

# CSR Report 2009



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# Nordea in brief

Nordea is the largest financial service group in the Nordic and Baltic Sea region. In 2009 over 33,000 Nordea employees contributed to maintaining a strong position in a turbulent market. Assets under management at year end were EUR 158 bn, and Nordea had a market capitalisation of approximately EUR 29 bn.



<sup>1)</sup> Active customers i.e. in customer programme

## Nordea – with an outstanding starting point

### A unique customer base

Approx. 10 million Household customers and 700,000 active Corporate customers.

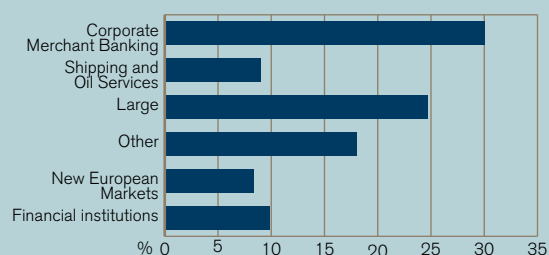
### Strong distribution power

Approx. 1,400 branches

### Financial strength

EUR 19,6 bn in tier 1 capital. Tier 1 ration 11.4 % before transition rules.

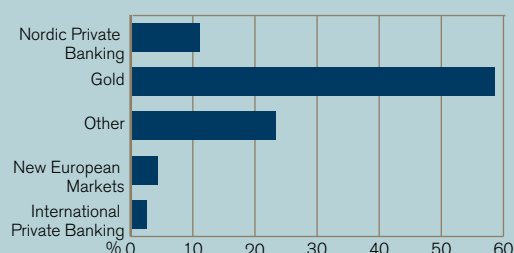
## Share of income, corporate customers, by segment, 2009



## Generated and distributed value 2009, EUR m



## Share of income, household customers, by segment, 2009



Nordea's operations are contributing to the economic systems in the countries where we operate; during the course of 2009 the economic value generated was distributed to different stakeholders as presented above.

# Word from our CEO



“ Nordea’s goal is to become a great bank in all respects. The goal was set three years ago and Nordea is well on its way. But to reach the goal CEO Christian Clausen believes that CSR and Nordea’s values need to be a part of Nordea’s DNA and visible in every day working life throughout the bank.

Welcome to Nordea’s second CSR Report. Throughout the year we have received many comments from readers on our first report. We learned that the report is of interest to a wide audience: students, customers, employees, shareholders, analysts and Non Governmental Organisations (NGOs). We are grateful for your interest and hope that we can describe our commitment to CSR in a clear and interesting way.

CSR should be an integral part of every organisation that wants to build strong relationships with its customers and have the acceptance of the societies in which it operates. Successful businesses have known this for a long time. As society evolves, business becomes more global and different cultural business practices merge, maintaining and building strong relationships is not only more important than ever but also more challenging.

In Nordea we believe that responsible business is a pre-requisite for sustainable results. By that we mean that every business area needs to conduct its business in a responsible way. In other words business owns and drives CSR in

Nordea. We do not have a large head office CSR function. Our CSR secretariat is relatively modest with the role to inspire and coordinate the CSR work conducted throughout our business. We know that it will take time to fully implement CSR throughout the organisation but once done it will be solid and part of our identity. The coordination is secured through a CSR Stakeholder Board with representatives from all business areas and functions whose responsibility it is to ensure that CSR activities are in line with business and coordinated throughout the Group.

We have many internal policies and procedures and we have voluntarily signed several international treaties but there cannot be a rule or a procedure for every conceivable situation. We have therefore chosen to connect CSR to our values so that our employees will never be without guidance. Our values are: Great Customer Experiences, One Nordea Team, It’s All About People. Our aim is to have our values and CSR be part of our company’s DNA. Our internal surveys show that our values are well established and in

2010 the surveys will also include CSR as well. Clearly for a corporate culture to be cohesive identical values need to permeate not only management but every person and every unit in the organisation. This is a challenge and a never-ending process.

Nordea's increased focus on CSR was manifested in the formation of a CSR Secretariat at the end of 2008 and a revised CSR strategy was approved by Group Executive Management in early 2009. The goals for 2009 were to ensure the environmental-friendliness of our own operations and to integrate CSR with our internal processes. The information flow to employees about environmental friendly behaviour has increased and been well received. There are, of course, challenges in a large organisation such as ours. I cannot honestly say that we are perfect but our ambition is to be great also when it comes to CSR.

In 2009 our highest priority was to proactively support our customers in tackling the financial turmoil in the best possible way. Our customers have asked for and received more advice than usual. Throughout Nordea we have worked according to one main premise – stay close to our customers and show that we are there both in good times and in bad. This does not mean that we grant every credit request but that we are there to give the best possible advice. As in every relationship support must be there when needed. I'm proud of our employees and I'm glad that we have earned the trust of new customers who have joined Nordea during the year, more than 12,000 Gold customers a month. We have been there during the hard times and increased loans to household customers by 13% and to corporate customers by 2%.

In 2009 we have improved the way we run our business by working smarter not harder; it is more environmental friendly now than a year ago and we use less energy in our main buildings and produce less CO<sub>2</sub> emissions. You can read more about this in detail in the following pages.

We have strengthened our resources within Responsible Investment (RI) and increased our RI portfolio. During the year we added cluster ammunitions as a part of our norm-based screening after close to 100 states signed a new convention that prohibits cluster ammunitions. In June our committee for Responsible Investments decided to exclude companies which are involved in the production of cluster ammunitions from our investment portfolio.

During 2009 we continued to work according to the international standards we voluntarily signed years ago and the consequential procedures they entail. On the following pages you will find the specifics of what we do and have in the pipeline. There are many details and several illustrations to make the details come alive.

I hope you enjoy your reading.

Sincerely,



Christian Clausen  
President and Group CEO

# About this report

The Nordea Group CSR report is intended for our stakeholders with a particular interest in sustainability. We continue to focus on the nonfinancial issues considered material to our business.

This is the second edition of the Nordea CSR report<sup>1)</sup>. Nordea has since 2002 produced an annual environmental report, the Nordea Environmental Footprint (NEF). This report is produced according to the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines and the Financial Services Sector Supplement (FSSS) Final Version (2008). We are reporting on a C+ level. The GRI indicator index is shown on page 31.

The content of the report is guided by our aim to communicate our most material CSR impact to our stakeholders which are customers, employees, shareholders, analysts, suppliers, NGOs and governmental authorities. We emphasise how CSR is part of the way we work and how this is materialised in various parts of our business. During the year we have had numerous interactions with our stakeholders. These have given us a good understanding of the areas that our stakeholders find most relevant and forms the basis for us what to report on. However, we plan to carry out more extensive and formalised stakeholder dialogues next year.

This report covers CSR initiatives and activities in 2009 concerning the Nordea group in the Nordic region (Denmark, Finland, Norway, Sweden), Estonia, Latvia, Lithuania, Poland, Russia and in our international locations. Nordea's CSR reporting cycle is annual.

Some positions and initiatives described in the report may only apply to selected units or parts of the organisation, and where relevant, the units concerned are identified.

Our employment related indicators cover Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Poland, Russia and Sweden, unless otherwise stated.

Our environmental indicators cover only our operations in the Nordic countries. In the future we plan to include Estonia, Latvia, Lithuania, Poland and Russia in our coverage, country by country, by implementing the same tools to these locations as we use in the Nordic countries. Our international network is excluded from the environmental indicators as it is not material in this respect. When indicators are related to our premises we cover only the ones that are occupied by Nordea.

For the environmental data measurement, since the beginning of 2009, we use a system called Optimize.net that covers our premises, energy consumption, travelling data and water consumption. The calculations follow the GHG Protocol's<sup>2)</sup> guidelines for emissions calculation and it is developed in co-operation with VTT Technical Research Centre of Finland. As we have changed the data measurement method this might affect our environmental data.

The most significant difference compared to our 2008 report is the extended geographical scope, as 2008 only the Nordic region was included.

This CSR report has been reviewed by external auditors and the review report performed by Nordea's auditors, KPMG, is shown on page 34.

Nordea<sup>3)</sup> has signed the UN initiative The Principles for Responsible Investments, PRI, which aims to promote sustainable investments. Nordea is a signatory to the UN Global Compact (UNGC), and this report also serves as Nordea's annual Communication on Progress (COP) report to the UNGC for the operating year 2009. Nordea has adopted the Equator Principles (EP). This report fulfils the annual reporting requirements of the EP and serves as Nordea's EP status report for the operating year 2009.

<sup>1)</sup> This CSR report supersedes all previous reports

<sup>2)</sup> A corporate accounting and reporting standard of the World Resources Institute and the World Business Council for Sustainable Development

<sup>3)</sup> Nordea Fonder AB, Sweden; Nordea Investment Management AB, Sweden; Nordea Investment Funds, Finland; Nordea Fondene Norge AS, Norway; Nordea Invest, Denmark.





# CSR strategy and results 2009

Nordea's CSR strategy is to make CSR an integrated part of our business, deeply connected to our values and part of our DNA.

The CSR Secretariat is a two-person unit that with support of corporate communications coordinates and stimulates the CSR initiatives of business and raises internal awareness of CSR issues.

Nordea has worked with CSR issues since it was created but towards the end of 2008 a CSR Secretariat was formed. We have revised the CSR strategy taking the demands of the turbulent times into account.

Our CSR strategy called for increased awareness of how essential it is to stand by our customers in times of financial turmoil and to proactively seek the best alternatives for those affected. This is an essential aspect of how we as a bank can take our social responsibility. Even though a bank certainly loses money when a company goes bankrupt or a family cannot pay their mortgage, the true tragedy is when people lose their jobs or life's work and families their homes.

To stay close to our customers in good times as well as bad also means living our values; Great Customer Experiences, One Nordea Team and It's All About People. It makes the link between CSR and business very clear; they should not be separate, but interconnected.

The cornerstones of our CSR's strategy are divided into two main areas. The first is moving our own internal processes and routines in a more environmentally friendly

direction. In 2009 Nordea took large steps in fulfilling part of its ongoing strategy of reducing its ecological footprint. Measurements of CO<sub>2</sub> emissions have been conducted since 2002 but it was during 2009 that things really started happening. Overall CO<sub>2</sub> emissions were reduced by 37%. This was accomplished through our Property and Premises Management unit working hard to get a wide variety of the technical necessities in place and by raising the awareness of our employees. Activities in the year include, automatic shut-off of computers and lights, LEED<sup>1)</sup> certification of 14 Nordic office buildings, buying green certificates for all energy consumption in the Nordics, participation in World Wildlife Foundation's Earth Hour and development of an internal environmental guide.

The second is reviewing our products and services to see how they can be improved. Nordea is a pioneer within Internet banking and these services are constantly expanded and improved. During 2009 the electronic account statements were improved leading to fewer customers wanting them sent by mail thus saving paper. Climate funds are now available in all Nordic countries. Also in 2009 RI expanded its activities by hiring Sasja Beslik as Director ESG Analysis (Environmental, Social, Governance).

Of great importance is a basic principle running through all activities. It is that we always work according to the international treaties we have signed as well as our internal policies particularly relevant for our corporate unit when supporting Nordea's Nordic customers who do business abroad.

<sup>1)</sup> Leadership in Energy and Environmental Design (LEED) is a US-based green building certification method



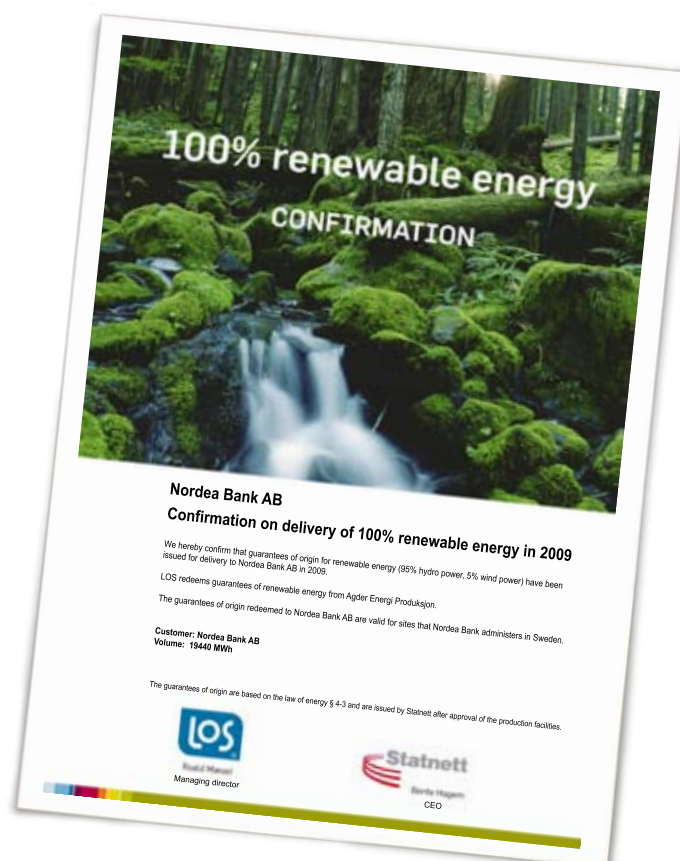
” In Nordea CSR is owned by the various business units. It is there, in the units, that CSR can become a part of and integrated with business. The CSR Secretariat stimulates supports and coordinates CSR actions. This approach we believe is the best way to integrate CSR into all our activities, says Liisa Jauri, Head of the CSR Secretariat.

# Highlights of 2009

Here are examples of how we fulfilled our CSR strategy in 2009. You will find more details in the relevant sections.

- Climate funds now available in all four Nordic countries
- Excluded companies which are involved in the production of cluster ammunitions from our investment portfolio.
- Initiated pro bono work programme for employees in Denmark
- Initiated pro bono seminars on individual finance planning in Latvia
- Purchased green certificates for all electricity used in the Nordic countries thereby reducing CO<sub>2</sub> emissions by 40%. The energy is produced by renewable sources according to the European standard Renewable Electricity Certificate System (RECS)
- Received LEED certification for our 14 main head office buildings in all four Nordic countries.

Last but not least we published our first CSR Report in March 2009. It further increased the transparency of our CSR work and increased awareness among employees.





# Engaging our stakeholders

Corporate Social Responsibility covers a wide range of issues. Our approach is to report the most significant issues that are of relevance to our business and our various stakeholders. We engage with our stakeholders in a number of ways both bilaterally and in reference groups. The most important stakeholder groups are: customers, employees, shareholders, analysts, suppliers, NGOs and governmental authorities.

Our most important stakeholder group is our customers, both household and corporate. Great Customer Experiences is our core value. In our daily contacts with our customers we strive to deliver that experience every day and constantly improve the way we do it. We encourage our customers to give feedback on our services and utilise our customer ombudsmen system<sup>1)</sup> to obtain direct and immediate input from our customers and to improve our ability to understand their needs. You can read more about this in section CSR in Line with Business. We also run an annual customer satisfaction survey that is used to improve our service and to benchmark the quality of our service towards our peers. You can read more about our customer satisfaction survey in section Our People.

Employees are our most important asset. Their importance is reflected in two of our values “One Nordea Team” and “It’s All About People”. Daily leadership and management of our employees is a core component to ensure a sound and open dialogue with our employees and that they have tools and opportunities to succeed in their daily work, to develop themselves and to be motivated to deliver Great Customer Experiences. For this we have various HR processes in place aimed to guarantee open dialogue and we have People Strategy high on our agenda. We run an annual employee satisfaction survey to ensure that our employees can express their views anonymously and utilise this to improve our way of working. We have a constant dialogue with our employee representatives in Group Council and Consultative Committees. You can read more on these issues in section Our People in this report.

In 2009 we had over 175 senior executive meetings with representatives of 450 Nordic and international institutional shareholders. We have also met analysts representing the Responsible Investment (RI) sector in one-to-one meetings. Nordea is domiciled in Sweden and therefore we arrange our annual general meeting in Stockholm.

<sup>1)</sup> Customer Ombudsmen system is in use in the following countries: Denmark, Finland, Norway and Sweden



” Nordea's head of HR, Lars Häggström (centre) chats with employees. Daily leadership that creates dialogue and relationships is a core component of management along with providing tools and opportunities. The quality of our people is what ultimately distinguishes us from our competitors.

However, we have a vast shareholder base in other Nordic countries too, 191,000 in Denmark and 196,000 in Finland (approximately 95,000 in Sweden). In order to facilitate their ability to have a dialogue with our CEO and other members of executive management we organise shareholder meetings in Copenhagen and Helsinki before the annual general meeting. In spring 2009 we had over 1,000 shareholders participating in these meetings.

We are interested in the way our suppliers approach sustainability issues. We require our suppliers to adhere to Nordea policies, including environment, corporate social responsibility and human rights. During 2009 we have worked on to enhance the clarity of our approach and demands, further develop our internal sourcing policies and tools and to increase our ability to procure in an environmentally sustainable manner.

We are open to dialogues with non-governmental organisations (NGOs) to discuss any issue. During 2009 we have had several dialogues with NGOs that we found very useful.

We are open to discuss any issue, but there are cases where banking secrecy legislation limits our possibility for discussion as we are not in the position to disclose if someone is our customer or not.

Our Group Chairman and executive management engage with government representatives, central banks and regulators to ensure that they understand our business needs and decisions. We promote regulation that ensures competitive, efficient and stable financial markets offering level playing field and customer protection needed.

During 2010 we will further improve our way of working with stakeholders. We will develop a more comprehensive way of hearing stakeholder views and we will include CSR as part of our employee and customer satisfaction surveys. We will also continue to develop the information on our [www.nordea.com](http://www.nordea.com) to increase transparency on sustainability issues and to encourage people to have a dialogue with us on issues they find important.



# CSR in line with business

Keeping our customers satisfied and listening to their opinions and criticism is a vital aspect of creating the great customer experience. We have a Customer Ombudsman in each Nordic country to make sure that the feedback mechanism works, and to ensure that our customers know where to turn if their local contact is not to their satisfaction.

## **Keeping our customer satisfied**

In cases where our customers feel that our service has been unsatisfactory we seek solutions. If the issue has not been resolved to customer's satisfaction we have an ombudsman in the Nordic countries to whom the customer can turn to and request a review of the complaint. The aim is to resolve the matter in 14 days. If the customer finds the resolution unsatisfactory Nordea is obliged to advise the customer the official routes for taking the issue further. These are the local consumer complaint authorities or alternatively a court of law.

The Customer Ombudsman (CO) frequently initiates change to ensure Great Customer Experience. The CO initiates internal dialogue about product and service improvements. The CO also has a proactive external role and initiates dialogue with customers and the media about our services. CO ensures that Nordea's complaints' handling instructions and policy are up to date, sufficient and available to the whole organisation. The CO also offers support and advice to the organisation in individual complaint cases.

In Poland, Estonia and Latvia we have designated persons whom handle customer complaints. In Lithuania we have a Customer Complaints Committee for the same purpose and in Russia Customer Compliance department handles customer complaints.

## **Know you customer**

In all countries where we operate we have a legal obligation due to EU Directives to know the customer, know the nature of customer's business and the transactions of the customer. These obligations are based on local anti-money laundering legislation resulting in three main obligations: the obligation to identify the customer, the obligation to exercise due diligence and the obligation to report. We also need to make sure that our banking system is not used as a means for terrorist financing. By knowing our customers we prevent Nordea from becoming involved with unidentified customers and from being used for criminal or unethical purposes.



” Nordea became the first bank in Sweden to have a Customer Ombudsman when Karin Löfgren was hired. Now Nordea has a Customer Ombudsman in all Nordic countries.

– It is very satisfying to bring the customers' opinions, both positive and negative, back to business and see that it really makes a difference. The feedback is great, she says.



We think that the right way of meeting these obligations is to focus on measures that guarantee profound knowledge of our customers and their financial standing. For this purpose we have rigorous procedures for how to identify a customer and processes for initiating, monitoring and keeping record on the customer relationship. These procedures are further described in internal guidelines for our personnel. Acting according to guidelines can lead to very sensitive situations when servicing a customer and therefore we offer support and training to our personnel.

We are obliged to report to authorities transactions that deviate from the ordinary and can be suspected to be related to money-laundering or financing of terrorism. These transactions are investigated and reported.

Our risk management continuously monitors such procedures and develops our way of working on such issues. Financial authorities supervise and audit us in these matters.

“ New EU Legislation places added responsibility on banks and front line staff to know their customers. The purpose of the legislation is to combat money laundering and financial crime such as terrorism funding. It is a difficult and sensitive task for Nordea's front line staff. The questions that need to be asked sometimes causes irritation. Nordea's compliance officers support the front line staff with training and the security help desk is available 24/7. To help customers understand that this is the law applicable to everyone information is available in many foreign languages. Here is an example of a brochure in English used in Sweden.

## Corporate credits

Credits are an essential part of banking and a basic element is the ability to evaluate risk. CSR is increasingly becoming an element in this process. Different industries have different risks. In Nordea risks in specific industries are controlled through industry policies setting requirements and limits on the overall industry exposure. These risks are monitored by industry monitoring groups. One of the risk categories is environmental risks. Environmental risks can be broadly defined as the financial consequences – in the form of present or future costs and liabilities – that are a result of a customer's environmental impact.

In 2001 we developed the Environmental Risk Assessment Tool (ERAT) with the purpose to consider environmentally related risks in the corporate lending process. In order to better handle the corporate social responsibility risks in the corporate lending process, Nordea developed another tool to



supplement ERAT, the Social and Political Risk Assessment Tool (SPRAT), implemented in 2009.

The main purpose of SPRAT is to distinctively identify relevant social and political risks in a particular customer's business with potential impact on the customer's ability to fulfil the credit obligations or likelihood of damage to Nordea. Nordea's risk definitions in this regard build on commonly accepted international standards such as those produced by the World Bank and the UN Global Compact, to which Nordea is a signatory.

ERAT and SPRAT are used in parallel, and the application and structure of the tools are similar. The pre-decision use of these tools in the credit analysis is an integrated part of Nordea's regular credit routines and mandatory for all corporate credits throughout the Nordea group beyond a threshold credit limit. ERAT makes use of two sets of checklists that credit analysts use to determine the overall risk. The first checklist determines industry risk, and if the industry risk profile meets certain criteria, a second set of checks and test are performed on company level. The overall findings of the ERAT process result in a total environmental risk profile that is then amended to the other elements in the credit evaluation process. ERAT is mandatory for customers with credit limits over EUR 500,000.

SPRAT is a three-step process. First, a country risk profile is produced for the country in which the customer or project is located. Then, depending on the country risk, an industry risk is established. When these two findings are combined and compared, this determines further actions to be taken in a third phase. In the end, an overall social and political risk profile is created and amended to the other factors in the credit evaluation process. SPRAT is mandatory for customers with credit limits over EUR 5 million. SPRAT is also used for customers with credit limits below EUR 5 million for companies that are obviously predisposed to social and

political risks. The higher limit threshold for SPRAT as compared to ERAT is due to social and political risks being most commonly a feature of large, international projects predominantly outside the Nordic region, whereas environmental risks may occur in industrial projects on a wider variety of levels and locations.

### Project finance

Project financing is funding in which the lender looks primarily to the revenues generated by a single project both as the source of repayment and as collateral for the exposure. Project finance is often used for large projects where several parties cooperate in project development and/or financing. Large and complex projects also imply more diversified and complex risks than smaller projects, and the risks may have many forms and materialise in many different ways. Large industrial projects may, for instance, imply social and environmental risks due to location, local population issues and so on. If they materialise, such risks may impose large practical and financial consequences on the project and the project participants.

The Export and Project Finance (EPF) unit is responsible for managing project finance in Nordea. EPF has long since addressed environmental and social risks in their projects, and to govern them even closer, Nordea adopted the Equator Principles in 2007. The Equator Principles constitute a global, voluntary standard for commercial lenders to identify and

“ Nordea has for many years financed renewable energy projects, such as wind parks, and equipment suppliers to the renewable energy industry.



address social and environmental risks in project financing based on the World Bank's guidelines for environmentally and socially responsible financing.

Nordea's implementation of the Equator Principles includes:

- Equator Principles evaluation and compliance routines for deal managers and credit analysts have been developed.
- An Equator Principles Manual (toolkit) for credit analysts has been produced.
- The analysts and other relevant personnel have been trained in using the routines and tools.
- Organisational setups (network and workflow) for reference and advice on social and environmental risks have been established.
- The Equator Principles workflow has been integrated with Nordea's general credit evaluation and decision workflow.

The number of projects subject to the Equator Principles tends to be small, but the actual projects are sometimes very big and complex industrial projects. In 2009 three projects were assessed. Two of these were in the oil and gas industry and one was in the pulp and paper industry.

#### **Responsible investments within Nordea Investment Funds**

##### **Main RI events in 2009**

1. Engagement with thirteen companies
2. Exclusion list
3. Sustainable Value Creation
4. Co-operation with Veckans Affärer

#### **RI screening process**

All assets are subject to so-called norm-based screening according to the RI policy. The screening process starts with identification of companies in the fund portfolios that could violate the UN Global Compact and other international norms for corporate responsibility. The UN Global Compact includes principles and standards covering many important social norms, including human rights, labour standards, environment and anti-corruption. When companies are identified as violators of these international norms, Nordea then exercises active ownership, primarily through dialogue, aimed at encouraging a change of behaviour. If such a dialogue is unsuccessful the holding is divested and the company is excluded from Nordea's investment portfolio.

#### **Engagement**

During 2009 we exercised active ownership in thirteen different international companies which violate international norms concerning human rights, environmental issues, labour standards and corruption. The goals set up for these dialogues have not been formalised yet, but the companies have improved their work with corporate responsibility issues.

#### **Exclusion list**

In December 2008 close to 100 states signed a new convention that prohibits cluster ammunitions. We therefore added cluster ammunitions as a part of our norm-based screening. In June 2009 Nordea's committee for Responsible Investment decided to exclude eleven companies which are involved in the production of cluster ammunitions from our investment portfolio.



” Our norm-based screening and engagement process focuses on how companies behave. We believe that engagement is more responsible than exclusion since you can hardly influence a company you don't own. However, in the case with companies that are involved in cluster ammunitions the issue is instead about what the company produces. We have therefore decided to put these companies on an exclusion list, comments Erik Feldt, Head of Responsible Investment and Governance.



” The team is responsible for continuing Nordea's implementation of the UNPRI principles.

– We will increase our analysis and engagement activities with key holdings on relevant environmental, social and governance issues, says Sasja Beslik, Director ESG Analysis.



#### **Unique investor collaboration for a sustainable future**

Nordea Investment Funds in Norway participated in the investor collaboration Sustainable Value Creation (SVC) in 2008, when it first was launched in Norway. During 2009 thirteen Swedish institutional investors, including Nordea's Investment Funds in Sweden, came together in the same collaboration to jointly influence Swedish listed companies to develop sustainably while at the same time create long-term value for their owners.

The SVC investor group sent out a survey to the 100 largest corporations on the Swedish stock exchange, and to all companies in the Oslo Børs Benchmark Index. The survey included questions concerning companies' policies on human rights, labour rights, environment and anti-corruption. The results of the two surveys were reported in January 2010. Investors who are behind the project can be found on: <http://www.svcinitiative.com>

“We see this initiative as constructive possibility to increase dialogue with companies we invest in. Results for this year's survey indicate that many companies are on the right track concerning their CSR activities thus it is also clear that some sectors need to work more systematic with their work on relevant CSR issues in the future. One of main differences between this initiative and many other initiatives is that questions in the survey are directed to the Chairman of the Board and not to CEO or other operational functions. If companies are to perform in positive way in regards to CSR issues it is very important that the governance model for CSR is embedded within the board and board functions.” says Sasja Beslik, Director for Environmental, Social and Governance (ESG) Analysis at Nordea Investment Funds.

#### **Co-operation with Veckans Affärer**

The weekly magazine Veckans Affärer and Nordea Investment Funds have in the autumn 2009 initiated a new type of co-operation. The co-operation will broaden Veckans Affärer's equity research with an analysis that is based on companies' work with relevant environmental, social and governance issues.

The ESG analysis is conducted by Nordea Investment Funds. The collaboration is exclusive and shows that Nordea today is at the forefront of developments in this area.

#### **Emissions trading**

Nordea Markets is one of the largest facilitators of energy derivatives in the Nordic region, and commodities, such as energy, have been defined as key strategic business areas for the future. We have a centralised competence centre for commodity products and also maintains a strong local commodity presence. We continue to invest in the product area to reinforce this strategy implementation. Within its commodity products area, Nordea Markets has a substantial energy products portfolio consisting of a wide products offering for customers covering derivatives on oil, natural gas, electricity, coal and carbon dioxide (CO<sub>2</sub>) emission allowances as well as ship freight covering the transportation of energy commodities.

The product mix reflects the needs our customers have when operating in the energy markets and for balancing their emissions. Emissions trading schemes are administrative mechanisms used to control pollution by providing economic incentives for reducing emissions of pollutants. These trading schemes are being discussed at political arenas, such as the COP-15 conference in Copenhagen, and decision taken may have impact also on our emissions trading product area. The European Union emissions trading scheme is currently limited to monitoring and controlling carbon dioxide emissions. Currently we provide market access for trading EU emission allowances (EUA) and also Certified Emission Reduction credits (CER) of the Clean Development Mechanism, but will also review new market and product opportunities as they develop.

#### **Electronic banking services**

Nordea is, among other things, a leading Internet bank. In 2009, Nordea had more than 5 million Nordic household internet bank customers, with over 310 million internet bank log-ons and facilitated close to 220 million internet bank

transfers and payments. Over 80% of all household customer payments are made electronically, and the rate is increasing steadily year by year. In Estonia and Latvia the level is at Nordic level, whereas in Lithuania and Poland the level is substantially lower. In Russia we launched a new net-bank during 2009 and expect the usage of e-banking services to grow gradually.

Nordea is also active in promoting electronic banking services for corporate and institutional customers. In 2009, 98% of corporate payments were made electronically. The electronic invoice adds new environmental aspects into the chain of payments, as companies do no longer need paper invoices when charging their customers for products or services. Together with e-payments, e-invoices reduces the need for paper and transportation, and it is a more energy efficient way of forming the modern value chain. For our household customers, internet banking is also increasingly becoming a way of communicating with the bank – without needs for transportation to a branch office and regardless of banking hours.

We aim for as much paperless communication with customers as possible in favour of electronic channels. Nordea continued in 2009 a programme in our four Nordic home markets to steadily replace paper-based standardised customer information like periodical account statements, notifications of interest rate changes etc, with electronic information routed through our internet bank. This saves paper as well as processing and postage, and represents great environmental and financial savings.

In 2009 we reduced the number of paper-based statements by over 12 million. The actual amount of paper items

saved is in reality even higher, as many statements contain more than one page and for most paper based statements, an envelope is also needed.

### **Sourcing in a sustainable manner**

CSR has become a natural part of our Sourcing Process. During 2009 our Sourcing department has increased focus on sustainable sourcing and met with our current suppliers to ensure that they have assimilated the Sourcing Process Guidelines and legal documents including our CSR requirements.

Sourcing is not able to drive CSR effectively without tight co-operation with our suppliers, which requires an open and professional dialogue. Currently, an e-Sourcing tool is implemented in the Sourcing Departments to support this dialogue. The aim is to integrate CSR as part of an automated process in the new tool on supplier level. Moving one level down, CSR issues will be handled more targeted on the product level during RFP-process<sup>1)</sup>. The main challenge for Sourcing is to find a way to standardise the process for handling CSR responses from our suppliers. This ambition is to solve this during 2010.

The specific initiatives in Sourcing are increasing with the implementation of the e-Sourcing tool, participation in RBE network<sup>2)</sup>, participation in CSR conferences and co-operation across Nordea. The goal is to add value to the overall CSR work in making Nordea's workplaces sustainable in working habits, material and buildings. It's a long journey, but we are heading in the right direction.

<sup>1)</sup> RFP i.e. request for proposal

<sup>2)</sup> Rådet for Bæredygtig Erhvervsudvikling/Council for Sustainable Business Development



Electronic banking is easier, quicker and less expensive for the customer and the bank. It greatly reduces paper consumption. Nordea has improved its electronic account statements and an increasing number of customers prefer these to the paper account statements sent by mail.

# Our people

One of Nordea's core values is Great Customer Experiences. We work hard to create that every day of the year, wherever we present ourselves and do business. The most important resource we have for realising these great experiences is our skilled and dedicated personnel.

In order to follow-up on how well our people perform and deliver Great Customer Experiences, we conduct an annual Customer Satisfaction Index (CSI) survey. The CSI survey is conducted in all customer segments every autumn and the results are reported on different levels in the organisation. The CSI is used to follow up and improve our services to customers, and action plans for improvements are created at local level as well as centrally. The latest survey was conducted in the autumn of 2009.

The CSI result for 2007 established the baseline for the common group wide Key Performance Indicator (KPI) on Customer Satisfaction that was introduced in our management system in 2008. Constant improvements on customer satisfaction are one of our primary goals. The results for the Household (personal customers) market show an improvement on the Nordic market. The result from the corporate customers shows unchanged absolute satisfaction; however since our Nordic peers report a clear drop in satisfaction, we have actually improved our relative performance.

## **It's all about people**

We deliver high quality products and services, and we could not do so without our people. The quality of our people is what ultimately distinguishes us from our competitors hence it is our people who are making Nordea Great.



” Berit Johansson, Personal Banking Advisor in Albertslund, Denmark has volunteered to offer free debt advice to socially disabled Danes.

– I cannot make people's debts disappear, but I can maybe guide them back to a life that is not burdened by financial worries. That would be a very rewarding experience, says Berit Johansson.

Nordea backs the initiative taken by the Danish Ministry of Interior and Social Affairs and the advisory services are offered in collaboration with the Christian Youth organisation KFUM and Kristeligt Studenter-Settlement.

### People strategy

Our people strategy allows us to focus and every initiative that support the areas of priority referred to below shall be guided by and reinforce Nordea's three values; Great Customer experiences, One Nordea Team and It's all about People. On that note, the areas of priority are;

- Building the foundation
- Being the employer of choice
- The right person in the right place at the right time
- Mobilising, differentiating and rewarding for performance
- Providing opportunities to develop and grow
- Practicing the required leadership

### Building the foundation

The Performance, Talent Management and HR information systems, in all Nordic countries were further improved to better support our People Strategy. In 2010, additional steps will be taken to establish processes, systems and conditions supporting our People Strategy.

### Being the employer of choice for those who will move us from Good to Great

The ability to realise the vision requires Nordea to have the very best employees. This applies both to our ability to attract and to retain the very best. In 2009 an ambassador network was established consisting of employees who will play a significant role in communicating about Nordea as a workplace. Our consistent work to strengthen the brand, consisting of activities like speed dating and labour fairs at schools and universities led to visible results among selected target groups in terms of their views of Nordea as a possible

employer. In Denmark and Sweden our attractiveness increased substantially, in Norway we saw clear improvement in many respects and in Finland we have kept our leading position.

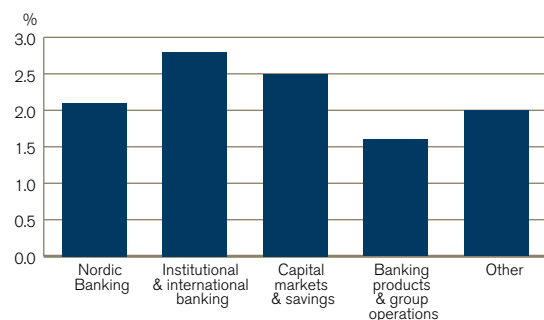
### Staffing, ensuring we have the right person in the right place at the right time

In 2009 the People Planning Process, which serves to translate business plans to people needs was further improved. A new job ad concept was introduced to strengthen both the internal and external recruitment process. Internal career fairs, a new means to increase internal mobility was introduced, to enable employees to broaden their knowledge about career opportunities in Nordea and by that develop through new experiences. Ensuring that we have the right person in the right place at the right time will help Nordea become Great, and will consequently be an area of priority also in 2010.

### Mobilising, differentiating and rewarding, thereby securing outstanding organisational performance

Nordea strives to improve Performance Management by simplifying processes and tools and fostering a culture of feedback and coaching; thereby making sure everyone in Nordea understands where we are and where we intend to go, and how they can contribute in getting us there. All regular staff partake in regular performance and career development reviews. In 2009, 90% of our employees took part in such a review. As we believe in a strong relationship between performance and pay we will continue to focus on strengthening this link, while also making sure we are competitive in all part of compensation and benefits.

### Employment turn-over rate by unit in Nordea Group



Employee turnover as a percentage of total number of employees was 3.9%. We do not track employee turn-over by age group, gender or region.

### Absenteeism because of sick leave in the Nordic countries<sup>1)</sup>



The average sick leave per employee in 2009 was 10 days.

<sup>1)</sup> Rates of injuries, lost days and occupational diseases are not collected and reported on as Nordea is a service provider. Important for Nordea is to follow-up and report on average sickdays per employee.





” Employees from Nordea Russia played, drew and went horseback riding with 250 children from orphanages, correction schools and recovery-centres in July 2009. The event at Multyashkino was organised by Lanit company in co-operation with Nordea and other corporations.

### Providing opportunities for our people to develop and grow

The consistent work to build competencies meeting the business demands of the future continued also in 2009. New academies for banking products were introduced complementing the further training of personal bank advisers introduced in 2008. Investments in people show in business results, and we will continue to seek effective ways to focus on skills development, e.g. through multi-channel learning (feedback and coaching, e-learning, classroom training and more).

### Practising the leadership that will make Nordea to grow from Good to Great

Leadership is the strongest individual driver for performance and building a company's culture. In order to succeed, we must produce current leaders while making sure we identify and develop those with potential to become our future leaders. In 2009, we have continued to build and further strengthen leaders by providing development opportunities through Nordea's leadership programmes, coaching training and unit specific activities. An introduction programme for managers has been introduced, with the aim to quickly get new managers on board by providing them with information and supporting them in using tools and processes linked to their managerial role. Our Talent Management process aims to identify talents early and provide opportunities for them to realise their potential, together with us.

### Employee satisfaction survey results

Because our people are key to making the transition to Great, the People Strategy aims at creating conditions for our employees to do just this. Because our people are key to making the transition from Good to Great, the People Strategy endeavours to create conditions for our employees to realise this. It is our challenge to motivate and develop our employees into realising our vision, and the Employee satisfaction survey is an evaluation tool in this area. 93 per cent of employees responded to the 2009 ESI survey, which is the highest rate in the history of our survey. The results show either improvement or status quo compared to 2008, which means that we are above or very close to our Nordic peers. Employees' commitment has increased by one point and exceeds external benchmark<sup>1)</sup> by four points. Reputation score "Proud to tell others where I work" has risen by two points.

### Employee satisfaction survey results

Source ESI survey	2009	2008	2007
Satisfaction and motivation	72	72	71
Development	72	72	70
Considered a good workplace	78	77	74
Proud to tell others where I work	82	80	78
Recommend others to start working in Nordea	77	76	74
Living the values	77	76	74
Great Customer Experience	81	80	78
It's all about People	74	73	72
One Nordea Team	78	77	75

<sup>1</sup> The Nordic Financial Labour Market from the European Employee Index 2009 (EEI). EEI is an independent benchmarking survey of employee satisfaction on the national labour markets.

### Employee involvement

By year-end, 88.4% of our employees in the Nordic countries were covered by collective bargaining agreements. The collective bargaining agreements include a number of provisions that may differ from country to country; this applies for example to terms of notice which varies from 1–6 months depending on country and also length of service. In terms of health and safety topics, the legislative requirements in Denmark, Finland, Norway and Sweden are regarded as satisfactory and the collective bargaining agreements are subordinate to national regulations.

Nordea has since 2001 had two bodies for collaboration with the unions; Group Council and Business Consultative Committees. These two set ups fulfils EU's directive regarding European Works Council for a procedure for informing and consulting employees.

The purpose of the Group Council is to strengthen the competitiveness of the Group and to improve its performance by encouraging dialogue between management and labour union representatives. The Group Council is informed about and discusses the Group's long-term plans, organisational developments, present operations and economic results. Members of the Group Council represent both the management and union representatives from all Nordic Countries. Group Council convenes four times a year.

The Consultative Committees (CC) operates on the Business level. The CC's primary purpose is to inform and discuss major planned changes with consequences for the employees in more than one country. It also enables the unions to exert influence on future decisions. The Nordic unions are represented by one union representative from each Nordic country in respective Committee.



More than 200 unemployed customers in Nordea Latvia attended 10 free seminars on individual finance planning, creative thinking and how to prepare CVs and job interviews.

The scheme started in September 2009 and supports customers in difficult financial circumstances due to high unemployment. The aim is to enhance the customers' competitiveness while promoting private

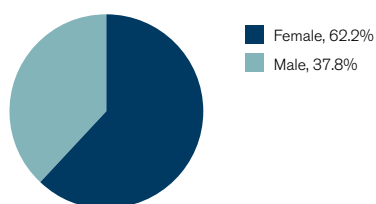
initiative. During the first half of 2010 an additional 500 customers will be offered similar lectures. Two of the lecturers will be Nordea clients, who in competition have won scholarships to pass on their expertise in e.g. how to establish a company.



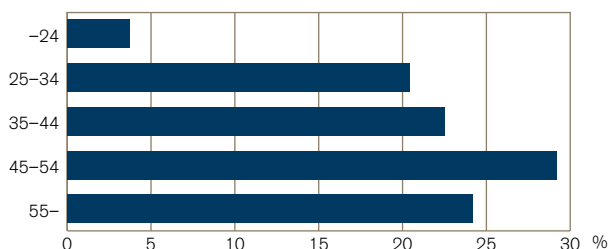
As time often is a critical factor in major changes and in order to avoid losing momentum in decision making and in the implementation process CC can also be authorised to handle and negotiate legally binding on co-operational matters. In these cases will the handling process be fulfilled and substitute co-operational negotiation and/or handling needed normally in each Nordic country. The CC do not, however, have a mandate to negotiate subjects regulated by national collective agreements.

In the three Baltic countries, Estonia, Latvia and Lithuania, Nordea has an active dialogue with employees via Human Resources that use Employee Satisfaction Surveys, employee and management meetings, personnel development dialogue as tools. The same holds true for Poland and Russia. In addition in Poland there is a union to which approximately 7 percent of the employees belong.

#### Gender diversity in Nordea Group



#### Age structure in the Nordic countries



#### Average number of employees per country

	2009 Average	2009 male, %	2009 female, %
Denmark	8,836	46	54
Finland	8,447	21	79
Norway	3,888	52	48
Sweden	8,788	41	59
Estonia	511	20	80
Latvia	564	24	76
Lithuania	385	28	72
Poland	1,880	35	65
RUS	1,742	39	61
United States	75	54	46
Great Britain	56	63	37
Germany	39	51	49
Singapore	54	35	65
China	16	38	62
Brazil	3	67	33
Luxembourg	403	65	35
<b>Nordea Group total</b>	<b>35,686</b>	<b>38</b>	<b>62</b>

# Our operations and the environment



In November 2009 Nordea's 14 main office buildings in the Nordic countries received the Leadership in Energy and Environmental Design (LEED) certification. LEED is a building certification promoting sustainability in amongst others water savings, energy efficiency and environment friendly usage of the premises. Nordea's LEED certification includes the largest portfolio certified outside US, is the first of existing buildings in Europe and the first LEED certification of its kind made in Denmark, Norway and Sweden.

Our environmental indicators cover only our operations in the Nordic countries. In the future we plan to include Estonia, Latvia, Lithuania, Poland and Russia in our coverage, country by country, by implementing the same tools to these locations as we use in the Nordic countries. Our international network is excluded from the environmental indicators as they are not material in this respect. When indicators are related to our premises we cover only the ones that are occupied by Nordea. Real estate buildings that are part of our investment assets are not included in our indicators.

Nordea in its CSR strategy aims to put its own house in order and to run its operations in an environmentally smart way. We began measuring our environmental impact in 2002. The Ecological Footprint Programme was launched 2008, gaining momentum in 2009, and set about to involve all our employees by increasing awareness, changing behaviour and ultimately reducing energy consumption.

Energy consumption is clearly the largest culprit. Since end of August we bought green certificates to cover all energy used in the Nordic countries. Green certificates are issued for energy produced by renewable sources according to the European standard RECS (Renewable Electricity Certificate System). A certificate is issued for every megawatt hour of electricity produced. The new agreement reduces our aggregate CO<sub>2</sub> emissions, including electricity, heating, cooling and travelling by 37% for 2009.

Important to remember though is that this will not replace our work to reduce energy consumption.

In November we received the Leadership in Energy and Environmental Design (LEED) certification for our 14 main head office buildings in the Nordic countries. LEED is a

US-based green building certification method recognised globally. The method promotes a whole-building approach to sustainability by recognising performance in five key areas: sustainable site development, water savings, energy efficiency, materials selection, indoor environmental quality and environment friendly usage of the premises. The certification of Nordea's office buildings is the largest international LEED project so far outside of the United States, and the first LEED for Existing Building certificate in Europe.

In 2009 eight work streams were formed to reduce Nordea's Ecological Footprint. They are energy management, green IT, internal paper consumption, customer paper consumption, waste management, virtual collaboration, sourcing and behaviour & communication.

- Energy management – All our main office buildings have been audited to identify energy saving improvements. We have reduced the amount of total energy used by 5% from the 2008 consumption level.
- Green IT – more advanced tools for virtual meetings, automated off powering of PCs over night (approx 20,000 desktops), donating of used computers, reduction of energy consumption in computer halls by raising of temperatures, reuse of excess heat produced and efficient placement of servers in hot and cold aisles.
- Paper consumption – We reduced the number of paper based statements by over 12 million after having improved internet bank account statements.
- Waste management – Approximately 70% of the waste Nordea creates is recycled or utilised as energy.
- Water consumption has decreased by almost 5%.

An internal green campaign to raise awareness on environmental issues was running during the Copenhagen climate conference.

The work continues and we have set long-term goals guided by the EU directive on energy and end-use efficiency and energy services (ESD). The Directive has suggested goals for 2020 but we have set our goals now for 2016. Examples of goals are, compared to 2008, to reduce employee's energy consumption by 15%, reduce employee's travel by 30%, and reduce each employee's paper consumption by 50%.

#### Environmental targets from 2008 to 2016

Energy consumption	-15%
Travel	-30 %
Paper consumption	-50 %

### Sea water cools buildings

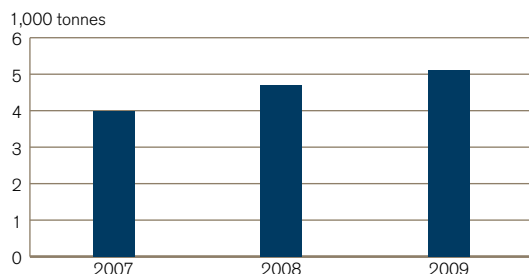
Christiansbro, Nordea's head quarter in Copenhagen, is situated right at the harbour. Sea water is flowing just outside the windows and since the buildings were constructed it has come to good use indoors. During the six winter months the cold sea water is pumped into the buildings and is used to cool water for the cooling system that ensures that all technical installations are kept on a stable temperature. In the summer sea water is used to cool the cooling machines that supply water for the cooling system.



### Cold water in – hot water out

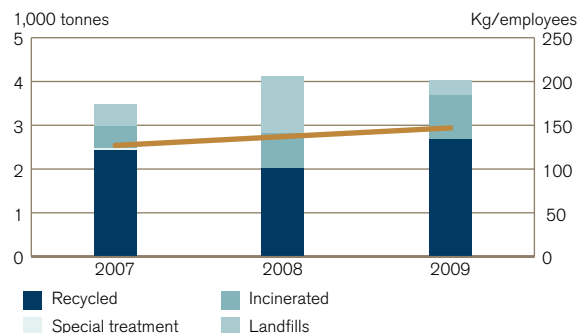
When the used sea water returns to the harbour it has been heated approx. 5°C – so it is a considerable amount of heat that the sea water absorbs from the water in the cooling system. By using this system Nordea saves electricity and this in turn also reduces the CO<sub>2</sub> emission from the maintenance procedures.

## Paper consumption



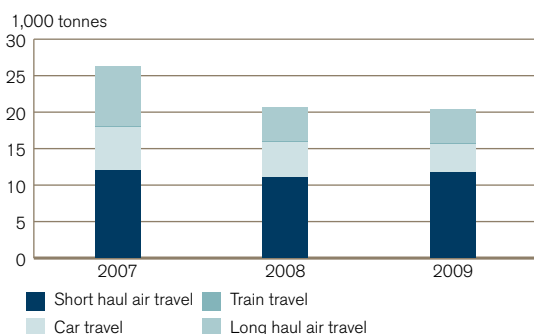
The increased paper consumption is partly due to increased operations, and partly due to increased monitoring and documentation on a central level.

## Waste management



Approximately 70% of all waste is recycled.

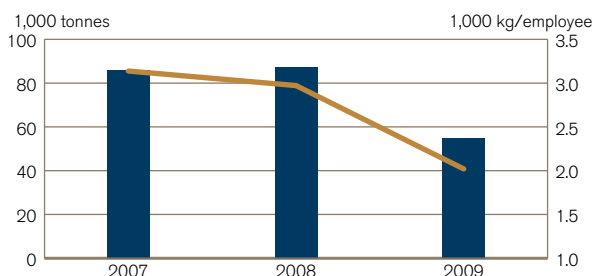
## CO<sub>2</sub> emissions from travel<sup>1)</sup>



Although we have expanded our international operations our business travel has not increased to the same extent.

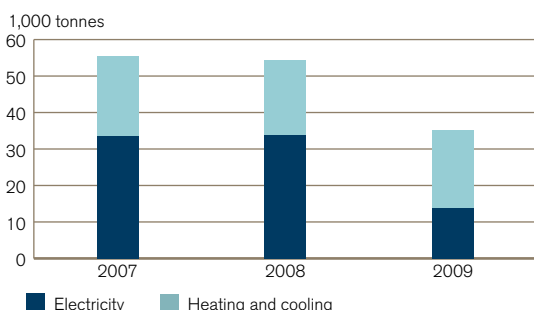
<sup>1)</sup> The calculation method for CO<sub>2</sub> emissions from travel has been updated and made more complete in 2009. Data for 2007 and 2008 has been changed accordingly and is not the same as in our 2008 CSR report.

## Total CO<sub>2</sub> emissions



Total carbon dioxide emissions have decreased with 37%, equalling a reduction of 32% per employee, due to the use of green electricity.

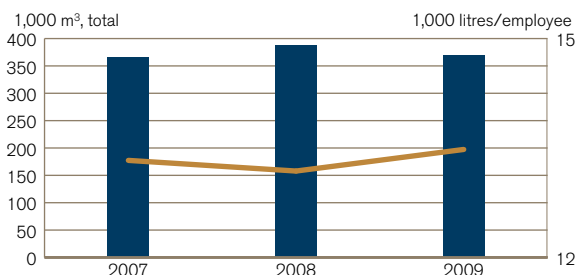
## CO<sub>2</sub> emissions from energy consumption<sup>2)</sup>



Carbon dioxide emissions from energy consumption have decreased in 2009, reaching a total of 35,100 tonnes. The overall decrease is due to the use of green electricity.

<sup>2)</sup> Total carbon dioxide emissions from energy (heat and cooling) are extrapolated to cover all Nordea's Nordic premises.

## Water consumption<sup>3)</sup>



Water consumption has decreased almost 5%. In total equalling an increase of 2.3% per employee.

<sup>3)</sup> Water consumption figures are extrapolated to cover all Nordea's Nordic premises.

Data on this page covers Nordic operations only.

# Our commitments

As a provider of financial services to businesses and personal customers, we are also a member of the wider society in our markets. This entails obligations to conduct business operations on socially responsible terms. This is called corporate citizenship, and we have voluntarily taken on clear commitments in this regard.

## Internal commitments

### The Corporate Citizenship Principles

In 2002, the Nordea Board of Directors adopted the Corporate Citizenship Principles, consisting of six general principles stating our position on responsible business behaviour. The Corporate Citizenship Principles, together with our values, form the foundation and key guiding principles for all our other internal and external CSR policies, commitments and undertakings.

### Codes of ethics and sound business relationships

The Nordea Code of Conduct is the core policy for good business conduct in Nordea. It applies to all personnel and everyone working on behalf of and representing Nordea. Being a group-wide instruction, covering many people and activities in several countries, it has been kept on a general level, and it is the common denominator in what we define as appropriate behaviour. More specific and sometimes stricter codes have been applied in business areas and underlying units wherever appropriate.



## The Corporate Citizenships Principles

### Freedom

- We are committed to freedom.
- We stand for democracy and a responsible market economy.
- We support the UN Global Compact and follow the Universal Declaration of Human Rights, ILO-conventions and the OECD Guidelines for Multinational Enterprises.
- We do not discriminate based on gender, ethnic background, religion or any other grounds.

### Equality

- We are committed to equal opportunities.
- We seek high professionalism and make it possible for our employees to develop and assume responsibility.
- We support diversity and a fair representation of women and men as well as ethnic minorities in our organisation.

### Environment

- We are committed to caring for the environment.
- We work to reduce negative and increase positive environmental impact from our business activities.
- We have signed the UNEP Banking Principles.

### Citizenship

- We are committed to good citizenship.
- We respect the laws, regulations and norms of the countries where we operate while also adhering to our Group policies.
- We work with others for a prosperous and sustainable development in the communities where our customers and employees do business and live.

### Ethics

- We are committed to ethics, honesty and sincerity.
- We do not offer, request or accept unwarranted gifts and payment nor limit free and fair competition.
- By adhering to Group policies so that our integrity cannot be questioned, we enable shareholders, customers, employees and other concerned parties to make balanced and well-founded decisions.

### Performance

- To ensure performance according to these principles, we adopt relevant policies, set targets in our management system, ensure that these principles are known throughout the organisation and encourage reports on non-compliance, carry out systematic follow up and deliver open and reliable reporting.

### **The Nordea Code of Conduct**

High standards of integrity and fair business

- Nordea shall be characterised by a high degree of integrity, professionalism and ethics.
- Nordea is only involved in business that is in accordance with law, regulations, signed commitments and our own standards of business ethics.
- Nordea employees are qualified, trained and have management structures to provide the relevant services.
- When providing services, Nordea has terms and conditions for the services that set out the rights and obligations of the parties.
- Nordea has organisational structures, procedures and internal control (i.e. Chinese walls) so that sensitive market information is not spread beyond the areas in which it should be handled.
- Nordea is diligent when providing advice.
- Nordea's marketing and advertising material is not misleading and provides accurate information on the services offered.

Proper handling of customers

- Within the appropriate business context, Nordea familiarises itself with the customer's financial standing, experience and objectives.
- Nordea provides understandable information (if relevant including potential risks) on the services provided.
- Our ambition is to always ensure that the customer knows what he is deciding and understands the potential consequences.

- Conflicts of interest between Nordea and its customers are identified and prevented or managed so that customers are justly treated.
- Nordea has procedures for the processing of complaints, and provides instructions on how to file a complaint and responds to them within a reasonable time.

Ethical employee behaviour

- Employees do not offer, request or accept inappropriate gifts, payments or travel.
- Except when using the services provided to ordinary customers through electronic media (e.g. internet banking), employees do not execute their own financial transactions.
- Employees do not participate in business transactions where conflict of interest can arise with their own economic standing or with a third-party where a close relationship exists.
- Moreover, employees do not conduct transactions that may give the impression of dishonesty or use of insider information, or that will undermine the trust and confidence in Nordea.
- Employees do not conduct private transactions or provide economic guarantees that can seriously undermine their own private financial standing.
- Employee external engagements do not interfere with their ability to perform their duties and functions as an employee or undermine trust and confidence in Nordea. In cases of uncertainty external engagements are declared.

### **The Nordea Environmental Policy**

High standards of environmental performance

- Nordea complies with relevant environmental regulations and legislation in the countries where we operate and integrates the principles of the UNEP Statement by Financial Institutions on the Environment and Sustainable Development into its management system.
- Nordea strives to improve its environmental performance by setting targets to reduce the negative environmental impact of operations and services.
- Nordea considers environmental risks in investment and lending decisions, but the company in question has the responsibility for how environmental considerations affect its business.
- Nordea raises staff awareness and implements programmes to recycle waste in order to reduce the use of natural resources.
- Nordea promotes the usage of electronic banking technologies that improve efficiencies, save time and costs for customers and reduces environmental impact of operations and services.
- Nordea avoids unnecessary travel, promotes the use of telephone and video meetings and strives to reduce energy usage in order to reduce greenhouse gas emissions.
- Nordea seeks to reduce the negative environmental impact of products and services that the Group purchases.
- Nordea communicates the major environmental impacts of its operations and services.



A common code for sound business relationships has also been developed regulating how our personnel should relate to and handle gifts and benefits and other issues and situations with potential effect on their judgement and behaviour. There shall never be any doubt about our personnel's integrity or sound judgement, and there are strict requirements concerning exchange of gifts and services.

### **The Nordea Environmental Policy**

Nordea considers care of the environment as a very important responsibility. Considering this, already in 2003 an environmental policy was established that applies to all personnel and regulate in general terms how environmental considerations should be managed in our business operations. It is a general guide and a common denominator on what we define as appropriate environmental standards. More specific and stricter codes have been applied in business areas and underlying units wherever appropriate.

### **External commitments**

#### **The UN Global Compact**

The UN Global Compact policy was initiated by the United Nations to encourage businesses to align their strategies and operations with ten universal principles building on UN conventions in the areas of human rights, labour environment and anti-corruption. Signatories to the UN Global Compact, commit themselves to observe the ten principles and to report annually on their progress in living up to them.

Nordea signed up to the UN Global Compact in 2002, first through Nordea Bank Finland, and from December 2004 coverage was extended to the whole group when the signatory role was transferred to Nordea Bank AB (publ). Nordea has implemented the UN Global Compact in our business practices and operations through a variety of undertakings. On a strategic level, we have specified our commitment to the UN Global Compact in our Corporate Citizenship Principles, which are our most important CSR principles, and also developed more detailed subordinate policies and routines to ensure our compliance with the Global Compact in our everyday business and activities.

In operations, we uphold the UN Global Compact labour standards in all areas, monitor and reduce environmental consequences from our operations, and we have policies and procedures in place to ensure that none of our personnel get involved in corruption or ethically unsound business relationships. In business, we develop and bring to the market socially and environmentally responsible products and services, and we analyse and address environmental and social risks in our corporate credits procedures. We fulfil our reporting obligations to the UN Global Compact, participate in Global Compact networks and are active dialogue partners with other UN Global Compact signatories and other stakeholders on relevant issues. Furthermore, we promote the UN Global Compact and assist other potential signatories with guidance on the practical implications of being a signatory.

#### **The UN Global Compact**

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:

##### **Human Rights**

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

##### **Labour Standards**

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

##### **Environment**

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

##### **Anti-Corruption**

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

## **UN Environmental Programme Finance Initiative (UNEP FI)**

UNEP FI is a global partnership between the United Nations Environmental Programme and the financial services industry to understand, address and manage environmental and social considerations on business operations and financial performance.

Nordea has been a signatory to the UNEP FI since 2001, and has implemented the partnership charter in the business practices and operations through a variety of undertakings. The commitment to UNEP FI is specified in Nordea's Corporate Citizenship Principles, which are our most important CSR principles, and also in Nordea's Environmental Policy.

In operations, Nordea strives to monitor and reduce environmental consequences. Nordea also offers environmental information, guidance and self-testing in environmental competencies to all our personnel through our intranet. In business, Nordea develops and brings to the market socially and environmentally responsible products and services, and analyses and addresses environmental and social risks in our corporate credits procedures.

<sup>1)</sup> Nordea Fonder AB, Sweden; Nordea Investment Management AB, Sweden; Nordea Investment Funds Finland; Nordea Fondene Norge AS, Norway, Nordea Invest, Denmark.

As a committed signatory, Nordea participates in UNEP FI networks and is an active dialogue partner with other UNEP FI signatories and other stakeholders on relevant issues. We promote the UNEP FI and assist other potential signatories with guidance on the practical implications of being a signatory.

## **UN Principles for Responsible Investments (UNPRI)**

The UNPRI is a global voluntary standard for institutional investors, investment managers and professional service partners in investment services to incorporate environmental, social and governance issues in their investment and investment related products and services.

In 2007 Nordea<sup>1)</sup> signed the UNPRI and undertook new responsibilities as investment managers relevant to the Principles, and have implemented the Principles in our business practices and operations through a variety of measures. On strategic level, we have established a Responsible Investment (RI) policy which also reflects our UNPRI obligations.

### **UNEP FI**

UNEP FI dates back to the early 1990s, and is aimed to promote integration of environmental considerations into the financial sector's operations and services. There are over 160 financial and insurance institutions that are signatories to the UNEP FI Statement, which can be summarised in three overarching principles;

- **Commitment to Sustainable Development:** entails the idea of sustainable development as sound business management, and that the financial sector can contribute towards sustainable development.
- **Environmental Management and Financial Institutions:** promotes the integration of environmental considerations into operations, business decisions and asset management.
- **Public Awareness and Communication:** initiatives to share information and experiences within the industry, to foster openness in relation with stakeholders and to promote the UNEP FI Statement.

### **UN Principles for Responsible Investments**

The result of a multi-stakeholder process coordinated by the UNEP FI and the UN Global Compact, the Principles for Responsible Investments (UNPRI) were launched in 2006. The Principles are open to all institutional investors, investment managers and professional service partners, and builds on the growing view that environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios.

The signatories to the initiative commit to six voluntary principles;

- to incorporate ESG issues into investment analysis and decision-making processes.
- to be active owners and incorporate ESG issues into our ownership policies and practices.
- to seek appropriate disclosure on ESG issues by the entities in which we invest.
- to promote acceptance and implementation of the Principles within the investment industry.
- to work together to enhance our effectiveness in implementing the Principles.
- to report on our activities and progress towards implementing the Principles.

Nordea develops and offers to the market UNPRI compliant RI products, and makes use of highly qualified SRI experts for monitoring, analysing and providing advice on development and administration of these products. Performing active ownership is part of our active investment management, and we divest from engagements when companies invested in do not comply with our RI standards and the UNPRI.

We also promote the UNPRI and arrange seminars, participate in workshops and networks with investors, investment managers and professional service partners to promote socially responsible investments.

### The Equator Principles

The Equator Principles is a global, voluntary standard for commercial lenders to identify and address social and environmental risks in project financing based on the World Bank's guidelines for environmentally and socially responsible financing.

Nordea<sup>1)</sup> adopted the Equator Principles in 2007, and we have implemented the Equator Principles in our business practices and operations:

- Equator Principles evaluation and compliance routines for deal managers and credit analysts have been developed.
- An Equator Principles Manual (toolkit) for credit analysts has been produced.
- The analysts and other relevant personnel have been trained in using the routines and tools.
- Organisational setups (network and workflow) for reference and advice on social and environmental risks have been established.
- The Equator Principles workflow has been integrated with Nordea's general credit evaluation and decision workflow.

<sup>1)</sup> Nordea Export and Project Finance unit

### The Equator Principles

The Equator Principles, a set of guidelines on how to mitigate environmental and social risks in project financing, were launched in 2003 by the World Bank Group's International Finance Corporation (IFC) and the bank industry. The number of signatories to the Equator Principles at end of 2008 was in excess of 60 banks and financial institutions.

The Equator Principles, which were updated in 2006, applies globally to projects across all sectors, where total project capital costs exceeds USD 10 million and the project is assessed to have a potential adverse social or environmental impact.

An Equator Principles Financial Institution (EPFI) will only provide loans to projects that conform to the principles;

- Review and categorisation: due diligence of projects includes a social and environmental review and a potential risk assessment.
- Social and Environmental Assessment: the borrower provides an S&E Assessment and proposed measures on how to mitigate and manage risks along the project.
- Applicable Social and Environmental Standards: assessment of the projects' overall compliance with established IFC and industry standards.

- Action Plan and Management System: the borrower provides an action plan listing prioritised actions, and implements an S&E management system.
- Consultation and Disclosure: the host government, borrower or third party expert consults with the communities affected by the project to ensure concerns are adequately incorporated.
- Grievance mechanism: the borrower establishes a grievance mechanism to ensure opportunities for consultation and engagement throughout the project.
- Independent review: an independent expert shall review the S&E Assessment, the Action Plan and the Consultation process.
- Covenants: the borrower will commit to incorporate covenants linked to compliance, including financing the documentation of compliance with host country regulation and Action Plan.
- Independent Monitoring and Reporting: the borrower shall appoint qualified external experts to verify and report on monitoring.
- EPFI Reporting: all signatories to the Equator Principles shall report publicly where appropriate on their implementation processes and experiences.

# The way forward

At the end of 2009 Nordea's Group Executive Management reinforced the CSR strategy going forward. It is a continuation and strengthening of the strategy held during the year.

Our top priority is as always to proactively help our customers manage their finances in the best possible way. The financial turmoil may be over but its aftermath is still felt by businesses and individuals.

What is new for 2010 is an increased focus on sustainable energy investments. We have worked on several projects in 2009. The first project was realised in January when we gave a Commitment<sup>1)</sup> to on a pro bono basis give our core competence in form of designing the financing structure for projects reducing environmental risks around the Baltic Sea. Subsequently we took part in the Baltic Sea Action Summit in February 2010. Our intention is to realise other projects of similar kind in 2010 and to make it possible for our employees to actively participate in our CSR work.

As we strengthen and expand our expertise within sustainability we will use it to the benefit of our customers as well as Nordea when giving credits. We want to be able to give advice on the sustainability requirements of various businesses and products. In 2010 Nordea Investment Funds will continue with gradual implementation of RI commitments into our investment process and increase our engagement activities with key holdings on relevant ESG issues. We have also developed a Nordic RI strategy where we have ambition to launch several new RI products on the Nordic market. We are confident that our current activities and future ambitions will better support our customers, their businesses and investments.

Our effort to reduce CO<sub>2</sub> emissions continues. We will further improve the way we run our business and encourage our employees to work in an environmentally friendly and smart way. In particular we want to reduce our air travel which is high partially due to the fact that we are a multi cross-border company. Our environmental targets for 2016

are now set and they entail decreasing our energy consumption by 15%, internal travelling by 30% and internal as well as external paper consumption by 50% compared to 2008. We will also enhance the sustainability of our sourcing policies and partners.

We will in 2010 further improve our way of working with stakeholders. We will develop a systematic method of interacting with stakeholders to understand their views. We will also include CSR as part of our employee and customer satisfaction surveys. We will also continue to develop the information on our Nordea.com pages to increase transparency on sustainability issues and to encourage people to have a dialogue with us on issues they find important.

<sup>1)</sup> Commitment was given to the Baltic Sea Action Group and can be found at <http://www.bsas.fi/commitments/all-commitments/>

” Our goal is to be a part of and support a sustainable future for generations to come.



# GRI index

Nordea reports in accordance with level C+ of the G3 guidelines of the Global Reporting Initiative (GRI). The index below includes degree of reporting and page reference to the relevant indicators in this report. In some instances reference is made to the Nordea Annual Report 2009 (AR). All core indicators are included in the table, together with the additional indicators Nordea has found relevant, and a selected number of indicators from the GRI Financial Services Sector Supplement from 2009.

- = Fully reported
- = Partly reported
- = Not reported

GRI content index		Page	
<b>1. Strategy &amp; analysis</b>			
1.1	CEO statement	4–5	●
1.2	Description of key impacts, risks and opportunities		○
<b>2. Organizational profile</b>			
2.1	Name of the organization	35	●
2.2	Primary brands, products, and services	3 AR 24–31	●
2.3	Operational structure of the organization	AR 161,165	●
2.4	Location of organization's headquarters	35	●
2.5	Countries where the organization operates	3, 21	●
2.6	Nature of ownership and legal form	AR 38, 161	●
2.7	Markets	3 AR: Nordea in Brief	●
2.8	Scale of the organization	3	●
2.9	Significant changes during the reporting period	AR 4	●
2.10	Awards received during the reporting period	AR 4	●
<b>3. Report parameters</b>			
<b>Report profile</b>			
3.1	Reporting period	6	●
3.2	Date of most recent previous report	8	●
3.3	Reporting cycle	6	●
3.4	Contact point for questions regarding the report	35	●
<b>Report scope and boundary</b>			
3.5	Process for defining report content	6	●
3.6	Boundary of the report	6	●
3.7	Specific limitations on the scope or boundary of the report	6	●
3.8	Basis for reporting on joint ventures, subsidiaries, etc	6	●
3.9	Data measurement techniques and calculation principles		○
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	6	●
3.11	Significant changes from previous reporting periods	6	●
3.12	Table identifying the location of the Standard Disclosures in the report	31–32	●
3.13	Policy and current practice with regard to seeking external assurance for the report	6, 34	●

GRI content index		Page	
<b>4. Governance, commitments &amp; engagement</b>			
<b>Governance</b>			
4.1	Governance structure of the organization	AR 61	●
4.2	The Chairman of the Board's role in the organization	AR 63	●
4.3	Independent and/or non-executive board members	AR 62, 64,162	●
4.4	Mechanisms for shareholders and employees to provide recommendations to the board	AR 61–62	●
4.5	Principles for compensation to senior executives		○
4.6	Processes for avoiding conflicts of interests in the board	AR 62	●
4.7	Processes for determining the qualifications of board members	AR 61–62	●
4.8	Mission, values, Code of Conduct, etc.	4, 25–29	●
4.9	The board's monitoring of the sustainability work		○
4.10	Processes for evaluating the board's own performance	AR 63	●
<b>Commitments to external initiatives</b>			
4.11	Explanation of how the precautionary principle is applied		○
4.12	Endorsement of external voluntary codes, principles, etc	25–29	●
4.13	Memberships in associations	6	●
<b>Stakeholder engagement</b>			
4.14	List of stakeholder groups	4, 6, 9–10	●
4.15	Basis for identification and selection of stakeholders with whom to engage	9–10	●
4.16	Approaches to stakeholder engagement	9–10	●
4.17	Key topics and concerns that have been raised through stakeholder engagement		○
<b>5. Economic indicators</b>			
<b>Economic performance</b>			
EC1	Direct economic value generated and distributed	3	●
EC2	Risks and opportunities due to climate changes		○
EC3	Coverage of the organization's defined benefit plan obligations	AR 129–132	●
EC4	Financial assistance received from government		○
<b>Market presence</b>			
EC6	Policy, practices, and proportion of spending on locally-based suppliers		○
EC7	Local hiring and proportion of senior management hired from the local community		○
<b>Indirect economic impact</b>			
EC8	Infrastructure investments and services provided for public purposes		○
<b>6. Environmental performance indicators</b>			
<b>Materials</b>			
EN1	Materials used by weight or volume	24	●
EN2	Percentage of recycled input materials	24	●
<b>Energy</b>			
EN3	Direct energy consumption by primary source		○
EN4	Indirect energy consumption by primary source	23–24	●
EN6	Initiatives to provide energy-efficient or renewable energy based products/services	14–16	●



GRI content index		Page	
<b>Water</b>			
EN8	Total water withdrawal by source	24	●
<b>Biodiversity</b>			
EN11	Location/scope of land owned near protected areas/areas of biodiversity value		○
EN12	Impacts of products or operations on biodiversity		○
<b>Emissions, effluents &amp; waste</b>			
EN16	Direct and indirect greenhouse gas emissions	23–24	●
EN17	Other relevant indirect greenhouse gas emissions	23–24	●
EN19	Emissions of ozone-depleting substances		○
EN20	NO, SO, and other significant air emissions		○
EN21	Total water discharge		○
EN22	Waste by type and disposal method	23–24	●
EN23	Number and volume of significant spills		○
<b>Products &amp; services</b>			
EN26	Initiatives to mitigate environmental impacts of products and services	13–16	●
EN27	Products sold and their packaging materials that are reclaimed		○
<b>Compliance</b>			
EN28	Fines and/or non-monetary sanctions for non-compliance with environmental laws		○
<b>Transport</b>			
EN29	Environmental impact of transports	23–24	●
<b>7. Social performance indicators</b>			
<b>Employment</b>			
LA1	Total workforce by employment type, contract and region	21	●
LA2	Rate of employee turnover by age group, gender and region	18	●
LA3	Benefits provided to full-time employees	20–21	●
LA4	Percentage of employees covered collective bargaining agreements	20	●
LA5	Minimum notice period(s) regarding operational changes	20	●
LA7	Rates of injury, occupational diseases, lost days, work related fatalities	18	●
LA8	Education, training, prevention and risk-control programs in place		○
LA9	Health and safety topics covered in formal agreements with trade unions	20	●
LA10	Average hours of training per year per employee		○
LA12	Employees receiving regular performance and career development reviews	18	●
LA13	Composition of governance bodies and employees according to diversity indicators	21 AR: 32, 162–165	●
LA14	Ratio of basic salary of men to women		○

#### Report Application Levels

		2002	C	C+	B	B+	A	A+
Mandatory	Self Declared							
	Third Party Checked							
	GRI Checked							
Optional	Self Declared							
	Third Party Checked							
	GRI Checked							

GRI content index		Page	
<b>Human rights</b>			
HR1	Investment agreements that include human rights clauses	13,16	●
HR2	Suppliers that have undergone screening on human rights, and actions taken		○
HR4	Total number of incidents of discrimination and actions taken		○
HR5	Operations where freedom of association and collective bargaining may be at significant risk and actions taken		○
HR6	Operations identified as having significant risk for incidents of child labour and actions taken		○
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour and actions taken		○
<b>Society</b>			
SO1	Programs for evaluating the operation's impacts on communities		○
SO2	Business units analyzed for risks related to corruption		○
SO3	Employees trained in the organization's anti-corruption policies and procedures		○
SO4	Actions taken in response to incidents of corruption		○
SO5	Participation in public policy development and lobbying		○
SO8	Monetary value of fines for non-compliance with applicable laws		○
<b>Product responsibility</b>			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed		○
PR3	Type of products and service information required by procedures, and percentage of products subject to such information requirements		○
PR5	Results related to customer satisfaction, including results of surveys	11, 17	●
PR6	Programs for adherence to laws, standards and voluntary codes for marketing communications		○
PR9	Monetary value of fines for non-compliance with regulations concerning the use of products and services		○
<b>Financial services sector supplement indicators (selected)</b>			
FS1	Policies with specific environmental and social components applied to business lines	11–16	●
FS2	Procedures for assessing and screening environmental and social risks in business lines	13–15	●
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	13–14	●
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	10–12	●
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	14–15	●
FS6	Percentage of the portfolio for business lines by specific region, size and by sector	11–14	●
FS11	Percentage of assets subject to positive and negative environmental or social screening	11–14	●



# Abbreviations

## Abbreviations used in our report

CC	Consultative Committees
CEO	Chief Executive Officer
CER	Certified Emission Reduction
CO	Customer Ombudsman
CO <sub>2</sub>	Carbon dioxide
COP-15	2009 United Nations Climate Change Conference
CSI	Customer Satisfaction Index
CSR	Corporate Social Responsibility
EI	European Employee Index
EP	Equator Principles
EPF	Export and Project Finance unit
EPFI	Equator Principles Financial Institution
ERAT	Environmental Risk Assessment Tool
ESD	EU directive on energy and end-use efficiency and energy services
ESG	Environmental, Social and Governance
ESI	Employee Satisfaction Index
EUA	EU emission allowances
FSSS	Financial Services Sector Supplement
GHG	Green house gases
GRI	Global Reporting Initiative
HR	Human Resources
IFC	The World Bank Group's International Finance Corporation
KPI	Key Performance Indicator
LEED	Leadership in Energy and Environmental Design
NEF	Nordea Ecological Footprint
NGO	Non Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
RBE	Rådet for Bæredygtig Erhvervsudvikling/Council for Sustainable Business Development
RECS	The European standard Renewable Electricity Certificate System
RFP	Request for proposal
RI	Responsible Investment
S&E Assessment	Social and Environmental Assessment
SPRAT	Social and Political Risk Assessment Tool
SVC	Sustainable Value Creation
UNEP FI	Environmental Programme Finance Initiative
UNGC	The United Nations Global Compact
UNPRI	The United Nations Principles for Responsible Investments

# Report on review of CSR Report

To the readers of Nordea CSR Report 2009:

## Introduction

We have been engaged by Nordea executive team to perform an assurance engagement related to Nordea CSR Report 2009. It is the board of directors and the executive team that are responsible for the continuous CSR activities and for the preparation and presentation of the CSR Report in accordance with applicable criteria. Our responsibility is to express a conclusion on the CSR Report based on our review.

## Scope of the review

Our review has been performed in accordance with FAR SRS (the institute for the accountancy profession in Sweden) recommendation RevR 6 Assurance of sustainability reports. A review consists of making inquiries, primarily of persons responsible for CSR matters and for preparing the CSR Report, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion based on an audit.

The criteria used when performing our review procedures are based on applicable parts of the "Sustainability Reporting Guidelines, G3" issued by the Global Reporting Initiative (GRI) suitable for the CSR Report. We consider those criteria to be suitable for our engagement.

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

- Assessment of suitability and application of criteria in respect to stakeholders need of information.
- An update of our knowledge and understanding of Nordea's organization and activities.
- Interviews with responsible management, at different levels within the group, with the aim to assess if the qualitative and quantitative information stated in the CSR Report is complete, correct and sufficient.
- Reading of internal documents to assess if the information stated in the CSR Report is complete, correct and sufficient.
- Evaluation of routines used for the collection and reporting of CSR information and data.
- Evaluation of the model used to calculate CO<sub>2</sub>-emissions.
- Analytical review of reported information.
- Review of underlying documentation, on a test basis, to assess whether the information and data in the CSR Report is based on that documentation.
- Review of qualitative information and statements in the CSR Report.
- Assessment of Nordea's stated application level according to GRI:s guidelines.
- Overall impression of the CSR Report, and its format, considering the information's mutual conformity with applicable criteria.
- Reconciliation of the reviewed information against the sustainability information in the Nordea Annual Report 2010.

## Conclusion

Based on our review procedures, nothing has come to our attention that causes us to believe that Nordea CSR Report 2009 is not prepared, in all material aspects, in accordance with the above stated criteria.

Stockholm, February 19, 2010  
KPMG AB

Carl Lindgren  
Authorized Public Accountant

Åse Bäckström  
Expert member FAR SRS

# Additional information

For more information, please refer to our web pages  
[www.nordea.com/csr](http://www.nordea.com/csr).

You may also contact us at [csr@nordea.com](mailto:csr@nordea.com)

## **Head office**

Nordea Bank AB (publ)  
Smålandsgatan 17  
SE-105 71 Stockholm, Sweden