

Norwegian Transparency Act Statement 2022

Nordea Finance Equipment AS

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1. Background

Nordea Finance Equipment AS (“NFE”) is a Scandinavian finance company. NFE became a wholly owned subsidiary of Nordea Bank Abp (“Nordea”) on 1 October 2020. Under the trademark Nordea Finance, NFE operates alongside Nordea’s other finance entities in the Nordic countries.

This statement constitutes NFE’s account for the financial year 2022 as required by the Norwegian Transparency Act (the “Act”).

2. About Nordea Bank

Nordea is a Nordic bank with an international presence. Nordea is a signatory to the Principles for Responsible Banking and to the UN Global Compact and its underlying principles on human rights, labour rights, environment and anti-corruption. Nordea's approach to counteract human rights violations is also aligned with the principles in the OECD Guidelines for Multinational Enterprises (“OECD Guidelines”) and the UN Guiding Principles on Business and Human Rights (“UNGP”). These principles form a base for the Act.

Nordea supports the Universal Declaration on Human Rights and includes human rights in its Code of Conduct¹, Sustainability Policy², Responsible Investment Policy³, Supplier Code of Conduct⁴ and sector guidelines⁵. Furthermore, Nordea addresses human rights as a sustainability issue in all parts of the organisation and in the due diligence processes.

3. About Nordea Finance Equipment AS

In NFE, business is carried out through a broad, Scandinavian distribution network with 15 regional sales offices in Norway, 4 offices in Sweden and 2 in Denmark, now in co-operation with sister companies in the respective countries. The company’s headquarters is located in Oslo, Norway. Its business registration number is 987 664 398. From 1 April 2022, Sjur Loen was appointed as managing director for both NFE and Nordea Finans Norge AS.

With a local presence and a European network, NFE aims to satisfy the requirements of Scandinavian businesses for capital-intensive equipment, liquidity and administrative services.

Nordea Finance offers its products from four Nordic business lines: Equipment, Receivable, Car and Retail finance. The product are distributed through NFE’s and Nordea’s sales organizations and partners. In Norway, Retail finance is no longer offered in the market. NFE offers only equipment finance and receivables finance.

As a financial services company, we are in the business of trust. Our success relies on the confidence our stakeholders have in us, and every one of us has a crucial role in building and maintaining that trust. We are committed to integrating sustainability into the core of our business, including caring for the environment, protecting and respecting labour and human rights, and combating corruption and bribery.

¹ <https://www.nordea.com/en/doc/nordea-code-of-conduct-2022.pdf>

² <https://www.nordea.com/en/doc/nordeasustainabilitypolicy.pdf>

³ <https://www.nordea.com/en/doc/nordea-responsible-investment-policy-july-2022.pdf>

⁴ <https://www.nordea.com/en/doc/nordea-supplier-code-of-conduct-2019.pdf>

⁵ <https://www.nordea.com/en/sustainability/policies-sector-guidelines>

4. Guidelines and procedures

NFE, as a subsidiary of Nordea, has the same approach to human rights as Nordea. Nordea's approach is included in the Code of Conduct, Sustainability Policy, Responsible Investment Policy, Supplier Code of Conduct and in the Sector Guidelines.

Nordea's efforts to handle actual and potential adverse impacts on fundamental human rights are guided by the following initiatives:

- The Principles for Responsible Banking
- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- UN Principles for Responsible Investment
- The Universal Declaration of Human Rights
- UN Environment Programme Finance Initiative
- The ILO Declaration of Fundamental Principles of Rights at Work
- The Children's Rights and Business Principles

4.1 Grievance mechanisms

NFE is committed to conducting business with the highest ethical standards and according to applicable laws, rules and regulations. For this reason, we encourage all customers, partners as well as our own employees to always report any suspected fraudulent or unethical behaviour by NFE or its employees.

This procedure is intended solely for reporting suspected misconduct or irregularities, such as fraudulent, inappropriate, dishonest, illegal or negligent activity or behaviour, and should not be used for customer complaints or to report on issues related to personal disputes.

5. Due Diligence process

5.1 Human rights assessment in the supply chain

NFE has outsourced its procurement activities to Nordea. NFE's suppliers and business partners ("Suppliers") are therefore covered by Nordea's due diligence procedure. NFE spends around EUR 17 million annually on goods and services from its Suppliers. Ensuring that our Suppliers are committed and work diligently with sustainability is paramount for our joint ability to deliver on the sustainability goals. Our Supplier Code of Conduct, which is aligned with the Nordea Code of Conduct and the UN Global Compact, sets the standard for how we expect our Suppliers to act. It is not enough that our Suppliers abide by the laws and regulations in the countries where they operate, but we expect them to proactively move beyond compliance. By having a contractual commitment from our Suppliers, we ensure that the sustainability requirements are governed as an integrated part of the supplier and contract management.

5.2 Monitoring and screening

Human rights risks are integrated in our Supplier screening and monitoring processes, where indicators such as the risk of child labour, the risk of modern slavery, the right to freedom of association, and the decency of working conditions are evaluated as part of the pre-screening. The pre-screening and monitoring process also investigates whether the Supplier has been subject to negative media exposure due to misconduct related to human rights, enabling us to take appropriate actions.

In 2022 Nordea has further matured the process for pre-screening and monitoring supply chain sustainability risks. Nordea has implemented a new version of our screening system, trained sourcing managers in using the system, and implemented a four-eyes principle on assessing Suppliers with an inherent high-risk evaluation. All Suppliers in Nordea's contract database with whom we have an active agreement are subject to continuous monitoring. In case a risk is identified, a formal process will be initiated to determine the appropriate course of action. We believe that the best outcome will be achieved by engaging in dialogues with the Suppliers, and terminating an agreement is the last resort. Any validated risks are logged for improved oversight and to secure that they are thoroughly investigated, mitigated and documented. NFE is in the process of including its third-party contracts in Nordea's contract database. Until this process is completed, NFE monitors its key contracts separately in accordance with NFE's risk-based approach methodology.

5.3 Training for employees and Board

All our employees are required to complete an annual Code of Conduct training to ensure adequate awareness and knowledge of our ethical principles, including human rights. We have an appointed representative in the Sustainability working group at the Association of Norwegian Finance Houses (Finansieringsselskapenes Forening) in which active work on awareness on human rights and decent working conditions in our industry is ongoing. In 2023 board members were oriented on human rights due diligence by a subject matter expert.

6. Due diligence findings and way forward

As part of Nordea's continuous and ongoing due diligence of Suppliers, Nordea conducted a risk assessment of NFE's supply chain in 2022, identifying areas where there is an elevated risk of human rights issues. The areas identified are IT hardware and accessories, consultants, facility management, branded material and travel. NFE conducted a review of a sample of suppliers. It was evident from the reviews that sustainability issues are receiving more attention in general and have grown in importance at executive levels of organisations, including clear human rights expectations for their suppliers in their supplier's code of conduct. No severe findings were found during the reviews.

During the first quarter of 2023, NFE conducted a preliminary assessment of partners that are connected to the business operation. The exercise identified areas where there is an elevated risk of human rights issues. The areas identified are business partners within the industry of vehicles and of IT hardware and accessories.

We intend to deep-dive into the high-risk areas identified so far during this year, applying a risk-based approach, where we will assess if we have caused or contributed to adverse impacts, and if so, define suitable measures to cease, prevent and mitigate such impacts. We will also improve the process for tracking implementation and remediation, to ensure we are on track to fulfil our group target to have a human rights impact assessment of the supply chain in place by the end of 2023.

Efforts in 2022 have been focused on the supply chain, whereas impacts on business operations will be further developed in 2023.

Signatures for the Norwegian Transparency Act Statement for year 2022

Oslo, 26 May 2023

Ari Kaperi
Chairman

Peter Hupfeld
Vice chairman

Ulrik Modigh

Petteri Änkilä

Ellen Pløger

Hans Christian Hustad

Sjur Loen
CEO