,297	707,082	29.5	43 (42)
Norway	33,989	56,602	5.0	35,635	57,853	5.0	4 (4)
Sweden	59,084	189,989	8.5	57,929	191,782	8.5	11 (11)
Total	**178,955**	**1,673,864**	**16.6**	**179,894**	**1,697,692**	**17.1**	**100 (100)**

1) Residential real estate includes tenant-owner associations (TOAs). Residential real estate corresponds to the Mortgages PCAF asset class
2) Financed emissions for residential real estate are based on the PCAF database emission factor from 2018. Due to this static emission factor, the trajectory over time is not driven by reductions in energy mix in the countries, but by shifts in our portfolio and/or data quality improvements on other parameters, e.g. EPCs. Financed emissions and emissions intensities are impacted by EPC portfolio composition and floor area availability

	2023		2022	
Asset-specific data and PCAF data quality score	Asset-specific data (%)[1]	Overall data quality score (1–5)	Asset-specific data (%)[1]	Overall data quality score (1–5)
Residential real estate	48	4.03	43	4.01

1) Asset specific data (%) represents the coverage of exposure weighted share of the collaterals with EPC label, including EPC labels expired but no longer than 5 years
2) Overall data quality score is based on counterparty scope 1 and 2 emissions

	Denmark		Finland		Norway		Sweden	
Portfolio by EPCs in 2023[1]	Volume (EURm)	Share (%)	Volume (EURm)	Share (%)	Volume (EURm)	Share (%)	Volume (EURm)	Share (%)
EPC								
A	4,017	8	436	1	312	1	213	0
B	1,918	4	2,450	7	1,789	5	2,455	4
C	7,940	16	2,834	8	1,965	6	5,041	9
D	6,236	12	2,425	6	2,171	6	7,273	12
E	2,119	4	2,123	6	2,248	7	8,975	15
F	807	2	1,130	3	2,908	9	4,105	7
G	375	1	312	1	4,415	13	1,175	2
EPC proxy[2]	1,896	4	0	0	2,119	6	1,272	2
No label	24,039	49	24,827	68	16,062	47	28,574	49
Total	**49,346**	**100**	**36,536**	**100**	**33,989**	**100**	**59,084**	**100**

1) EPC data is based on the available data on the local market. EPC coverage in all markets is expected to increase over time and can have an impact on the emission calculations
2) EPC proxy refers to EPCs expired but no longer than 5 years

Commercial real estate financed emissions

	2023			2022			
	Exposure (EURm)	Counter-party scope 1 and 2 (tCO_2e)	Emissions intensity[1] ($kgCO_2e/m^2$)	Exposure (EURm)	Counter-party scope 1 and 2 (tCO_2e)	Emissions intensity[1] ($kgCO_2e/m^2$)	2023 share of financed emissions in % (vs 2019, %)
Country							
Denmark	5,458	139,091	31.7	4,880	131,921	32.3	33 (49)
Finland	5,921	178,587	40.6	3,531	118,119	40.5	43 (32)
Norway	8,405	2,488	3.1	7,834	2,484	3.1	1 (1)
Sweden	9,931	94,533	19.4	9,244	86,307	19.3	23 (18)
Total	**29,715**	**414,699**	**28.6**	**25,490**	**338,831**	**27.5**	**100 (100)**

1) Financed emissions for commercial real estate are based on the PCAF database emission factor from 2018. Due to this static emission factor, the trajectory over time is not driven by reductions in energy mix in the countries, but by shifts in our portfolio and/or data quality improvements on other parameters, e.g. EPCs. Financed emissions and emissions intensities are impacted by EPC portfolio composition and floor area availability

S3. Climate and environment, cont.

Asset-specific data and PCAF data quality score	2023 Asset-specific data (%)[1]	2023 Overall data quality score (1-5)[2]	2022 Asset-specific data (%)[1]	2022 Overall data quality score (1–5)[2]
Commercial real estate	42	4.12	42	3.93

1) Asset specific data (%) represents the coverage of exposure weighted share of the collaterals with EPC label, including EPC labels expired but no longer than 5 years
2) Overall data quality score is based on counterparty scope 1 and 2 emissions

Portfolio by EPCs in 2023[1]	Denmark Volume (EURm)	Denmark Share (%)	Finland Volume (EURm)	Finland Share (%)	Norway Volume (EURm)	Norway Share (%)	Sweden Volume (EURm)	Sweden Share (%)
EPC available								
A	1,259	23	4	0	392	5	119	1
B	372	7	137	2	690	8	446	4
C	1,114	20	211	4	930	11	635	6
D	624	11	74	1	657	8	867	9
E	147	3	65	1	489	6	948	10
F	40	1	22	0	338	4	510	5
G	15	0	14	0	252	3	185	2
EPC proxy[2]	158	3	0	0	620	7	14	0
No label	1,728	32	5,394	92	4,038	48	6,209	63
Total	**5,458**	**100**	**5,921**	**100**	**8,405**	**100**	**9,931**	**100**

1) EPC data is based on the available data on the local market. EPC coverage in all markets is expected to increase over time and can have an impact on the emission calculations
2) EPC proxy refers to EPC expired but no longer than 5 years

Financed emissions in the investment portfolio 2023

	Value of investments (EURm)[2]	Financed emissions (tCO_2e) scope 1&2[1]	Company-specific data (%)	Overall Data Quality Score (1–5)
Listed equities and Corporate Bonds (NAM)	241,773	8,487,339	91.6	2.1
Listed equities and Corporate Bonds (NLP)[3]	35,241	1,187,758	92.0	2.1

1) Portfolio coverage 95% for NAM and 81% for NLP.
2) A considerable amount of NLP's AuM is manged by NAM. The resulting double counting of emissions is not accounted for.
3) NLP Denmark has been included in 2023 reporting.

Listed equities and corporate bonds

Financed emissions (tCO_2e)[1]	2023 Investee scope 1 and 2	2023 Investee scope 3	2022 Investee scope 1 and 2	2022 Investee scope 3[2]	2021 Investee scope 1 and 2	2021 Investee scope 3
Nordea Asset Management						
Basic materials	2,112,856	7,092,425	2,444,152	8,626,166	2,855,233	6,129,046
Communications	136,795	1,354,377	108,530	–	210,635	–
Consumer, cyclical	438,778	14,103,682	372,327	–	594,526	–
Consumer, non-cyclical	557,687	6,853,093	594,329	–	722,800	–
Energy	431,257	4,434,306	529,907	4,977,879	609,009	5,525,305
Financials	96,158	5,468,552	184,624	–	119,661	–
Industrial	2,055,177	10,523,113	1,634,289	–	2,287,400	–
Technology	206,334	1,967,335	139,981	–	329,555	–
Utilities	2,336,505	3,441,622	2,762,162	–	1,870,294	–
Diversified	27,859	33,226	39,486	–	29,507	–
Other	87,933	854,535	22,868	–	6,250	–
Listed equities total (scope 1 and 2)	5,682,747	–	6,206,663	–	7,688,412	–
Corporate bonds	2,804,593	–	2,625,993	–	1,946,459	–
Listed equities and corporate bonds (scope 1 and 2)	**8,487,339**	–	**8,832,656**	**–**	**9,634,872**	**–**

1) For scope 3 emissions, we prioritise estimated emissions over reported emissions. This is to minimise the risk under reporting, given that many companies are failing to disclose emissions for material scope 3 categories. The average PCAF data quality score for these scope 3 emissions was 3.9 in 2023.
2) 2022 financed emissions scope 3 have been restated to include scope 3 for all energy and basic materials companies. Last year's reporting included only the subset of companies that were in oil and gas or mining.

S3. Climate and environment, cont.

Financed emissions (tCO_2e)	2023		2022		2021	
	Investee scope 1 and 2	Investee scope 3 [2]	Investee scope 1 and 2	Investee scope 3 [3]	Investee scope 1 and 2	Investee scope 3 [3]
Nordea Life & Pension[1]						
Basic materials	400,713	1,196,370	320,643	1,085,360	393,346	949,438
Communications	18,005	210,166	14,212	–	20,466	–
Consumer cyclical	51,573	1,839,532	44,508	–	49,089	–
Consumer non-cyclical	89,822	846,132	72,114	–	72,270	–
Energy	3,865	49,738	5,948	75,031	66,058	769,341
Financials	31,367	571,555	8,943	–	12,953	–
Industrial	226,406	1,266,092	151,310	–	184,319	–
Technology	44,348	398,414	16,238	–	23,971	–
Utilities	208,346	409,316	200,784	–	156,360	–
Diversified	171	186	393	–	2,541	–
Other	113,142	651,594	203	–	36,826	–
Directly held real estate (scope 1–3)[4]	9,872	2,111	9,240	1,124	10,378	–
Listed equities total[4]	881,374	–	613,447	–	760,157	–
Corporate bonds	306,386	–	221,849	–	258,042	–
Listed equities and corporate bonds[1]	**1,187,758**	–	**835,297**	–	**1,018,199**	–

1) NLP Denmark was acquired in 2022. and emissions from the Danish portfolio have been included in figures for 2023. The acquisition of NLP Denmark explains to a significant degree the increase in financed emissions versus 2022.
2) Average PCAF data quality score for scope 3 emissions was 2.4 in 2023.
3) 2022 and 2021 financed emissions scope 3 have been restated to include scope 3 for all energy and basic materials companies. Last year's reporting included only the subset of companies that were in oil and gas or mining.
4) Scope 3 figures reflect emissions from tenants' energy consumption. Embodied carbon is not included. 2021 Scope 3 emissions from Directly held real estate included in the total.

Average PCAF data quality (DQ) and portfolio coverage (PC)	2023		2022		2021	
	DQ (1–5)	PC (%)	DQ (1–5)	PC (%)	DQ (1–5)	PC (%)
Nordea Asset Management						
Listed equities total (scope 1 and 2)	2.13	99.7	2.16	99.7	2.10	97.7
Corporate bonds	2.12	88.1	2.25	86.9	2.33	72.3
Nordea Life & Pension						
Listed equities total (scope 1 and 2)	2.10	98.1	2.10	97.8	2.20	97.0
Corporate bonds	2.10	44.4	2.10	54.4	2.50	58.4
Directly held real estate (scope 1–3)	2.00	92.1	2.00	96.7	2.00	95.9

Carbon footprint

Carbon footprint (tCO_2e/EURm invested)	2023	2022	2021
Nordea Asset Management			
Listed equities and corporate bonds[1]	37.0	41.8	41.5
Nordea Life & Pension[2]			
Listed equities total (scope 1 and 2)	37.2	39.1	40.2
Corporate bonds (scope 1 and 2)	62.5	48.4	47.9
Listed equities, corporate bonds and real estate (Scope 1 and 2)[1]	37.9	37.9	39.2

1) The carbon footprints have the same data quality and portfolio coverage as financed emissions above
2) For 2023 the carbon footprint without NLP Denmark was 36.3 for listed equities, 62.5 for corporate bonds and 38.7 for listed equities, corporate bonds and real estate combined. Nordea Life & Pension carbon footprint target is calculated per million USD invested

Weighted average carbon intensity[1]

	2023	2022	2021
Nordea Asset Management (tCO_2e/EURm in revenue[2])			
Listed equities and corporate bonds	84.4	105.3	103.0
Listed equities	106.7	134.9	130.4
Corporate Bonds	48.3	59.6	60.8
Nordea Life & Pension (tCO_2e/EURm in revenue[2])			
Listed equities and corporate bonds	79.6	84.9	75.2
Listed equities	77.9	82.6	72.1
Corporate Bonds	85.6	91.2	84.5

1) Portfolio coverage in 2023 is 96% for NAM and 83% for NLP; in 2022 is 95% for NAM and 87% for NLP; in 2021 is 95% for NAM and 88% for NLP
2) Revenue refers to the weighted average of revenues by investee companies

S4 Social responsibility

By considering human rights and labour rights throughout our value chain and promoting gender equality, fair employment conditions and education we aim to create social impact where it matters the most.

2023–2025 targets	Status
Each gender[1] has at least 40% representation at the top three leadership levels[2] combined by the end of 2025.	On track, 40% / 60%
With a minimum average index score of 92, respondents[3] feel they have been treated fairly regardless of gender, gender identity, age, ethnicity, sexual orientation, religious affiliation, (dis)ability etc. by the end of 2023.	Target met, 92
Minimum average index score of 90 for Diversity & Inclusion[3], by the end of 2025.	New target, 89
All direct investments in companies made by funds managed directly by Nordea Asset Management are assessed against the minimum safeguards in the area of human rights (in line with the EU taxonomy) by the end of 2023.	Target met
Human rights impact assessment of the supply chain in place by the end of 2023.	Target met

1) "Gender" refers to biological or legal sex. To be compliant with regulatory restrictions on sensitive data, we do not register gender identity. We, however, welcome and enable self-identification of gender identity.
2) Group Leadership Team (GLT), GLT-1 and GLT-2.
3) According to Nordea's employee engagement survey.

We acknowledge the key role we play in driving society towards a sustainable future. Sustainability is at the core of our business strategy, integrated into all aspects of our business operations. As part of our sustainability strategy, managing social impacts, both positive and negative, is vital in our work.

We see human rights as the foundation for the work within our social responsibility strategy and fundamental to ensuring continued business growth and a social licence to operate. In 2023 we therefore published a human rights policy that provides information about our commitments and efforts to respect human rights in all our business activities and relationships. In addition, we published a supporting thematic guideline describing our strategic position and actions.

To further support our social responsibility strategy, in 2023 we assessed and identified three thematic focus areas where we can leverage our market position and size to make a positive contribution to society. In 2024 we will increase our efforts in these three thematic areas:

Just transition: This refers to preserving human rights and mitigating adverse societal impacts from the transition to a low-carbon economy. A balanced transition is essential to mitigate negative human rights impacts, in particular for vulnerable groups.

Diversity and inclusion: We use our position as the leading financial services group in the Nordics and draw on our diversity and inclusion expertise to engage with our customers and contribute to creating more diverse, equitable and inclusive companies and a more diverse and inclusive society.

Financial well-being: With our position in the Nordic countries we will help create and maintain financial well-being built on human rights and thus contribute to inclusive economic growth and reduced inequalities.

Supporting human rights

We take our corporate responsibility to respect human rights seriously and are guided by the UN Guiding Principles on Business and Human Rights in all our business operations.

We work to continually integrate human rights considerations into our policies, practices, and decision-making processes, ensuring that respect for human rights is integral to how we conduct business. Through ongoing awareness building, training, and accountability mechanisms, we empower employees to uphold human rights in their daily activities.

Integrating human rights in investments and financing

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

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

Integrating human rights into sector guidelines, industry credit policies and ESG risk assessment tools is key to embedding human rights in our lending process. In addition to complying with national laws and regulations, customers in relevant industries are expected to follow international norms and standards and manage and mitigate adverse human rights impacts.

For more information on how we manage ESG-related risks in financing and investments, including social risks and human rights risks, see Note S2 "Financial strength".

Monitoring customer transactions for human rights breaches

Alongside traditional transaction monitoring scenarios across all our customers and transactions, we also undertake targeted proactive, intelligence-based reviews of different financial and predicate crimes.

Human trafficking causes tremendous harm and, as such, we treat human trafficking risk as a priority in our crime detection and prevention efforts. The Nordic region is primarily a destination for exploitation of victims trafficked from other countries. However, the recruitment and transport of people can also happen within the Nordic countries. Financial products and services can be abused by organised crime networks and individual perpetrators to finance crime, receive revenues from criminal activities or launder criminal proceeds.

Since completing our analysis on human trafficking for sexual exploitation (2021–2022), we continued in 2023 to work on investigations that covered a wide scope of human trafficking typologies, including possible forced labour and sexual exploitation.

Joint initiative for a sustainable construction industry in Sweden

In November 2023, the Bank initiative Sustainable construction industry (Bankinitiativet Hållbar byggbransch) was launched in Sweden. Nordea and four other Nordic banks have in cooperation with the real estate and construction industry, agreed to introduce common requirements on construction companies to have deployed necessary control and follow-up systems for sub-contractors involved.

The purpose is to contribute to more sustainable and healthier competition, by improving controls when financing new construction, remodeling and extensions. The common requirements aim to address fraud, working conditions and health and safety. Nordea has incorporated these requirements to the credit process for construction credits.

Human rights in the supply chain

The respect for human rights is embedded throughout our procurement process. As part of our supplier due diligence prior to contracting, and continuous supplier management after contracting, we conduct screening on indicators such as the risk of child labour, the risk of modern slavery, the right to freedom of association and decent working conditions. Our screening process also covers if the supplier is subject to negative media exposure or regulatory actions due to misconduct related to human rights, enabling us to take appropriate actions.

All our suppliers must contractually commit to the principles in our Supplier Code of Conduct. The Supplier Code of Conduct is a mandatory document in all Nordea's supplier contracts and includes positions on human rights and labour rights and an obligation for suppliers to ensure that these principles also apply to subcontractors. By having a contractual commitment from our suppliers, we ensure that sustainability requirements are an integrated part of our supplier and contract management. To increase our assurance, the Supplier Code of Conduct also includes an audit clause, where we reserve the right to audit the supplier and its subcontractors to validate that the principles stated in Nordea's Supplier Code of Conduct are also implemented in practice. Every year we complete a number of sustainability audits with the support of an external auditor.

During 2023 we further formalised our human rights due diligence process and detailed these principles in our Sustainable Procurement Guideline. The guideline describes how we identify and assess, take action to prevent and mitigate, take action to track progress and communicate about the risks and impacts identified in the different stages of the procurement process.

We also conducted a human rights impact assessment of the supply chain during 2023, where we identified in which industries in our supply chain there might be an elevated risk of negative impact on people. Based on the operating context of our suppliers and the nature of the service or product they deliver to us, we identified the salient human rights issues in our supply chain, i.e. the human rights that are at risk of most severe negative impact. We identified poor working conditions, child labour and forced labour as the areas of greatest importance in our supply chain. This information will be reflected in our requirements towards the suppliers in the sectors exposed to enhanced risk. Our frameworks and internal guidelines will be updated to secure this is enforced. In 2024 we will focus on improving the understanding and tracking of our impacts to ensure that our actions have the intended effect.

From respecting human rights to promoting them

We recognise that the international framework for the corporate responsibility to respect human rights has its primary focus on preventing adverse human rights impacts. In the following sections we address the focus areas in our own operations, value chain and society that we believe are important for fulfilling our commitments, which go beyond the responsibility to respect human rights.

Financial well-being

In 2024 we will, as part of our thematic focus areas, continue facilitating improved financial well-being by strengthening the financial skills of individuals and businesses and unlocking access to financial opportunities for our customers. This should be achieved by making sure that our products and services are availiable to our customers on equal terms.

Financial inclusion is a prerequisite for achieving financial well-being. We therefore strive to create a more inclusive financial future for our customers and the communities in which we operate.

S4. Social responsibility, cont.

Community engagement

As part of our focus area financial well-being, we work with community engagement across all our markets to support communities and help build a better tomorrow. Community engagement is about creating positive change in collaboration with non-profit organisations and with the contribution of our employees.

In our three community engagement programmes focus is on building financial skills, fostering entrepreneurship and supporting refugees to settle in a new country. These programmes are activated in our own initiatives and also in collaboration with a wide variety of partnerships and sponsorships.

Examples of our 2023 activities include:

- Launched a new digital skills initiative in Norway to offer support for elderly within digital services and online safety.
- Extended financial skills activities in Finland to reach all age groups from first-grade children to young adults.
- Arranged several fraud management workshops for refugees in Estonia.
- Supported money handling with the help of over 100 volunteers across Denmark in the national fund collection for the Danish Red Cross and the Danish Cancer Society.
- Launched Fearless Founders mentorship events in Finland especially targeted at future founders and female founders, who are an under-represented group among growth company founders.
- As an indicator of our commitment to community engagement, we were nominated for the Swedish Publishing Prize in the category "Information and facts for children" with our very own math book for young people.

All Nordea employees are invited to volunteer 16 hours each year through Nordea's community engagement programmes. We offer employees face-to-face volunteering activities as well as online and hybrid volunteering activities, which continue to be popular as participants are able to join regardless of geographical area. In 2023 more than 1600 Nordea employees volunteered in 2,600 activities, equating to over 10,400 hours of volunteering.

Our people

To enable our vision to be a preferred employer in the financial industry, our focus is on retaining our people and attracting new talent, driving performance and efficiency and creating a great employee experience. Our promise as an employer is to encourage people to come as they are and bring their different perspectives. We believe that with a variety of viewpoints, expertise and eagerness we can enable positive change. We provide people with a wealth of opportunities to develop and move forward in their career. We focus on leadership that inspires and supports our vision and on being a sustainable employer with a diverse workforce and an inclusive workplace with equal opportunities. We integrate sustainability into all our people processes and have set ambitious targets that support us in following our progress towards our goals. To identify and address critical competency needs of our workforce to deliver on our strategic objectives and priorities, we have introduced an annual strategic workforce planning process conducted in business areas and Group functions and consolidated on Group level. This also helps us prioritise key actions to acquire the competencies needed and mitigate potential execution risks. This includes creating transparency around key workforce changes and reskilling and upskilling our people, building a fit-for-future workforce.

Our workforce

~31,500
employees from all over the world

107
citizenships represented

66
spoken languages

spanning across
seven decades

S4. Social responsibility, cont.

We promote engagement and well-being

In 2023 the response rate to our employee engagement survey, the People Pulse, increased to 85% (83% in 2022). We continue to see good results for overall engagement. The likelihood of employees recommending Nordea as a workplace remained stable, the index score being 82 (81 in 2022) and the Employee Net Promoter Score (eNPS) score 42 (42 in 2022). The score for feeling valued as an employee also remained stable with an index score of 78 (78 in 2022). Our people continued to experience clear leadership communication from the senior leaders of the business areas and Group functions, with the index score remaining stable at 78 in 2023 (78 in 2022). We promote and support physical, mental, social and financial well-being by building awareness with trainings and events and providing tools for our people and leaders. In 2023 we launched a Group-wide guideline on occupational health and safety and introduced a wellbeing index to the People Pulse survey. We believe in bringing people together at our offices, while at the same time treasuring flexibility. We are further embedding our hybrid working model as we see that this mix of working together at the office and from home has proven to be positive in terms of performance and engagement. We aim for the right balance between individual preferences, opportunities for networking and collaboration in person with teams or wider communities and on Group level, taking shared responsibility for our culture and ensuring that all of our people understand our business and ways of working. We saw a slight decrease in sick leave to 3.21% (3.44%). According to the People Pulse, the results indicate a positive development on Group level in the perception of workload, which was 78 (76).

Welcoming all perspectives

All perspectives are welcome and valuable to move forward to something better. In line with one of our focus areas in our social strategy, we continuously work towards being a diverse and inclusive bank – for our people, our customers and society at large. Our ambition is to ensure that equality, as a fundamental human right, is embedded in our business. Our scope for diversity is broad, including gender equality, age diversity, ability variation, cultural diversity and LGBTQ+. This is also described in our Diversity & Inclusion Policy. We continue to support the EU Diversity Charters, which we have now signed in seven countries. Our Pride commitment continues, and in 2023 we participated in nine countries. We measure our people's perception of fair treatment twice a year. In 2023 the respondents' average index score was 92, (92) indicating that they felt they had been treated fairly regardless of gender, gender identity, age, ethnicity, sexual orientation, religious affiliation, (dis)ability etc. In 2023 we introduced a new inclusion index and set a target to further improve our people's perceptions of fair treatment, equal opportunities, and inclusion in our People Pulse survey. We continued to increase awareness and strengthen our tools to counteract bias and enhance inclusion in teams, leadership, recruitment and customer relations.

Gender balance

We strive for gender balance in all parts of the organisation, where each gender[1] has at least 40% representation. In 2023 we achieved this and maintained gender balance among our total workforce and improved it on all leader levels. Additionally, we are ahead of our target to reach gender balance at the top three leadership levels combined by the end of 2025. To further improve at all levels of the organisation, including the senior leadership level, we are focusing on recruitment, retention and promotion of a diverse workforce. Such ambitions are also linked to the remuneration of the GLT and other senior leaders.

Harassment and discrimination prevention

We condemn all kinds of discrimination, harassment or other victimisation and strive to be a safe and inclusive workplace, promoting equality, fair treatment and respect, as stated in our Code of Conduct and our policy against discrimination and harassment. We have firm processes in place to handle cases as well as tools to work proactively against such behaviours. In 2023 1.4% (1.4%) of the People Pulse respondents stated that they had been subjected to some form of harassment or other mistreatment. During 2023, 12 (30) discrimination and harassment cases were reported through various channels, including our whistleblowing function, Raise Your

Gender[1] balance

	♀	♂
Board of Directors	40%	60%
Top three leadership levels[2] combined	40%	60%
Leaders	44%	56%
Total workforce	52%	48%

1) "Gender" refers to biological or legal sex. To be compliant with regulatory restrictions on sensitive data, we do not register gender identity. We, however, welcome and enable self-identification of gender identity.

2) Group Leadership Team (GLT), GLT-1 and GLT-2.

Our diversity **is a strength** when serving our customers.

S4. Social responsibility, cont.

Concern, or to Group People, which led to disciplinary action. We take mistreatment of any kind seriously and continue to proactively ensure a safe and inclusive workplace for all employees, and have tools and trainings available for leaders and teams.

We drive performance and develop people

Through our annual performance, learning and development cycle we ensure that our people know how they can perform to support Nordea's overall vision and direction. We encourage a culture where goal-setting is accompanied by meaningful dialogue and feedback between employee and leader on an ongoing basis. We continuously focus and improve our offering for development and career opportunities. Our ambition is for 80% of our people (100% of senior leaders) to have a development plan in place by 2025, with tangible goals linked to the Group strategy and priorities that can support personal career ambitions. In 2023, 65% of people had development plans, a 14 percentage point increase since 2022. We introduced a common and transparent job framework in 2023 to provide an even clearer overview of career opportunities and possible career paths for our people. This is one of the tools used in dialogues between employees and leaders, further enabling our people to build their careers and reach their full potential. Our active internal job market and growth opportunities are key to retaining our people and developing a sustainable workforce to meet current and future business needs. As part of our succession planning, we aim for efficient and fast recruitment processes and strategic development of our workforce. As a result of structured succession pipelines, internal recruitments at senior leadership level have been more than 80% in 2021-2022. In 2023, 61% of our open senior leader positions were filled by internal candidates. The reduction compared to previous years which was mainly driven by the need to acquire specific skills, aligned to the annual strategic workforce planning process. Our Graduate Programme is one of the levers we use to acquire and develop future talents. The two-year programme is built around future critical skills and offers learning journeys consisting of rotations, on-the-job learning and trainings. In the past two years 80+ graduates were hired with a gender split in 2023 of 51% women and 49% men. We recognise that significant learning and development happen outside of formal training and that the best results are achieved through a combination of training and practice. Our learning is based on a 70-20-10 framework: 70% learning by doing, 20% learning from others and 10% formal learning. We offer equal opportunities also in our learning programmes and have a gender balance target of minimum representation of both genders of 40%. In 2023 participants in the leadership programmes were within this target. We prioritise that our people are fit for current and future customer and societal expectations. As an example, we have launched award-winning trainings on greenwashing risk and the impact of sustainability to improve our competencies on ESG matters.

We reward people

Our remuneration policy supports our ability to recruit, develop and retain highly motivated, competent and performance-oriented people and support the Group strategy. We have a competitive and market-aligned total reward offering recognising the performance of people with a passion to serve our customers. Our approach is to reward our people for not only what they contribute, but also for how they contribute. We also ensure that remuneration is aligned with effective risk management, our purpose and values and applicable regulations.

Our diversity and inclusion strategy, as well as our pay principles, support that we make decisions that result in equal pay for equal work. In order to ensure the highest possible experience and quality in approach, but also to remove any bias from the analysis, a third-party provider conducted an objective, thorough analysis of pay equity at Nordea. The analysis uses regression models accounting for factors that impact differences in pay in objective way including job complexity, experience, performance and location, and identifies pay differences between women and men in comparable positions that are not due to those factors.

For 2023 pay differences between women and men in similar positions, which are not due to those fair drivers, were 2.08% in men's favour. Though this gap is in the lower end of the market, it is Nordea's ambition to close the gap between women and men holding similar jobs by the end of 2026, that is reducing the pay gap to a level where the difference in pay is not statistically significant. That is specifically done as part of our yearly pay review which includes a targeted focus on addressing identified individual pay gaps. We also ensure awareness, training and support among our leaders to help them in making unbiased decisions on remuneration and other employment terms. The other perspective on pay equity is provided by comparing the average pay for all women with the average pay for all men at Nordea. In this case men are on average paid higher, since men tend to hold more senior positions associated with higher pay. The difference in the average

Performance and people development

	Total	♀	♂
Formal learning hours per employee	15.6	16.1	15.1
Virtual learning marketplace hours per employee	2.1	1.5	2.9
People who had a PLD dialogue	94%	52%	48%

We aim to continuously improve **development and career opportunities** pay in 2023 was 24.70% in men's favour. Nordea is actively working to ensure more women are represented on senior leadership levels and in succession pipelines etc. See also the section on gender balance and our 2025 target to create an equal gender balance on senior leadership levels. We have set a 2025 target for no gender to have less than 40% representation at the top three leadership levels of Nordea, and are ahead of our plan towards 2025.

We continued to integrate ESG targets into all our variable pay plans including the Profit Sharing Plan, which covers most of our employees, and Group Pool, which covers all short-term incentive plans. Our Long Term Incentive Plans also include ESG scorecards supporting our 2025 ambitions. This means that GLT members, senior leaders as well as other employees at Nordea have their variable pay or Profit Sharing Plan linked to ESG goals.

The ratio of Nordea's CEO's total remuneration to median total remuneration of Nordea employees including those in the Nordics, Poland and Estonia was 40.5 in 2023, which is lower than most other large European companies. For further information of the remuneration and pay ratio of Nordea's CEO refer to our 2023 Remuneration Report for Governing bodies.

We handle employment conditions

We take pride in handling organisational changes with respect for the people affected and adhere to labour agreements in our markets and collaborate closely with trade unions. Our goal is to always treat our people with respect and to provide support to people affected by changes in developing skills and finding new job opportunities inside or outside Nordea. In 2023 84.8% (85.7%) of our employees were covered by collective agreements. The terms and conditions of employees who are not covered by collective agreements are typically determined by individual contracts, applicable local laws and/or the collective agreements that may apply to Nordea, depending on the country in question.

Human rights due diligence in own operations

Ensuring human rights and decent working conditions are in place for our people is crucial to our role as an employer and our commitment to uphold fundamental human rights, including labour rights.

We operate in a number of different countries, creating a complex legislative landscape with local and EU requirements to uphold. We follow and in many instances exceed minimum requirements, as stated in our Code of Conduct, Diversity & Inclusion policy and policy against discrimination and harassment. Performing due diligence is key to efforts to respect fundamental human rights and work is ongoing to formalise this process.

People data

We saw a decrease in our voluntary turnover rate, which has now stabilised (6.1% in 2023 compared with 9.6% in 2022). The total turnover rate was 8.6%. We encourage internal career mobility by promoting the internal job market and showcasing the inspiring career opportunities we offer across the bank. We hire external workers in selected areas, such as IT development in projects as well as IT management, end-user support, application operations and maintenance. At the end of 2023 a total of 4,998 FTEs (4,771) were contracted on a time and material basis. The number of employees totalled 31,439 and is reported as headcounts in the tables below. This is different from the employee-related information in the financial notes where employees are disclosed as full-time equivalents.

	2023			2022			2021		
Number of employees	**Total workforce**	**Of which female**	**Of which male**	**Total workforce**	**Of which female**	**Of which male**	**Total workforce**	**Of which female**	**Of which male**
Nordea Group	31,439	16,247	15,188	30,499	15,754	14,741	29,239	15,051	14,188
Permanent contract	30,579	15,813	14,762	29,355	15,139	14,212	28,840	14,860	13,980
- full-time	28,789	14,485	14,300	27,508	13,784	13,720	27,031	13,502	13,529
- part-time	1,790	1,328	462	1,847	1,355	492	1,809	1,358	451
Temporary contract	860	434	426	1,144	615	529	399	191	208

	2023			2022			2021		
Employees by country of operations	**Total workforce**	**Of which female**	**Of which male**	**Total workforce**	**Of which female**	**Of which male**	**Total workforce**	**Of which female**	**Of which male**
Nordea Group	31,439	16,247	15,188	30,499	15,754	14,741	29,239	15,051	14,188
Denmark	7,525	3,332	4,139	7,630	3,375	4,255	7,345	3,232	4,113
Finland	6,659	3,915	2,744	6,558	3,932	2,626	6,368	3,908	2,460
Norway	3,069	1,476	1,593	2,947	1,415	1,532	2,962	1,427	1,535
Sweden	6,909	3,619	3,290	6,770	3,557	3,213	6,538	3,447	3,091
Poland	5,690	2,900	2,790	5,104	2,564	2,540	4,757	2,290	2,467
Estonia	1,112	797	315	1,016	704	312	836	546	290
International offices	475	208	263	474	207	263	433	201	232

	2023						2022						2021					
Composition of governing bodies, leaders and employees	**Total**	**Of which female**	**Of which male**	**Age <30**	**Age 30–50**	**Age >50**	**Total**	**Of which female**	**Of which male**	**Age <30**	**Age 30–50**	**Age >50**	**Total**	**Of which female**	**Of which male**	**Age <30**	**Age 30–50**	**Age >50**
Board of Directors	10	4	6	0	1	9	10	5	5	0	1	9	10	4	6	0	1	9
Group Leadership Team	12	4	8	0	3	9	12	4	8	0	4	8	12	4	8	0	4	8
Leaders	3,301	1,438	1,863	72	2,287	942	3,277	1,406	1,871	93	2,247	937	3,141	1,306	1,835	79	2,133	929
Employees	28,095	14,791	13,300	5,658	15,402	7,035	27,210	14,344	12,862	5,635	14,519	7,056	26,086	13,741	12,345	5,396	13,671	7,019

S5 Governance and culture

Strong governance and a healthy corporate culture will lead to the successful execution of our strategic sustainability agenda for a greater good.

2023–2025 targets	Status
100% of new suppliers[1] screened for sustainability issues like country risk, sector risk, carbon intensive sectors, investment exclusion list, negative ESG events via media screening and regulatory actions.	100%
Integrate sustainability into people processes covering purpose and values, employee value proposition and variable pay goals by the end of 2023.	Target met

1) Covering all contracted suppliers that are available in the screening system.

Our Code of Conduct and purpose and values

At Nordea, we want to do what is right, not just what is allowed. Our Code of Conduct (the "Code") defines the high-level principles that guide our business, how we treat our customers and the conduct expected from our employees. The Code is based on the relevant legal requirements and internationally agreed-upon standards, primarily the ten principles of the UN Global Compact. The Code includes the application of the precautionary principle and a principle stipulating respect of human rights. All persons working for Nordea are subject to the Code, including the Board of Directors, and it applies to all countries in which Nordea operates. Furthermore, persons working for Nordea and who enter into agreements with third parties on behalf of Nordea are required to ensure that these third parties commit to the principles of the Supplier Code of Conduct. It is the responsibility of each leader to ensure that the Code is known and complied with by all employees. They are required to undertake annual mandatory training including an assessment to confirm their understanding of the Code.

The Code, together with our purpose and values, which are at the core of everything we do, sets the aspiration for whom we want to be: always being purpose-led and guided by values and having a strong ethical mindset. Our purpose and values define our behaviour and help us make the right decisions. Our purpose is to enable dreams and aspirations for a greater good. Our values – collaboration, ownership, passion and courage – are a clear expression of the culture we want to maintain.

Compliance is fundamental to our corporate culture

Being compliant means conducting business in accordance with financial laws, regulations, market standards, rules of conduct, and supervisory requirements from financial regulators governing our licensed activities in any jurisdiction where Nordea operates. It also includes data protection laws and regulations as well as other customer protection-related regulation relevant to our licensed activities.

Raise Your Concern

Our whistleblowing function, Raise Your Concern (RYC), ensures that all stakeholders, including customers, partners, affected communities and employees, have the right to speak up and always feel safe in doing so if they have concerns about suspected misconduct such as breaches of human rights or irregularities such as fraudulent, inappropriate, dishonest, illegal or negligent activity or behaviour in our operations, products or services. This includes any action that constitutes a violation of laws or regulations or of our internal policies, instructions or guidelines. Reporting can be made verbally or in writing and we ensure that all reporting is treated in the strictest confidentiality. Reports can be made in all countries where Nordea operates. Furthermore, it is also possible to report anonymously via WhistleB, an electronic reporting channel. This platform, managed by an external party, is entirely separate from our IT systems and does not track IP addresses or other data that could identify the sender of a message. Cases reported through RYC form part of the monitoring of compliance with the Code of Conduct. A summary of key trends and statistics on cases are also reported on a no-names basis to the Chief Compliance Officer, the Chief People Officer and the Chief Risk Officer in addition to being included in management reports and reports to the Group Board. Furthermore, the RYC process and investigations are subject to regular quality controls with defined escalation procedures to report any process deviations. In 2023 no cases concerning severe human rights issues and incidents connected to our own workforce (for example forced labour, human trafficking or child labour) were reported via RYC. At Nordea, in accordance with internal policies, we do not intimidate or retaliate against colleagues or others who raise a concern in good faith or against those who assist with inquiries or investigations of such violations.

Sustainability governance

At Board level, the Board Operations and Sustainability Committee assists the Group Board in fulfilling its oversight responsibilities concerning sustainability, which encompass governance, strategy, risk management and operationalisation. The committee receives quarterly updates on the implementation of sustainability in our Group business strategy. The Board Audit Committee also reviews and monitors our sustainability reporting as part of our Annual Report and the Capital and Risk Management Report.

The Board Risk Committee assists the Board in fulfilling its oversight responsibilities concerning risk management and related frameworks, controls and processes relating to environmental, social and governance (ESG) factors as drivers of existing risk. The Board Remuneration and People Committee is responsible for preparing and presenting proposals to the Board on remuneration matters, including integration of ESG KPIs, as well as diversity and inclusion. The committee also supports the Board in monitoring the impact of diversity and inclusion policies and practices within Nordea. To ensure a high level of awareness with respect to sustainability and

ESG matters, the entire Board received training in 2023 on biodiversity, human rights and CSRD double materiality, all of which provide the basis for Nordea's ESG governance. The Board has previously received an update on global and European climate science and global biodiversity risk status as an emerging issue.

The Chief of Staff is accountable for overseeing and facilitating the Group-wide integration of ESG factors into the risk management framework and business processes. Additionally, the Chief of Staff is accountable for the development of the Group's strategic sustainability priorities and analysis of emerging topics, ensuring that Nordea's sustainability agenda remains aligned with the business environment developments, such as geopolitical and regulatory trends, and Nordea's long-term net-zero commitment. We also have an executive-level Group-wide committee – the Sustainability and Ethics Committee – as a sub-committee of the CEO's Group Leadership Team. The Sustainability and Ethics Committee consists of representatives from the business areas and Group functions, including Group Risk, Group People, Group Corporate Legal and Group Finance, and supports the Group CEO, the Group Leadership Team, the Board Operations and Sustainability Committee and the Group Board in their oversight responsibilities concerning sustainability. The Sustainability and Ethics Committee is mandated to facilitate the integration of sustainability into the business strategy and supports the integration of ESG factors into our risk management framework. It is tasked with recommending to the Group CEO a long-term plan for fully integrating sustainability into the business strategy and ensuring appropriate implementation to achieve the Group level targets. Part of this is to approve sector and thematic guidelines. It is also responsible for influencing and following the Group's status and progress regarding ethics and culture in line with our purpose and values. This involves advising the Group CEO on decisions on whether Nordea should participate in or withdraw from voluntary commitments related to sustainability and providing guidance to the business areas regarding ethical business dilemmas.

The executive-level Group Risk Committee promotes interaction and coordination within the Group on risk matters. With respect to sustainability, the Group Risk Committee is responsible for overseeing the implementation of ESG factors as embedded drivers of existing risks. In addition to the Group Risk Committee, the Sustainability and Ethics Committee also monitors and, when relevant, supports the business areas and Group functions in risk management activities related to the long-term plan for fully integrating sustainability into the business strategy and the associated targets. The Asset & Liability Committee and its sub-committee, the ESG Reporting Subcommittee, support the preparation of balance sheet-based disclosures of ESG-related information such as the EU taxonomy and financed emissions.

To ensure that sustainability is integrated into all business areas and Group functions, a Group-wide implementation programme has been established with dedicated work streams and an Operational Steering Committee. The progress of the programme is monitored by the Sustainability and Ethics Committee and the Board Operations and Sustainability Committee on a quarterly basis. During 2023 we continued to integrate ESG KPIs applicable to remuneration for the Group Leadership Team and other senior leaders across the Nordea Group. Also, other employees now have their variable pay or Profit Sharing Plan linked to ESG goals in addition to financial targets.

For more information on sustainability governance, see "Corporate governance statement 2023" on page 60.

Policies and guidelines

Our Sustainability Policy sets out our principles for ensuring the long-term sustainability of our operations and, in so doing, strengthens our long-term customer relationships and contribution to a greater good. In addition to the policy, we have position statements as well as thematic and sector guidelines that provide guidance and principles for dealing with both business opportunities and risk mitigation.

To support our Sustainability Policy we published a Human Rights Policy in 2023 that provides information about our commitments and efforts to respect human rights in all our business activities and relationships. In addition, we published a supporting social responsibility thematic guideline describing our strategic position and actions. In 2023, we also published a thematic guideline on biodiversity describing our current work to address biodiversity issues and our commitments to action ahead.

We have described our commitments regarding climate change in our Position Statement on Climate Change. We also have guidelines addressing the climate issue and our position in relation to other sectors, including agriculture, forestry, fossil fuels, mining and real estate. These guidelines are a part of

Sustainability governance structure

our implementation strategy where we set conditions with the aim to support and challenge customers to take responsibility and to make the transition needed to fulfil the objectives of the Paris Agreement.

We review and update sector guidelines regularly to align requirements, expectations and structure. We update the corresponding internal documentation and processes to implement these sector guidelines.

On the investment side, we are committed to integrating ESG factors into our analysis, decision-making processes and active ownership practices. NLP's policy framework for ESG areas and climate change consists of a Responsible Investment Policy and Climate Change Policy. For own managed assets in NLP, we exclude investments in issuers that base any exploration and production volumes on unconventional oil and gas.

Our polices together with all our position statements, thematic and sector guidelines can be found at nordea.com/sustainability and is further detailed in Note "S8 Position statements and guidelines" and Note "S9 Directives, instructions and policies" on pages 377–378.

Financial crime prevention

We fully recognise the threat that societies face from human trafficking, terrorism, corruption, drug smuggling, tax evasion and other forms of illegal activity and have over the years built strong defences to prevent that our resources, products, and services are used to facilitate financial crime. Tracking down and stopping the flow of money from these activities is key to disrupting the criminals involved. Therefore, as a financial institution, we are uniquely positioned to be part of the solution. We commit to complying with the laws and regulations relevant to anti-money laundering, counter terrorist financing, sanctions and anti-bribery and corruption in the jurisdictions in which we operate. In 2023 we further strengthened our financial crime prevention capabilities through new investments in technology, additional employees, training, and more sophisticated prevention and detection techniques.

Similar to 2022, in 2023 a number of countries and international bodies continued to introduce new sanctions in continuous response to the invasion of Ukraine by Russian forces. The sanctions currently include the freezing of assets, deposit restrictions, restrictions on economic relations with certain regions in Ukraine, restrictions focusing on the energy and finance sector, import and export restrictions and overflight bans. Nordea has implemented the applicable sanctions rules introduced by the relevant authorities.

As a consequence of the current sanctions regime and the increasing breadth and complexity of sanctions in force, in 2022 Nordea has decided not to conduct any business activities that relate to the regions of Donetsk, Luhansk, Zaporizhzhia and Kherson. A similar policy was already in place with respect to Crimea and Sevastopol. Furthermore, due to the current sanctions regime and the restrictions in force, in 2022 Nordea stopped the automated processing of payments to and from Russia and Belarus. These policy decisions continue to be in place.

As sanctions measures continue to curb the ability to support and finance the war in Ukraine, the sanctioned parties and facilitators are seeking alternative ways to circumvent sanctions. Nordea remains vigilant to the risk of the bank's products and services being used to evade sanctions and continues to enhance its controls to mitigate sanctions evasion risks.

Our Fraud unit continues to mitigate the threats of phishing (phone calls, e-mails and text messages) and scams through prevention, detection and awareness activities.

Financial crime is a broader societal issue which no financial institution can fight alone. We work together with a wide range of external stakeholders, including financial supervisory authorities, industry associations, tax authorities and the financial units in each of the countries we operate in, and promote information sharing between banks and the relevant authorities, enabling more effective and proactive detection of financial crime.

Anti-bribery and corruption

Nordea has a holistic Group-wide anti-bribery and corruption programme, which outlines how we prevent, detect and correct matters related to bribery and corruption. Key features include: a clear tone from the top, a Group Accountable Executive for anti-bribery and corruption, an extensive suite of internal policies and procedures, communication and training and a dedicated advisory function. In addition, the programme includes gifts and hospitality reporting requirements, management reporting, an annual risk assessment, monitoring and testing, and third-party risk management capabilities. The programme encompasses all three lines of defence. A cornerstone of the anti-bribery and corruption control framework is the Raise Your Concern programme as outlined in a separate section.

All employees must complete annual awareness training on financial crime risks, including bribery and corruption. The training outlines the key bribery and corruption concepts, Nordea's potential exposures and prevention programme, requirements placed on all employees and provides references to additional information. Moreover, 7.4% of the total workforce have completed further in-depth anti-bribery and corruption training tailored to their risk profile. The Group Board and the Group Leadership Team undertake biennial specialised financial crime training, emphasising their responsibilities in relation to bribery and corruption.

Cyber security

Introducing new technologies, exploring new ways of doing business and connecting with customers widen banks' attack surface. At the same time, entities that pose cyber threats are becoming more organised, resourceful and experienced. Banks must also deal with the asymmetry of having to protect all assets, while entities engaged in cyber threats merely need to find one weak spot. Combined, these factors pose an unprecedented risk to the banking industry. In the normal course of business, we focus not only on maintaining effective basic information security controls but also on enhancing our cyber defence with new tools and functions for security, detection and response. We develop innovative security practices to meet new business demands, such as robust mobile banking applications and proactive customer support for fraud detection and prevention. We develop our information security practice based on recognised industry best practices such as the ISO 27000 series standards and the frameworks provided by the National Institute of Standards and Technology in the US. Furthermore, we need to comply with financial industry legislation, for example European Banking Authority guidelines and other European legislation introducing specific information security requirements. To respond to the increased cyber threat level caused by the continued war in Ukraine, we have scaled up selected cyber controls and implemented a wide range of tactical measures to further improve our cyber resilience. In addition, we have teamed up with partners from governmental organisations, law enforcement agencies, intelligence networks, peers in the industry and others to share intelligence and experience.

Data privacy

Keeping our personal data safe is part of our commitment to be a safe and trusted bank. Data privacy is therefore an integral part of our business and operations and an important element of our digital strategy. In 2023 we continued to enhance our ability to ensure compliance with applicable privacy laws

S5. Governance and culture, cont.

by dedicating more employees to data privacy operations. Our privacy units continued their important work, which included providing training, advice and support and carrying out assurance activities on privacy-related issues. In 2023 we also updated the content of our mandatory Data Privacy training and rolled it out to all our employees. All new employees are equally obliged to complete training courses on the GDPR.

Sustainable procurement

With an annual spend of around EUR 2.5bn, we recognise that we have an important role to play in contributing to the sustainable transformation of our society. Sustainability is key to our procurement processes, and we have set ambitious targets. Working with suppliers that share our mindset and ambitions is crucial for us to be able to deliver on our targets.

To further strengthen transparency about our aspirations and direction, we developed a supplier vision in 2023, which not only outlines what we commit to as a buyer, but also describes what our expectations are towards our suppliers. We aim to be part of a collective movement that works towards a just transition of our society, to achieve a low-carbon, climate-resilient and circular economy, and partnering up with suppliers is a prerequisite for succeeding with that.

All our contracted suppliers must sign our Supplier Code of Conduct, which states our requirements related to human rights, labour rights, the environment and anti-bribery and corruption. It has a sub-contractor clause highlighting that we expect our suppliers to adopt similar principles in dealing with their suppliers. It also has an audit clause and a termination clause, and in the event of severe breaches, we reserve the right to terminate the agreement. However, that is considered the very last resort as we always aim to engage and support our suppliers in changing their practices to prevent it from happening again.

During 2023 we further matured how sustainability is integrated into all aspects of our procurement process. All new suppliers are being pre-screened before contracting for aspects such as country and sector risk, carbon intensity, violations of international norms, financial crime and adverse media. Any risks captured in this process are included in the dialogue with the suppliers and can result in deselection or mitigating actions prior to contracting. For selected high impact categories, we have developed product- or service-specific requirements, and we have guidelines stipulating that sustainability must be given a weight of 5–20% in these tenders. In relevant cases these requirements are translated into contractual clauses, which is an area we intend to develop further in 2024, recognising that our suppliers' commitments and actions are critical to ensure delivery on our joint transition. During the contract lifecycle, all our suppliers are monitored on the same aspects as in the pre-screening process, and identified risks are assessed and, if needed, addressed with the supplier.

In addition to the procurement process, we also conduct an annual assessment of the supply chain to identify suppliers with potentially elevated sustainability risks. These suppliers are subject to an in-depth review conducted by an external party and result in in agreed actions of improvement between Nordea and the supplier. In 2023 we conducted a sustainability review of a supplier providing cash handling services, and two suppliers of IT consultants. Again this year, we conclude that sustainability is becoming more anchored to the core business of our suppliers. No severe findings were identified during the reviews, but minor gaps were found related to the scope of diversity being too narrow focussing solely on gender, immature procurement practises where sustainability was not embedded as a selection criteria, lack of formalised and science based environmental targets, as well as immaturity on readiness to share relevant data aligned with the Corporate Sustainability Reporting Directive. In addition to the reviews conducted by our external auditor, we also conducted an in-depth engagement with an IT consultant supplier, which was identified to have potential negative social impacts related to allegations of harassment and potential

Sustainable procurement

100%

of **new suppliers** screened for **environmental and social issues**

EUR 2.5 bn

total spend in **supply chain**

infringement of the right to unionize. Improvements were agreed upon as result of the assessment.

In addition to the reviews, efforts have continued in 2023 to improve the sustainability performance of our branded gift and give-aways. In 2023 we reached 83% of our portfolio meeting defined sustainability requirements like certifications on textiles or recycled material content. The gap to reach 100% is caused by stock product which will be removed from the portfolio when stock is out.

In 2023 we consolidated our sustainability requirements into a Sustainable Procurement guideline which is embedded in our internal rules framework. The guideline explains how we conduct continuous due diligence, and how we identify and assess areas at risk of negative potential or actual impacts. In addition, it also covers how to cease, prevent, mitigate and remediate adverse impacts on people or the planet. Recommendations obtained from the inaugural UN Global Compact Human Rights Accelerator initiative have been included in the guideline and adopted into our practices, including principles and tools on how to embed the risk to people.

To support the implementation of the guideline on Sustainable Procurement, we have empowered and provided dedicated training sessions for our procurement practitioners in areas like human rights, circular economy, scope 1, 2 and 3 emissions and biodiversity. We recognise that competence development in the area of sustainability is, and will continue to be, a requirement to stay on top of regulations and topical matters also for our procurement practitioners.

We seek to promote progress on sustainable procurement at a more structural level and have, together with a range of other large companies, participated in a research initiative with Copenhagen Business School. Here we seek to share knowledge and advance best practices to support progress on the overall sustainable procurement agenda.

As part of our stakeholder engagement, we remain engaged in Atea Sustainability Focus (ASF) with participation

Supply chain data

In the table below, the supply chain data covers Denmark, Finland, Norway, Sweden, Poland, Luxembourg and Estonia. There were no significant changes to our supply chain in 2023.

Supply chain	2023	2022	2021
Total spend in EURm	2,576	2,230	2,114
Estimated number of active contracted suppliers	1,375	1,363	1,555
Number of new suppliers	82	128	145
Spend by supplier category (%)			
IT	29.7	27.8	27.1
People, insurance, legal	17.0	17.9	18.9
Out of scope[1]	20.5	18.7	17.9
Premises and facility management	12.5	13.6	14.1
Transaction banking	7.6	8.0	8.6
Data	5.0	6.1	6.3
Marketing and representation	2.6	2.6	2.3
Distribution	1.6	1.7	1.8
Technology	0.6	0.7	0.8
ATM and cash handling	0.9	0.9	0.9
Travel	1.1	0.9	0.3
Trading	0.4	0.5	0.5
Debt collection	0.3	0.3	0.4
Other[2]	0.2	0.2	0.2
Environmental assessments			
New suppliers screened for environmental issues (%)	100	100	100
Number of suppliers assessed for environmental impacts	145	91	84
Number of suppliers identified as having significant actual and potential negative environmental impacts	0	0	0
Suppliers identified as having significant actual and potential negative environmental impacts and with whom improvements were agreed as a result of assessment (%)	n/a	n/a	n/a
Suppliers identified as having significant actual and potential negative environmental impacts and with whom relationships were terminated as a result of assessment (%)	n/a	n/a	n/a
Social assessments			
New suppliers screened for social issues (%)	100	100	100
Number of suppliers assessed for social impacts	145	91	84
Number of suppliers identified as having significant actual and potential negative social impacts	0	0	0
Suppliers identified as having significant actual and potential negative social impacts and with whom improvements were agreed as a result of assessment (%)	1	n/a	n/a
Suppliers identified as having significant actual and potential negative social impacts and with whom relationships were terminated as a result of assessment (%)	1	n/a	n/a

1) Non-negotiable spend such as government fees or regulatory expenses.
2) Non-categorised spend such as other administrative expenses.

S5. Governance and culture, cont.

of several of the largest IT buyers in the Nordics. ASF is an initiative with the purpose of providing a multi-stakeholder platform for Nordic procurement organisations and the global IT industry to engage in how to achieve more sustainable operations. Through Nordea's representation on the Advisory Board of the ASF initiative, we seek to accelerate sustainability efforts in the IT industry. On an annual basis, the ASF Advisory Board provides recommendations for the Responsible Business Alliance, the world's largest industry coalition dedicated to supply chain sustainability. The coalition consists of more than 145 member companies related to the IT and electronics industry with collective annual revenues of around USD 5.5trn, representing over six million workers in the supply chain. In 2023 we also joined the TCO Certified Purchaser Advisory Forum as one of the founding members. We believe that cross-industry engagement is crucial to achieve change at the scale needed.

Responsible taxpayer

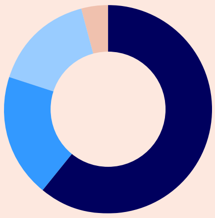
Contributing and being a responsible taxpayer in the jurisdictions in which we operate is one of the key elements in the sustainability work we carry out. Reporting and communicating our tax contributions in a transparent manner is a fundamental part of this work.

In addition to our own taxes, we also administrate and collect taxes such as VAT, payroll taxes for employees and

EUR **4,787**m
Total tax contribution

EUR **2,243**m
Taxes paid globally

Taxes paid by the Group 2023



Taxes that are paid represent a cost to Nordea and impact our financial results. The following taxes are included:

Corporate income tax
Tax paid in 2023 on income in the jurisdictions in which we operate. In some cases, this may include payments in relation to previous years as tax payments are often made in arrears or in advance. Also accrued withholding tax on dividends and interest payments to Nordea entities are included.

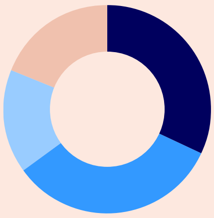
Social security contributions
As an employer, we pay social security contributions based on the remuneration paid to employees. This item includes, in addition to paid social security contributions, also accrued social security contributions on personnel costs.

VAT
We pay value added tax (VAT) and other sales taxes on goods and services. As we can only deduct or claim back a small proportion of the input VAT incurred, the part of an input VAT amount that cannot be deducted, recovered or reclaimed constitutes a tax income for the jurisdictions in which we are registered for VAT purposes.

Other taxes
Other taxes include mainly bank tax and property taxes.

EUR **2,544**m
Taxes collected globally

Taxes collected by the Group 2023



Taxes collected constitute taxes that we do not directly incur but collect from our shareholders, customers and employees on behalf of governments. These include:

Employee payroll taxes
We withhold income taxes and other social security contributions when paying remuneration to employees.

Withholding taxes
Withholding taxes on dividends and interest payments collected by Nordea on behalf of authorities.

Net VAT collected and reported
We collect VAT and other sales taxes on sales of taxable products and services to customers. We also report and pay reverse charge VAT on purchases made from other countries, when applicable. Net VAT collected and reported constitutes both VAT charged on our sales as well as reverse charge VAT paid on purchases made from abroad after a deduction of own input VAT has been made. It corresponds to the amounts reported on the final line in the VAT returns submitted to local tax authorities.

Other taxes
Yield tax for Danish and Swedish life & pension companies, Financial Transaction Tax and other taxes collected by Nordea on behalf of authorities.

withholding taxes on dividends. Starting from 2023, we voluntarily publish a breakdown of taxes paid and collected by jurisdiction – the main focus being on the four Nordic countries where we have our main markets. This represents a tax contribution report within the Sustainability note, describing our tax governance, our tax strategy and information on taxes paid and collected in a transparent manner, with a commitment to provide this information within the Annual Report timeline to ensure availability of this data to all stakeholders as early as possible. This is an expansion from previous years when only corporate income tax by jurisdiction was presented. Therefore, no comparison data for previous years is available in 2023.

Our approach to tax

Our approach to tax aims to balance the interest of our stakeholders which include shareholders, customers, governments and tax authorities. This includes handling our own taxes in a responsible, compliant and effective manner, not promoting or acting as a platform for aggressive tax planning as well as being transparent around our tax positions. Nordea's policy statements on tax are described in the Nordea Position Statement on Tax available at nordea.com. The tax strategy and tax policy are adopted by the CEO and reviewed annually by the Board Audit Committee to ensure that emerging risks are addressed.

We apply tax positions consistent with the tax laws and practices of the jurisdictions in which we operate. In addition, we also strive to act in accordance with the purpose of the tax legislation, i.e. the legislators' intention. Furthermore, we are committed to applying the arm's length principle between related parties, in accordance with the OECD as well as internal guidelines on transfer pricing.

Nordea is represented in the banking associations and similar organisations in the Nordic countries, and we actively engage in advocacy in relation to tax regulations.

Tax governance at Nordea

We operate under the three lines of defence model as the primary principle for managing risks and compliance. To ensure coherent governance of taxes, the Nordea Group Tax function is organised as a first line of defence support function, ensuring central oversight over tax matters in the Group. Group Tax supports with advice and recommendations in relation to tax, both in terms of our own taxes and in customer-related tax matters. Group Tax is also represented in special tax forums in each business area and performs quality and risk assessments to ensure proper management of tax risks in the Group. In addition, Group Tax issues guidelines for example for transfer pricing, aggressive tax planning and the Common Reporting Standard (CRS)/the US Foreign Tax Account Compliance Act (FATCA) and holds training sessions for employees on these and other tax-related matters. The tax risk appetite is decided annually by the Group Board within the Group Risk Appetite Framework. Breaches in relation to applicable tax legislation, Nordea's tax policy or any other actions relating to tax perceived as illegal or unethical may be raised through Nordea's whistleblowing function, Raise Your Concern. To ensure tax compliance and accurate disclosures on tax in our financial statements, tax calculations prepared by the Group entities are reviewed by Group Tax, and the Group's effective tax rate is analysed and monitored by Group Tax.

Statement on commitment to information sharing and a fair tax system

We are committed to the legal obligations of information sharing within the tax area and to complying with international reporting standards as implemented in national laws or bi- or multilateral conventions as well as other national legal requirements on customer tax reporting. By this we help tax authorities fight tax evasion and international tax crime.

The international reporting standards implemented in national legislation are mainly the Common Reporting Standard (CRS) and the International Government Agreements entered into on the basis of the US Foreign Account Tax Compliance Act (FATCA). In addition, there are EU directives on administrative cooperation, including DAC6 regarding reporting of cross-border arrangements.

Nordea tax contribution

EURm	Finland	Sweden	Denmark	Norway	Other	Total
Taxes paid by the Group						
Corporate income tax[1]	344	395	405	129	86	1,358
Social security contributions	16	183	128	54	49	431
Irrecoverable / non-deductable VAT	107	110	106	28	6	357
Other	4	83	8	1	0	97
TOTAL	**471**	**771**	**648**	**212**	**141**	**2,243**
Taxes collected by the Group						
Employee payroll taxes	129	156	316	170	45	816
Withholding tax	620	180	0	30	8	839
Other taxes[2]	103	117	211	48	0	480
Net VAT collected and reported[3]	92	115	120	76	7	410
TOTAL	**945**	**568**	**647**	**324**	**60**	**2,544**

1) Yield tax is not presented here, but in the row Other taxes in Taxes collected
2) Other taxes include yield tax, Financial Transaction Tax and other taxes collected on behalf of authorities.
3) Also including State Sales Tax in the USA (NY).
In addition to taxes, Nordea pays several industry-related fees and charges such as resolution fees and deposit guarantee fees, thus contributing to financial stability.

The CRS is a global standard for the automatic exchange of financial account information between local competent authorities from different countries issued by the OECD. The standard requires financial institutions to identify and document financial accounts held by customers with tax residence in another country or jurisdiction other than their own and report that information to the local competent authorities which will exchange the information. Over 100 jurisdictions have committed to the reporting standard and implemented it in their national legislation.

FATCA is a legal framework requiring financial institutions to identify and report financial accounts held by US persons to the local tax authorities which will subsequently submit the information to the US Internal Revenue Service (IRS). Approximately 100 countries and the US have entered into information exchange agreements.

DAC6 requires intermediaries and taxpayers to disclose potentially aggressive tax planning arrangements to the tax authorities to minimise the use and promotion of such schemes. The tax authorities will report the arrangements to a central database accessible by the authorities of the EU member states. In relation to DAC6, we have implemented a governance procedure across our business areas to enable us to fulfil our reporting obligations as an intermediary.

In addition to international customer tax reporting, we report financial information about our customers to the tax authorities in each of the Nordic countries. The reporting is a mandatory requirement in the national legislation, and the reported information is used by the tax authorities to prepare taxpayers' income tax returns and for control purposes.

Fair, effective and balanced tax system

We support global initiatives and measures for a fair, effective and balanced tax system.

Base erosion and profit shifting (BEPS) refers to tax planning strategies used by multinational enterprises to exploit gaps and mismatches in tax rules to avoid paying tax. Within the OECD/G20 Inclusive Framework on BEPS, over 135 countries and jurisdictions are collaborating on the implementation of 15 measures to tackle tax avoidance, improve the coherence of international tax rules and ensure a more transparent tax environment. We support the BEPS measures as a step towards fair taxation.

As part of this, we also support the OECD Two-Pillar Solution to address the tax challenges arising from the digitalisation of the economy. Pillar 1 focuses on changing the taxation of digital business. Pillar 2 (Global Anti-Base Erosion – GloBE) will impose a global minimum tax rate of 15% on the profits of multinational enterprises as of 2024. We ensure that we can comply with the GLoBE rules.

Statement on relationship and collaboration with tax authorities

For our tax practices, the tax authorities are the key stakeholder in all the jurisdictions in which we operate. We have a professional, constructive and transparent relationship with the tax authorities and aim at ensuring a good local tax reputation. The collaboration with the tax authorities can be characterised as good with mutual respect and truthful communication.

We have regular interactions with the tax authorities in each of the Nordic countries – our main markets – where we discuss relevant and any material tax issues. We are proactive and inform about significant transactions and seek clearance through binding rulings when needed.

In the tax returns we provide clear and complete information, and in some cases we make use of advance pricing agreements. Audits are handled in a timely, professional and effective manner, and feedback received from the tax authorities in audits and from other interactions is used to reduce our tax risk. We always act according to our values.

Tax strategy key elements

Key elements in Nordea's approach to tax

Tax management

- Handling our own taxes in a responsible, compliant and effective manner
- Not promoting or acting as a platform for aggressive tax planning
- Applying tax positions consistent with the tax laws and practices of the jurisdictions in which we operate

Tax transparency

- Reporting and communicating our tax contributions and tax positions in a transparent manner
- Committing to the legal obligations of information sharing within the tax area and complying with international reporting standards

Interaction with tax authorities

- Maintaining a professional, constructive and transparent relationship with the tax authorities and aim at ensuring a good local tax reputation

S5. Governance and culture, cont.

Country by country reporting

The table below presents, for each country where Nordea is established (i.e. where Nordea has a physical presence), information about the businesses, the geographical area, the average number of employees, total operating income, operating profit and income tax expense. Nordea is considered to have a physical presence in a country if Nordea has a group undertaking, an associated undertaking or a branch in that country.

Total operating income, operating profit and income tax expense are compiled from the consolidated financial statements of Nordea prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the EU Commission. The consolidated financial statements of Nordea are published in Nordea's Annual Report and are available at nordea.com. Nordea has not received any significant government subsidies.

			2023				2022			
Country	Business[1]	Geographical area	Average number of employees	Total operating income[2], EURm	Operating profit, EURm	Income tax expense, EURm	Average number of employees	Total operating income[2], EURm	Operating profit, EURm	Income tax expense, EURm
Denmark	RB, CB, AM, LP	Denmark	6,953	3,295	1,597	-361	6,714	2,839	1,287	-265
Finland	RB, CB, AM, LP	Finland	6,161	3,445	1,572	-330	5,920	2,240	413	-244
Sweden	RB, CB, AM, LP	Sweden	6,346	3,272	1,565	-316	6,103	2,798	1,331	-280
Norway	RB, CB, AM, LP	Norway	2,844	2,062	1,277	-308	2,775	1,976	1,296	-305
Poland	Other	Poland	5,244	282	20	-4	4,623	217	11	-2
Estonia	Other	Estonia	1,036	56	3	-1	883	43	3	-1
Luxembourg	AM, LP	Luxembourg	192	270	188	-54	184	305	226	-56
United States	RB, CB, AM, LP	New York	104	128	87	-15	102	113	75	-5
United Kingdom	RB, CB, AM, LP	London	45	33	16	-3	32	103	102	-11
Singapore	CB	Singapore	6	1	0	0	4	1	0	0
Germany	CB, AM	Frankfurt	13	15	10	-3	17	16	10	-3
Switzerland	AM	Zürich	5	3	0	0	5	2	0	0
China	CB	Shanghai	27	8	1	-1	27	7	1	-1
Italy	AM	Rome	10	6	0	-8	11	7	1	0
Spain	AM	Madrid	5	1	0	0	5	2	0	0
France	AM	Paris	2	2	1	0	5	1	0	0
Chile	AM	Santiago	2	1	0	0	2	1	0	0
Belgium	AM	Belgium	2	2	0	0	3	1	0	0
Austria	AM	Vienna	1	1	0	0	1	1	0	0
Portugal	AM	Lisbon	57	9	1	0	37	6	0	0
Russia[3]	CB	Russia	–	–	–	–	0	9	6	-2
Eliminations[4]			–	-1,149	–	–	–	-967	–	–
Total			**29,055**	**11,743**	**6,338**	**-1,404**	**27,453**	**9,721**	**4,762**	**-1,175**

1) RB=retail banking, CB=commercial banking, AM=asset management, LP=life & pension. Breakdown based on Nordea's business activities, not on Nordea's organisational units.
2) Total operating income presented in this table is broken down by country based on where Nordea has a physical presence, i.e. where Nordea has a group undertaking, an associated undertaking or a branch.
3) Nordea announced its decision to wind down its operations in Russia in December 2020, completing its exit from the Russian market during 2022. As a result, the Group generated no income in Russia in 2023.
4) Eliminations of transactions consist mainly of intra-group IT services.

S5. Governance and culture, cont.

Nordea discloses the names of the group undertakings, associated undertakings and branches for each country where Nordea is established. These disclosures are presented in Note G9.3 "Investments in associated undertakings and joint ventures" and in Note G9.1 "Consolidated entities" of the latest financial statements of Nordea and in the list below.

Denmark
Nordea Investment Management AB, Danish Branch
Nordea Fund Management, filial af Nordea funds Oy, Finland

Finland
Nordea Investment Management AB, Finnish Branch

Sweden
Nordea Funds Ab, Swedish Branch

Norway
Nordea Investment Management AB, Norwegain Branch
Nordea Funds Ltd, Norwegian Branch

Italy
Nordea Investment Funds S.A., Italian Branch

France
Nordea Investment Funds S.A. French Branch

Belgium
Nordea Investment Funds S.A., Belgium Branch

Austria
Nordea Investment Funds S.A., Austrian Branch

Chile
NAM Chile SpA

Germany
Nordea Investment Management AB, German Branch
Nordea Investment Funds S.A., German Branch

Portugal
Nordea Investment Management AB, Portugal Branch
Nordea Investment Funds S.A. Portugal Branch

Singapore
Nordea Asset Management Singapore Pte. Ltd.

Switzerland
Nordea Bank S.A. Luxemburg Zweignieder lassung, Zürich
Nordea Asset Management Schweiz GmbH

Spain
Nordea Investment Funds S.A. Spanish Branch

United Kingdom
Nordea Investment Funds S.A. UK Branch

United States
Nordea Investment Management North America inc.

S6 Materiality and impact analysis

As a member of the core group of founding banks and a signatory to the Principles for Responsible Banking (PRB), we are committed to the objectives of the Sustainable Development Goals (SDGs) and the Paris Agreement. We have performed a combined materiality and impact analysis of our activities, addressing the requirements set out in the Global Reporting Initiative (GRI) Standards and in the PRB. The purpose of the analysis is to identify our most significant sustainability impacts to use as input for our long-term plan for how to integrate sustainability into our business strategy. The combined analysis was undertaken at two levels in parallel:

- A strategic level looking at the SDGs, the Paris Agreement as well as international, regional and national regulations and frameworks to identify material sustainability topics.
- An impact level using the UNEP FI Portfolio Impact Analysis Tool for Banks to identify specific targets to drive alignment with and contribution to the sustainability areas identified as significant at the strategic level.

We conducted a comprehensive materiality and impact analysis in 2020 and we have revisited the analysis annually. In 2023 we conducted a new impact analysis of the lending portfolio. The conclusion is that the areas of most impact are still valid. As preparations for CSRD and double materiality assessment is ongoing, there will be significant updates to the process in 2024. Below is a detailed description of the steps in the materiality and impact analysis.

Materiality analysis at a strategic level

At the strategic level, we used the SDGs as a basis for identifying potentially relevant material sustainability topics since the Paris Agreement and most of the other relevant regulations and frameworks relate to topics that are accommodated in the SDGs.

The entire Nordea Group was considered in the analysis, which means all business areas, all products and services as well as internal operations. In order to identify the SDGs most material to Nordea, we assessed which topics could have an impact on us as well as the topics that we can impact. This resulted in the identification of topics relating to eight SDGs that are of significance to us from either a direct or an indirect impact perspective: quality education, gender equality, affordable and clean energy, decent work and economic growth, industry, innovation and infrastructure, reduced inequalities, responsible consumption and production and climate action.

Impact analysis

In 2020 we conducted an impact analysis alongside our strategic evaluation, with a specific focus on lending and our balance sheet. This analysis considered the needs of each country and the extent of exposure. It included three of our four business areas: Personal Banking, Business Banking and Large Corporates & Institutions. As a Nordic bank predominantly serving Denmark, Finland, Norway, and Sweden, the impact analysis naturally covered these countries.

In 2022 we conducted the impact analysis on investments for Nordea Asset Management(NAM) based on the Investment Portfolio Impact Analysis Tool launched in 2021. Leveraging this tool, we incorporated NAM's asset under management data as of 31 August 2022 and used the global view of needs linked to the SDGs due to the diversity of countries and sectors of NAM's investments.

In 2023 we performed a new round of impact analysis for our lending portfolio. This initiative was driven by an update to the impact analysis tool, providing more detailed sector-specific information and a more comprehensive data requirement. We used the products perspective for Personal Banking and industry classification for Large Corporates & Institutions and Business Banking. The outcome of the analysis in 2023 aligned with our previous findings in 2020 and 2022, with the same Sustainable Development Goals (SDGs) continuing to be of importance for us.

We populated the UNEP FI Portfolio Impact Analysis Tool with exposure at default (EAD) for both the 2020 and 2023 data for the analysis of our lending portfolio. For a full list of the exact exposure per sector and country for 2023, see Note G11 “Risk and liquidity management”.

When populating the impact tools with our data, we could conclude that the same SDGs we had identified at a strategic level were also relevant from a portfolio perspective. In addition, the tool helped us determine that our financing and investments have an impact on resource efficiency and that our financing also has an impact on biodiversity.

Feeding analysis results into the strategy

All in all, the combined materiality and impact analysis identified ten SDGs that are of significance to Nordea from an impact perspective – either negative or positive. The ten SDGs were grouped into three strategic pillars: financial strength, climate and environmental action and social responsibility. We also work with upholding peace, justice and strong institutions as part of a strong foundation and we work in partnerships to achieve the goals. These make up our fourth strategic pillar: governance and culture. In the table on the next page we describe the rationale and impact of each significant SDG and map them in relation to the strategic pillars. We have identified climate change and biodiversity as our two significant impact areas.

All four pillars are connected to 2023–2025 targets, whereas climate and environmental action also has measurable long and medium-term objectives. In addition, we have established sector targets for the climate impact in relation to our financing activities within specific sectors and industries. The objectives and targets are presented in the relevant sections of the report in Note S2 “Financial strength”, Note S3 “Climate and environment”, Note S4 “Social responsibility” and Note S5 “Governance and culture”.

The strategy was decided by the Group Leadership Team and supported by the Board in December 2020 and it has been evaluated and confirmed annually in the following years. We have established a comprehensive sustainability governance structure for the integration of sustainability into our business strategy as described on pages 364–365 in Note S5 “Governance and culture”.

Stakeholder interaction

When conducting the materiality and impact analysis in 2020, we worked closely with internal stakeholders from all levels and parts of the organisation and we also had a dedicated group of Board members as an advisory group who were consulted on several occasions. In addition, we sought input from external stakeholders such as academia, NGOs, investors and customers. The purpose was to put our suggested strategy into a holistic context, challenging our approach to ensure that all relevant impacts had been taken into consideration.

We believe feedback and opinions from all of our customers and stakeholders make us a better bank and business partner. One important stakeholder group with insights from the broader civil society is non-governmental organisations (NGOs) and non-profit organisations. In 2023 we met with several of these organisations to share our practices and be advised on various issues within sustainability.

UNEP FI Portfolio Impact Analysis Tool for Banks

The impact analysis was performed using the UNEP FI Portfolio Impact Analysis Tool for Banks, which covers the four requirements for undertaking impact analysis: scope, scale of exposure, context and relevance and scale and intensity/salience. They are described in the PRB Reporting and Self- Assessment Template included in a separate indices document available at nordea.com/sustainability.

S6. Materiality and impact analysis, cont.

Significant SDGs for Nordea

Significant SDG	Rationale and impact	Strategic pillar
4 QUALITY EDUCATION	Our community engagement activities contribute positively to increasing the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. Furthermore, we have a possibility, and an obligation, to increase awareness among our customers to ensure that they acquire the skills needed to promote sustainable development by offering and advising them on our sustainability-enhanced funds and other products that will contribute to sustainability.	Social responsibility
5 GENDER EQUALITY	Our diversity efforts have gender balance as a starting point with the aim to have a positive impact. We work to ensure equal access to job opportunities for women and men, we support women in leadership, we are committed to ensuring equal remuneration for all employees and we have zero tolerance of violence and harassment in the workplace.	Social responsibility
7 AFFORDABLE AND CLEAN ENERGY	Together with all other actors in the financial sector, we have a key role to play in the creation of a low-carbon and climate-resilient economy by redirecting capital flows towards more sustainable technologies and businesses through both financing and investments. Through our green bonds, we can have a positive impact by ensuring access to affordable and clean energy as proceeds are allocated to, for example, renewable energy.	Climate and environmental action
8 DECENT WORK AND ECONOMIC GROWTH	We are a large employer primarily in the Nordic countries and Poland and as such have a positive impact on the societies in which we operate. We employ young people, both temporarily during the summer and new graduates. However, the digital transformation is leading to redundancy of certain jobs, which has a negative impact on employment. Within our own operations, but primarily through our financing and investments, we work to abolish forced labour, human trafficking, modern slavery and child labour with policies, guidelines, assessments and through transaction monitoring to help reduce our negative impact. Ensuring access to financial services for everyone is part of our banking licence; hence our impact is positive.	Social responsibility
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Helping entrepreneurs to build sustainably successful businesses is one of the best ways for a bank to engage in society and to have a positive impact. We support entrepreneurs on their entire journey, from start-up to large company, with the aim of providing them with financing, networks and the requisite skills.	Social responsibility
10 REDUCED INEQUALITIES	Our ability to grow sustainably depends on the people we employ, the environment we provide and how well we succeed in including diversity of thought. We aim to attract and retain talent irrespective of not only gender, but also of age, ethnicity, sexual orientation, religion or any other aspect, hence positively contributing to reducing inequalities.	Social responsibility
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	In the four Nordic countries where we have the majority of our business, living standards are high, which results in unsustainable consumption patterns with a large amount of waste and a negative impact on the environment. Here we have a role to play, working primarily with our corporate customers towards a circular economy. We also have an impact on the circular economy through our own operations, mainly through procurement but also through our own facility management. Furthermore, we create awareness about sustainable development and responsible consumption with our retail customers in advisory meetings and by offering them products and services focused on sustainability.	Climate and environmental action
13 CLIMATE ACTION	Through our significant exposure to sectors with high greenhouse gas emissions, such as real estate, shipping and agriculture, we have a negative impact on climate change. Although we have the greatest impact on the climate through financing and investments, we also work to reduce the climate impact of our internal operations, such as business travel and energy consumption.	Financial strength Climate and environmental action
14 LIFE BELOW WATER	Through our exposure to the shipping industry, we have a negative impact on the marine environment through for example ballast water and noise pollution.	Climate and environmental action
15 LIFE ON LAND	We recognise the value of biodiversity and functioning ecosystems and the societal threats from loss and degradation. We recognise that we contribute to negative impact through financing of, investing in and buying from companies with large negative impact and our responsibility to take action by including biodiversity in our business model, sustainability governance and offerings.	Climate and environmental action
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	We fully recognise the threat that societies face from human trafficking, terrorism, corruption, drug smuggling, tax evasion and other forms of illegal activities. Tracking down and stopping the money flows from these activities is a key way to disrupt the criminals involved. We, like any other financial institution, are uniquely positioned to be part of the solution and contribute to reducing the negative impact on societies.	Governance and culture
17 PARTNERSHIPS FOR THE GOALS	We recognise the importance of participating in and supporting international commitments that enable businesses to collectively address the global sustainability challenges and work towards the objectives of the SDGs and the Paris Agreement.	Governance and culture

S7 Our stakeholders

We are committed to building and sustaining strong and long-lasting relationships with our stakeholders. We continually seek insights into their needs and expectations and respond in a timely manner with relevant actions and engagement.

Who they are	What they need/expect	Our actions in 2023
Customers		
– Households – Small and medium-sized companies – Large corporates and institutions – High net worth individuals	• Convenient and easy access to expert advice • Broad range of competitive financial products and services • Support in maiking sustainable choices • Personal approach • Safe and trusted bank	• Customer feedback systematically collected through various channels, continually adjusting services in response • Provided dedicated training in local communities to support customers with less digital experience • Engaging with and supporting customers in their net-zero transition planning • Assessed sustainability preferences of customers and further expanded Nordea Sustainable Selection offering • Developed corporate customer engagement strategy based on Climate Transition Maturity Ladder
Employees		
– Around 30,000 employees from all over the world	• Fair employment terms • Professional development opportunities • Productive working environment • Safe and inclusive workplace • Recognition	• Closely tracked employee engagement and well-being through quarterly People Pulse surveys • Held regular Performance, learning and development dialogues and created development plans to support professional development • Maintained a hybrid working model, enabling employees to have a mix of working together at the office and from home • Set targets to further improve our people's perceptions of fair treatment, equal opportunities, and inclusion
Shareholders		
– More than 590,000 private individuals across the Nordics – Large institutional investors	• Long-term business strategy • Timely and transparent communication • Sustainable practices and sustainability commitments • Stable finances	• Held individual investor meetings, ran questionnaires and hosted Annual General Meeting to gain insights into expectations and needs • Incorporated additional environmental, social and governance (ESG) disclosures into quarterly and annual reporting • Improved ESG rating scores
Suppliers		
– Close to 1,500 contracted suppliers	• Adherence to contractual terms • Timely payment • Being a responsible buyer	• Continued to agree and work towards common targets in areas such as climate impact, human rights and labour rights • Further integrated sustainability screening and monitoring into daily sourcing practices and risk processes
Authorities		
– Government bodies – Market authorities – National supervisory authorities – European Central Bank – Wide spectrum of political and economic interest groups	• Accurate and professional implementation of regulatory and supervisory requirements • Incorporation of ESG into regulatory requirements • Strategic approach to climate-related and environmental risks • Experts contributions to policy discussions	• Tested the resilience of sustainability in Nordea's business model through participation in EU-wide stress test • Prioritised development of data models to quantify ESG-related impact and risk exposures and to enhance our capabilities • Interacted with supervisors on an ongoing basis, ECB at a group level and each national supervisor at a local level • Provided expert input on regulatory proposals at national and EU level
Broader society		
– General public – Media – Non-governmental organisations – Rating agencies – Educational institutions – Aspiring entrepreneurs	• Taking responsibility for impact of operations • Presence in society and dialogue with our stakeholders • Support to improve financial and digital literacy • Entrepreneurship support • Transparency on Nordea's processes and engagements within sustainability	• Was a substantial taxpayer in our main countries of operation and also paid social security contributions and bank levies in our countries of operation • Helped build financial skills and foster entrepreneurship through participation in over 20 programmes and partnerships • Continued to develop sustainability policy framework to support and challenge customers and investees needing to transition to a more sustainable future • Established sector targets for climate-vulnerable sectors • Meetings and information sharing with NGOs and rating agencies about their key questions and on improving our sustainability work

S8 Position statements and guidelines

In this note we present all our position statements and guidelines, that provide guidance and principles in relation to different themes or sectors for dealing with both business opportunities and risk reduction.

Sector guideline	Published
Agricultural industry	September 2020
Defence industry	November 2023
Forestry industry	November 2019
Fossil fuel-based industry	November 2023
Gambling industry	August 2023
Mining industry	November 2023
Real estate industry	November 2019
Shipping industry	August 2023

Position statement	Published
Climate Change	May 2019
Tax	June 2022

Thematic guideline	Published
Biodiversity	November 2023
Social responsibility	December 2023

S9 Directives, instructions and policies

In this note we present a list of our Group Board directives, Group CEO instructions and policies. Due to changes in the structure of Nordea's Group Internal Rules, the order of the list has been updated accordingly.

Internal Rule	Approval	Latest update	Disclosure
Group Board Directive on Internal Governance	Group Board	2022	Not public
Group Board Directive on rules of procedure for the Group Board	Group Board	2023	Not public
Group Board Directive for the Board Audit Committee	Group Board	2023	Not public
Group Board Directive for the Board Remuneration and People Committee	Group Board	2023	Not public
Group Board Directive for the Board Risk Committee	Group Board	2023	Not public
Group Board Directive for the Board Operations and Sustainability Committee	Group Board	2023	Not public
Group Board Directive for the Group CEO	Group Board	2023	Not public
Group CEO Instructions on Strategy	Group CEO	2023	Not public
Group CEO Instructions on Resolution Planning	Group CEO	2023	Not public
Group CEO Instructions on ESG Factors	Group CEO	2023	Not public
Group CEO Instructions for the Asset & Liability Committee	Group CEO	2023	Not public
Group CEO Instructions for the Risk Committee	Group CEO	2023	Not public
Group CEO Instructions for the Sustainability and Ethics Committee	Group CEO	2023	Not public
Group CEO Instructions for the Data & Technology Committee	Group CEO	2023	Not public
Group CEO Instructions for the Digital Committee	Group CEO	2023	Not public
Group CEO Instructions for the Financial Steering Committee	Group CEO	2022	Not public
Group Board Directive for the Risk and Remuneration Alignment Committee	Group Board	2022	Not public
Group CEO Instructions for the Heads of Business Areas and Group Functions and the Quarterly Review Meetings	Group CEO	2023	Not public
Group CEO Instructions for Group Business Support	Group CEO	2023	Not public
Group CEO Instructions for Group Finance	Group CEO	2023	Not public
Group CEO Instructions for Group People	Group CEO	2023	Not public
Group CEO Instructions for Chief of Staff Office	Group CEO	2023	Not public
Group Board Directive for the second line of defence risk function	Group Board	2023	Not public
Group Board Directive for Group Compliance	Group Board	2022	Not public
Group Board Directive for Group Internal Audit	Group Board	2023	Not public
Group CEO Instructions for Group Legal	Group CEO	2021	Not public
Group CEO Instructions for the Group Branch Management	Group CEO	2023	Not public
Group CEO Instructions on Technology Governance and Strategy	Group CEO	2023	Not public
Group Board Directive on Procurement	Group Board	2023	Not public
Nordea Supplier Code of Conduct	Other	2023	Public
Group Board Directive on selection of external auditors and pre-approval of services provided by external auditors	Group Board	2023	Not public
Group Board Directive on Data Governance	Group Board	2023	Not public
Group Board Directive on Suitability	Group Board	2023	Not public
Group CEO Instructions on Executive Accountability	Group CEO	2021	Not public
Group Board Directive on Promotion Gender Balance	Group Board	2023	Not public
Group Board Directive on Product Governance Arrangements	Group Board	2023	Not public
Group CEO Instructions on Financial Control	Group CEO	2023	Not public
Group CEO Instructions on Tax	Group CEO	2021	Not public
The Nordea Tax Policy	Group CEO	2022	Public
Group CEO Instructions on Transfer Pricing	Group CEO	2023	Not public
Group CEO Instructions on Tax and Customer Advice	Group CEO	2021	Not public
Group Board Directive on ICAAP and ILAAP	Group Board	2022	Not public
Group Board Directive on Disclosure Policy	Group Board	2023	Not public
Group Board Directive on Code of Conduct	Group Board	2023	Not public
Nordea Code of Conduct	Group Board	2023	Public

S9. Directives, instructions and policies, cont.

Internal Rule	Approval	Latest update	Disclosure
Group Board Directive on Risk	Group Board	2022	Not public
Group Board Directive on Risk Appetite	Group Board	2023	Not public
Group Board Directive on Interest Rate Risk in the Banking Book Strategy	Group Board	2022	Not public
Group Board Directive on Significant Risk Transfer	Group Board	2022	Not public
Group CEO Instructions on Market Risk	Group CEO	2023	Not public
Group Board Directive on Liquidity Risk	Group Board	2023	Not public
Group CEO Instructions on Liquidity Risk	Group CEO	2023	Not public
Group CEO Instructions on Model Governance	Group CEO	2023	Not public
Group CEO Instructions on Credit Risk	Group CEO	2023	Not public
Group CEO Instructions on the IRB Approach	Group CEO	2023	Not public
Group Board Directive on Capital	Group Board	2022	Not public
Group CEO Instructions on Capital Risk	Group CEO	2023	Not public
Group CEO Instructions on Operational Risk	Group CEO	2023	Not public
Group Board Directive on Compliance Risk	Group Board	2022	Not public
Group CEO Instructions on Complaints Handling	Group CEO	2021	Not public
Group CEO Instructions on Record Keeping for Investment Services and Activities, as well as Ancillary Services	Group CEO	2022	Not public
Group CEO Instructions on Customer Handling in the provision of Investment Services	Group CEO	2022	Not public
Group Board Directive on Data Privacy	Group Board	2022	Not public
Group CEO Instructions on Data Privacy	Group CEO	2022	Not public
Group Board Directive on Financial Crime Risk Management	Group Board	2023	Not public
Anti-Bribery & Corruption Policy Statement	Other	2023	Public
Nordea Sanctions Risk Management Policy Statement	Other	2023	Public
Group Board Directive on Conflicts of Interest	Group Board	2023	Not public
Conflict of Interest Policy	Group Board	2023	Public
Group CEO Instructions on Raising Your Concern	Group CEO	2023	Not public
Group Board Directive on Trading for Leading Officials	Group Board	2023	Not public
Group Board Directive on Personal Account Dealing in financial instruments	Group Board	2023	Not public
Group CEO Instructions on Inside Information handling and Market conduct/abuse	Group CEO	2022	Not public
Group Board Directive on Remuneration	Group Board	2023	Not public
Remuneration policy for governing bodies	Group Board	2020	Public
Group CEO Instructions on fixed base salary in the Nordic countries	Group CEO	2023	Not public
Group CEO Instructions on Pension and Insurances	Group CEO	2023	Not public
Group CEO Instructions on Benefits	Group CEO	2023	Not public
Group CEO Instructions on Nordea Incentive Plan	Group CEO	2023	Not public
Group CEO Instructions on Recognition Scheme	Group CEO	2023	Not public
Group CEO Instructions on knowledge and competence requirements for investment advisers and persons giving information	Group CEO	2022	Not public
Group Board Directive on Sustainability	Group Board	2023	Not public
Sustainability Policy	Group Board	2023	Public
The Nordea responsible marketing policy summary	Other	2023	Public
Diversity & Inclusion Policy	Other	2022	Public
Policy against Discrimination and Harassment	Other	2022	Public
The Nordea Responsible Investment Product Distribution Policy	Other	2023	Public
Nordea human rights policy	Group Board	2023	Public

Glossary

B

BREEAM – BREEAM (Building Research Establishment Environmental Assessment Method) is an international scheme that provides independent third party certification of the assessment of the sustainability performance of individual buildings, communities and infrastructure projects. Assessment and certification can take place at a number of stages in the built environment life cycle, from design and construction through to operation and refurbishment.

C

Climate VaR – CVaR (Climate Value at Risk) is a methodology designed to provide a forward-looking and return-based valuation assessment to measure climate-related risks and opportunities in an investment portfolio.

C

CSRD – Corporate Sustainability Reporting Directive (CSRD) modernises and strengthens the rules concerning the social and environmental information that companies have to report. EU law requires large companies and listed companies to publish regular reports on the social and environmental risks they face, and on how their activities impact people and the environment.

G

GHG Protocol – GHG Protocol (the Greenhouse Gas Protocol) establishes global standardised frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions. It is the most widely used greenhouse gas accounting standard in the world.

GDPR – GDPR (the General Data Protection Regulation) is a regulation in EU law on data protection and privacy for all individual citizens of the EU and the European Economic Area (EEA). The GDPR primarily aims to provide individuals with control over their personal data and to simplify the regulatory environment for international business by unifying regulation within the EU.

GRI Standards – GRI Standards (GRI Sustainability Reporting Standards) are provided by the GRI (Global Reporting Initiative) and used for sustainability disclosures. The GRI Standards create a common language for organisations and stakeholders, with which the economic, environmental, and social impacts of organisations can be communicated and understood. The GRI Standards are designed to enhance the global comparability and quality of information on these impacts, thereby enabling greater transparency and accountability of organisations.

I

IPCC – IPCC (the Intergovernmental Panel on Climate Change) is the United Nations body for assessing the science related to climate change. In October 2019 the IPCC released a special report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty.

L

LEED – LEED (Leadership in Energy and Environmental Design) is an internationally recognised green building certification system, providing third-party verification that a building or community was designed and built using strategies aimed at improving performance across all the metrics that matter most: energy savings, water efficiency, CO_2 emissions reduction, improved indoor environmental quality and stewardship of resources and sensitivity to their impacts.

M

MSCI – Morgan Stanley Capital International (MSCI) is an investment research firm that provides stock indexes, portfolio risk and performance analytics and governance tools to institutional investors and hedge funds.

P

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

S

SDGs – SDGs (the Sustainable Development Goals) are a collection of 17 global goals set by the United Nations General Assembly in 2015. The goals are an urgent call for action by all countries – developed and developing – in a global partnership. They recognise that ending poverty and other deprivations must go hand in hand with strategies that improve health and education, reduce inequality and spur economic growth – all the while tackling climate change and working to preserve oceans and forests.

Independent practitioner's limited assurance report

To the Management of Nordea Bank Abp

We have been engaged by the Management of Nordea Bank Abp (hereinafter also the "Company") to perform a limited assurance engagement on consolidated sustainability disclosures for the reporting period of 1 January 2023 to 31 December 2023, disclosed in Nordea Bank Abp's Annual Report 2023 in the Sustainability notes on pages 329-379, and in the Board of Directors' Report's section Non-financial statement for the EU taxonomy disclosures on pages 87-98 and on its website in the document Nordea Sustainability Indices 2023 (hereinafter the Selected sustainability information).

Selected sustainability information

The Selected sustainability information within the scope of assurance covers:

- Consolidated sustainability disclosures for the reporting period of 1 January 2023 to 31 December 2023, disclosed in Nordea Bank Abp's Annual Report 2023 in the Sustainability notes on pages 329-379 and on its website in the document Nordea Sustainability Indices 2023 (GRI Index).

  Furthermore, regarding the Sustainability information, the assurance engagement has covered disclosures on financed emissions for the reporting periods of 1 January to 31 December 2022 of Economic intensity for Agriculture and Physical emission intensity for Power Production, Motor vehicle asset class cars and vans, Commercial real estate and Shipping vessels. In addition the assurance engagement has covered the disclosures on Scope 3 emissions and of Business Loans and Commercial real estate in Lending portfolio for reporting of baseline year of 1 January to 31 December 2019.
- With regard to the Company's self-assessments/assertions of its commitments as a signatory of the Principles for Responsible Banking in the Nordea Sustainability Indices 2023, the assurance engagement has covered the following areas:
  – 2.1 Impact Analysis
  – 2.2 Target Setting
  – 2.3 Target Implementation and Monitoring
  – 5.1 Governance Structure for Implementation of the Principles
- EU taxonomy reporting as disclosed in Nordea Bank Abp's Board of Directors' report of Nordea Bank Abp's Annual Report 2023.

Management's responsibility

The Management of Nordea Bank Abp is responsible for preparing the Selected sustainability information in accordance with the Reporting criteria as set out in Nordea Bank Abp reporting instructions described in Nordea Bank Abp's Annual Report 2023, the GRI Sustainability Reporting Standards of the Global Reporting Initiative, the Global GHG Accounting and Reporting Standard for the Financial Industry (2022) of the Partnership for Carbon Accounting Financials (PCAF), Regulation (EU) 2020/852 and supplementing Delegated Act's and in the The Principles for Responsible Banking self-assessment (V2) (collectively Reporting criteria). The Management of Nordea Bank Abp is also responsible for such internal control as the management determines is necessary to enable the preparation of the Selected sustainability information that is free from material misstatement, whether due to fraud or error.

Practitioner's independence and quality management

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

PricewaterhouseCoopers Oy applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" This Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected sustainability information is free from material misstatement.

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

Our work consisted of, amongst others, the following procedures:

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

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Nordea Bank Abp's Selected sustainability information for the reporting period 1 January 2023 to 31 December 2023 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

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

Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Nordea Bank Abp for our work, for this report, or for the conclusion that we have reached.

Helsinki 26 February 2024

PricewaterhouseCoopers Oy

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