

2019

NIB

Activity
Report



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Activity Report (PDF)

Overview of NIB’s operations, sustainability management and governance in 2019.



NIB Environmental Bond Report (PDF) →

Full report of NIB Environmental Bonds in 2019.



Financial Report (PDF) →

The Report of the Board of Directors and the complete Financial Report 2019.

Click NIB logo to navigate to the contents page

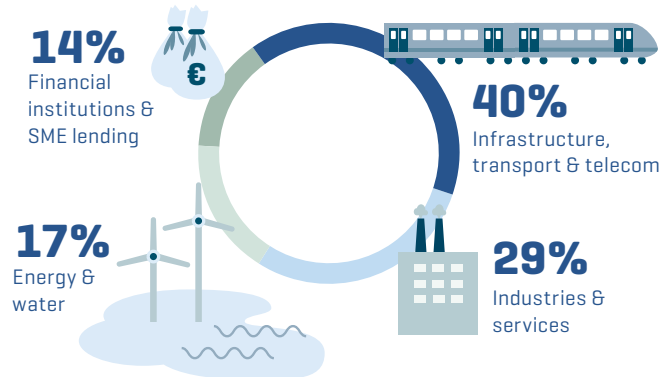
Key highlights 2019

55 new loans
EUR 3,316 million agreed



98% of loans agreed achieved a “good” or “excellent” mandate rating for their impact on productivity and the environment

Loans disbursed: EUR 2,676 million



Process to change NIB’s Statutes initiated



EUR 4.9 billion raised in new funding



Internal Sustainability Council established



First Nordic-Baltic Blue Bond for water management & protection issued



No time to lose

We have reached a time in history where we need to make systemic changes to balance the well-being of our societies with the limits of our planet. A transition to low-carbon economies requires global co-operation and actions from everyone, including governments, businesses, financial institutions and individuals like you and me.

The way I see it, NIB can support the transition in two ways.

The first is to continue offering complementary long-term financing to projects that bring environmental benefits and productivity gains—including social aspects. In 2019, we financed several water management projects, green buildings, R&D programmes, public transport, renewable energy and health sector investments. We also made loans available for small and medium-sized enterprises.

During the year, we agreed 55 loans and invested in nine green bonds totalling EUR 3.32 billion, and disbursed EUR 2.68 billion. In this activity report, you can read about some of the projects and find out why we financed them.

The second way for NIB to contribute to a sustainable transition is to share our expertise.

We analyse all loan projects for their expected societal impact, and we evaluate the outcome when projects are completed. What we have learned is that sustainable development is not only black or white, nor is it only green. For example, we believe that equal economic opportunities is an important driver for productivity and long-term sustainable growth. To leave people behind would jeopardise the changes we need.

Despite our extensive experience in sustainable finance, we want to learn and not be afraid of making mistakes. We should keep in mind that our societies' needs change over time.

In 2020, we will continue to develop our frameworks and analysis of environmental, social, governance [ESG] risks and opportunities. In 2019, NIB acted as Chair of the Green Bond Principles Executive Committee and joined the Network for Greening the Financial System as an observer.

The Bank also signed up to the Principles for Responsible Investment [PRI], the Principles for Responsible Banking [PRB] and the Task Force on Climate-related Financial Disclosures [TCFD].

Last, we should keep our own house in order.

The banking industry has undergone significant changes since the last financial crisis in terms of capital, risk management and regulatory requirements.

In order to allow NIB to adapt to the changes and to better support its Nordic and Baltic member countries, the Bank is in the process of changing its statutes. NIB's Board of Governors approved amendments to the Statutes in 2019, and the procedures for national approvals of these changes are currently ongoing.

I believe that the proposed modernisation of the Statutes would keep NIB relevant to our Nordic and Baltic owner countries for many years to come.

Henrik Normann, President & CEO



About NIB

The five Nordic countries Denmark, Finland, Iceland, Norway and Sweden decided in 1975 to set up the Nordic Investment Bank (NIB) to promote economic growth and cooperation between them. The operations started in 1976. The three Baltic countries Estonia, Latvia and Lithuania became members of the Bank in 2005.

NIB started focusing on environmental projects in the late 1980s. Today, the Bank's mission is to finance projects that improve the productivity and benefit the environment of the Nordic and Baltic region. NIB believes that taking environmental and social aspects into account is part of good business and leads to sustainable development. This approach enhances also the competitive advantage of the Bank's customers. Prosperity, well-being and a healthy environment go hand in hand.

We have followed the idea of sustainable finance long before it was established as a term. For us, sustainable finance is not just about green solutions. We also focus on productivity, which covers social dimensions such as equal opportunities, and inclusiveness. We aim at contributing to a fair and just sustainable transition, which leaves no one behind.

LONG-TERM APPROACH

We work towards a prosperous and sustainable Nordic-Baltic region by addressing challenges such as sustainable growth, technological innovation, climate change, the development of circular economy and the protection of marine environments.

NIB offers long-term loans to complement and leverage commercial lending. Loans are extended according to sound banking principles and on market terms. NIB has lending operations both within and outside its member countries. The Bank acquires the funds for its lending activities by borrowing on the international capital markets. NIB has the highest possible credit rating of AAA/Aaa. This way, the Nordic and Baltic member countries can finance the transition to more sustainable societies.

Located in Helsinki, Finland, NIB had 202 permanent employees at the end of 2019.



Capital structure

In 2019, NIB's Board of Directors and management initiated a process to modernise the Statutes of the Bank.

The Bank's authorised capital was EUR 6,141.9 million as of 31 December 2019. The paid-in capital at the end of the year amounted to EUR 418.6 million. The remainder of NIB's authorised capital is subject to call if the Bank's Board of Directors deems it necessary for the fulfilment of the Bank's debt obligations. The Bank's equity consists of the paid-in portion of the authorised capital and accumulated reserves. As of 31 December 2019, the Bank's equity amounted to EUR 3,735.3 million.

Further information on the composition of the Bank's equity is provided in the statement of financial position and the statement of changes in equity in NIB's Financial Report 2019.

NIB's member countries have subscribed to the Bank's authorised capital and guaranteed the special loan facilities mentioned below in proportion to their gross national incomes. The countries' share of the authorised capital is shown on the map of member countries. The Bank's ordinary lending ceiling corresponds to 250% of the authorised capital and accumulated general reserves.

After the appropriation of profits from the financial year 2019, in accordance with the proposal made by the Board of Directors, the ordinary lending ceiling amounts to EUR 22,467 million.

In addition to ordinary lending, NIB has two special lending facilities. The Project Investment Loan (PIL) facility amounts to EUR 4,000 million. The member countries guarantee 90% of each loan under the PIL facility up to a total amount of EUR 1,800 million.

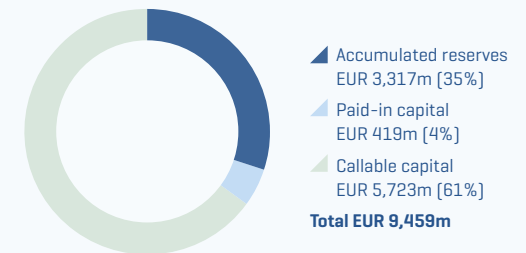
The Bank, however, will assume 100% of any losses incurred under an individual PIL loan, up to the amount available at any given time in the Special Credit Risk Fund for PIL. Only thereafter would the Bank be able to call in the member countries' guarantees. Each member country's share of the guarantee amount is shown in the map of the member countries.

The second special facility, the Environmental Investment Loan (MIL) facility has a statutory ceiling of EUR 300 million. The Bank's member countries guarantee 100% of loans outstanding under the MIL facility.

Following a call on the guarantees in 2014 and 2016, the member countries' total guarantee liabilities as of year-end 2019 amount to EUR 266 million.

In order to allow the Bank to adapt and better support its member countries, the Board of Directors and the management have been working on modernising the Statutes of the Bank. As a result, at its annual meeting on 24 May 2019, the Board of Governors approved substantial amendments to the Statutes.

CAPITAL BASE
%, as of 31 Dec 2019



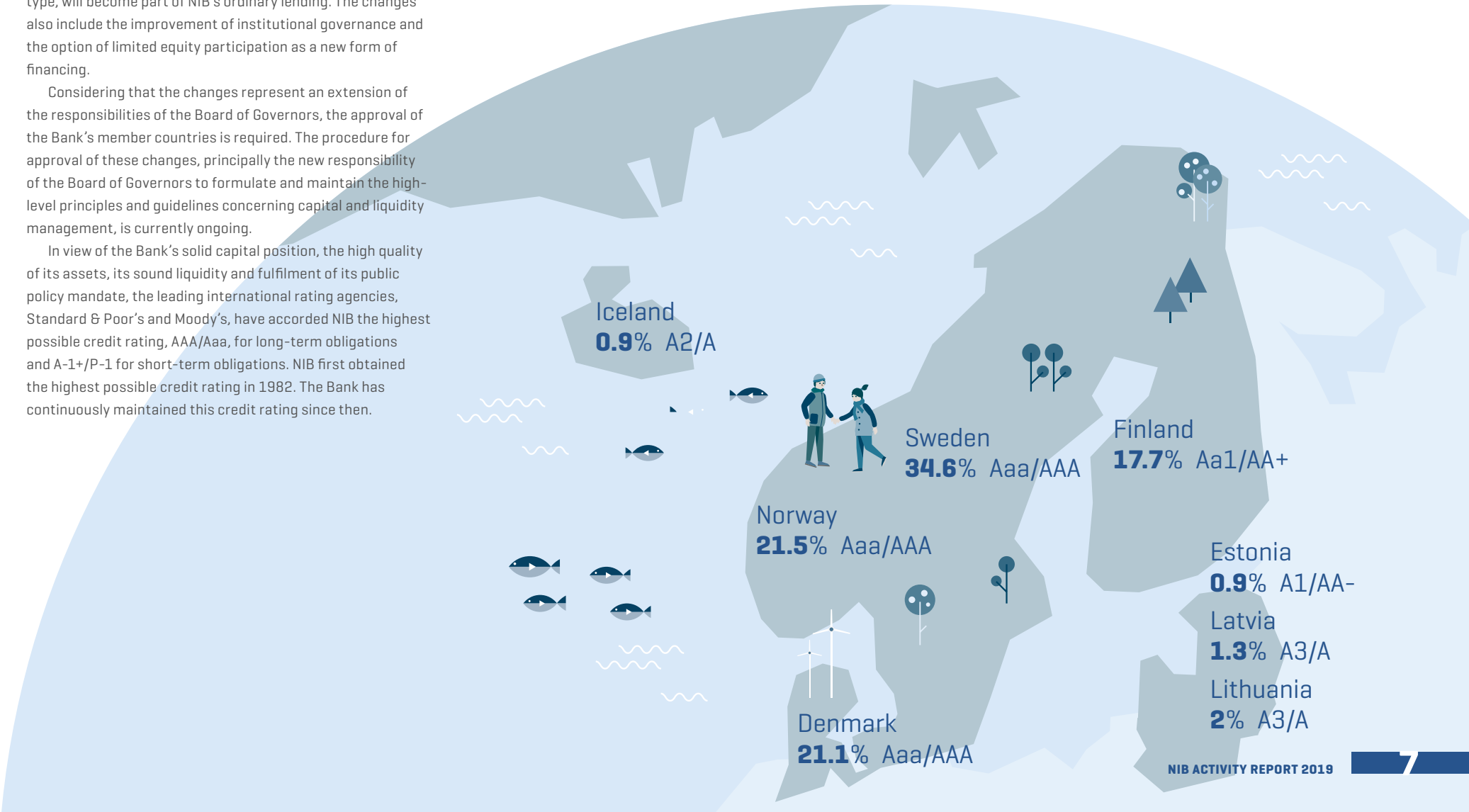
The changes include the replacement of the Bank's capital gearing limit with a risk-based comprehensive framework for capital and liquidity management. In addition, the special loan facilities PIL and MIL will be discontinued. The outstanding amounts under these facilities, as well as new lending of this type, will become part of NIB's ordinary lending. The changes also include the improvement of institutional governance and the option of limited equity participation as a new form of financing.

Considering that the changes represent an extension of the responsibilities of the Board of Governors, the approval of the Bank's member countries is required. The procedure for approval of these changes, principally the new responsibility of the Board of Governors to formulate and maintain the high-level principles and guidelines concerning capital and liquidity management, is currently ongoing.

In view of the Bank's solid capital position, the high quality of its assets, its sound liquidity and fulfilment of its public policy mandate, the leading international rating agencies, Standard & Poor's and Moody's, have accorded NIB the highest possible credit rating, AAA/Aaa, for long-term obligations and A-1+/P-1 for short-term obligations. NIB first obtained the highest possible credit rating in 1982. The Bank has continuously maintained this credit rating since then.

MEMBER COUNTRIES

Share of authorised capital and rating by credit rating agencies Moody's and Standard & Poor's as of 31 December 2019.



Nordic-Baltic operating environment

While being exposed to the risks posed by global megatrends, the Nordic-Baltic region is also well positioned to take advantage of the opportunities arising from them.



MEGATRENDS

Technological change

- Information and computer technology
- Biotechnology
- Nanotechnology

Demographic changes

- Ageing population in advanced economies
- Population growth in the least developed countries
- Migration and urbanisation

Increasing pressure on the earth's ecosystems

- Food security
- Biodiversity loss
- Water scarcity

Environmental pollution

- Health impacts
- Less arable lands
- Plastic pollution

Climate crisis

- Extreme weather events
- Climate unpredictability
- Decreasing viable areas

IMPACTS TO THE NORDIC-BALTIC REGION

Rapid transformation of sectors such as manufacturing, healthcare and many others. Work life and professions are changing, many professions might disappear as new ones emerge. Need for lifelong learning and new skills. Rapid digitalisation might displace certain population groups; on the other hand it offers business opportunities and new applications e.g. in the health sector.

The dependency ratio is decreasing. Concern about future pensions: who will pay them? Pressure on the quality of the elderly care, and lack of skilled health care workers. Labour migration will increase.

Pressure on forests: new pulp mill investments vs. carbon sinks. Investments needed to reduce emission loads and agricultural runoff to the Baltic Sea and to accelerate the recovery of marine ecosystems.

More and more areas in Europe and globally might become non-viable due to pollution or drainage. Migration to more viable areas, such as the Nordic-Baltic region could increase. Land use conflicts between eg. infrastructure and food production. Investments needed in waste reduction and more efficient recycling systems. New business opportunities for sustainable food delivery systems.

Winter tourism threatened by shortening winters with less snow. New challenges due to warmer weather but also opportunities for new food crops. Business opportunities for renewable energy production and carbon neutral mobility services. Stranded assets.



THE NORDIC-BALTIC COUNTRIES AND THE UN SDGS

The UN member states adopted the 17 sustainable development goals in 2015, as part of the 2030 Agenda for Sustainable Development that set out a 15-year plan to achieve the goals. Progress is made in many places, but not yet at the speed or scale required for meeting the targets in 2030.

While the Nordic countries top the SDG Index, they still face major challenges in implementing at least two or several sustainable development goals (SDGs), according to a study conducted by the Bertelsmann Stiftung. In fact, the report

found that “no country is on track for achieving all 17 goals with major performance gaps even in the top countries”. The 17 Goals are all interconnected, and in order to leave no one behind, it is important that we achieve them all by 2030.

The [Sustainable Development Report 2019](#) by the Bertelsmann Stiftung was published in June 2019. The report covers all 193 UN member states and presents data on changes over time in SDG indicators, as well as calculations for trajectories until 2030.

Country	2019 Global Index Score (0-100)	2019 Global Index Rank	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Denmark	85.2	1	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Sweden	85.0	2	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Finland	82.8	3	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Norway	80.7	8	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Estonia	80.2	10	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Iceland	79.2	14	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Latvia	77.1	24	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Lithuania	75.1	32	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

● Goal Achievement ● Challenges remain ● Significant challenges ● Major challenges

Reference: Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G. [2019]: Sustainable Development Report 2019. New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN).

NORDIC-BALTIC COUNTRIES RANK TOP IN SEVERAL INTERNATIONAL INDICES – STILL ROOM FOR IMPROVEMENT

COMPETITIVENESS ¹	TRANSPARENCY ²	GLOBAL INNOVATION ³	HUMAN CAPITAL ⁴	GLOBAL GENDER GAP ⁵	INFRA-STRUCTURE ⁶	AGE DEPENDENCY RATIO ⁷	HAPPINESS ⁸
Sweden 8th Denmark 10th Finland 11th Norway 17th Iceland 26th Estonia 31st Lithuania 40th Latvia 41st	Denmark 1st Finland 3rd Sweden 4th Norway 7th Iceland 11th Estonia 18th Lithuania 35th Latvia 44th	Sweden 2nd Finland 6th Denmark 7th Norway 19th Iceland 20th Estonia 24th Latvia 34th Lithuania 38th	Finland 5th Sweden 8th Denmark 17th Norway 18th Estonia 29th Iceland 33rd Latvia 35th Lithuania 37th	Iceland 1st Norway 2nd Finland 3rd Sweden 4th Latvia 11th Denmark 14th Estonia 26th Lithuania 33rd	Sweden 2nd Denmark 8th Finland 10th Norway 21st Estonia 36th Iceland 40th Lithuania 54th Latvia 70th	Lithuania 51% Iceland 53% Norway 53% Latvia 54% Estonia 56% Denmark 57% Sweden 60% Finland 60%	Finland 1st Denmark 2nd Norway 3rd Iceland 4th Sweden 7th Lithuania 42nd Latvia 53rd Estonia 55th

¹ World Economic Forum Global Competitiveness Index 2019.

² Transparency International Corruption Perceptions Index 2019.

³ Global Innovation Index 2019 by World Intellectual Property Office, Cornell University and INSEAD.

⁴ World Bank Human Capital Index 2018.

⁵ World Economic Forum Global Gender Gap 2018.

⁶ World Bank Logistics Performance Index 2018.

⁷ The age dependency ratio, calculated by the World Bank, is the ratio of dependents (people younger than 15 or older than 64) to the working-age population (those aged 15-64). Data are shown as the proportion of dependents per 100 working-age population.

⁸ World Happiness Index 2019.

Sources: Transparency International, World Bank, World Economic Forum and World Intellectual Property Organization/Cornell University/INSEAD.



SUSTAINABLE FINANCE

Impact of loans agreed in 2019

Prorated to NIB's share of financing

CO₂ REDUCTION

Loan projects contribute to annual CO₂ reduction of **173,000 tonnes** and CO₂ increase of **6,400 tonnes**.

The net reduction of **167,000 tonnes** equals the annual carbon footprint of **17,000** people in our region.

CO₂

ELECTRICITY AND THERMAL HEAT GENERATION

Agreed energy projects contribute to annual increase of **260 GWh** of generated electricity and thermal heat. The increase equals the energy need of **10,000** single family houses.

R&D PROGRAMMES

Seven R&D loans totalling **EUR 449 million**. The loans finance product innovation and new facilities in Sweden, Denmark, Finland and Iceland.

GREEN BUILDINGS

Five green building projects. Four buildings were certified LEED Platinum or BREEAM Excellent, and one public building with the highest level of Miljöbyggnad Gold. Combined, the green building projects cover **54,000 certified square meters**.

WASTEWATER TREATMENT

EUR 311 million for **seven wastewater treatment projects**, adding and upgrading wastewater treatment capacity of **190,000 PE**. This reduces discharges by 2 tonnes of phosphorous and 516 tonnes of nitrogen annually.

HUMAN CAPITAL DEVELOPMENT

EUR 120 million agreed in loans for **new education facilities**, affecting **5,000 pupils and students** from pre-school to university level in Lithuania, Norway and Sweden.

ONLENDING TO SMES AND ENVIRONMENTAL PROJECTS

15 loan programmes with financial intermediaries totalling **EUR 511 million** for onlending to **SMEs, mid-caps and environmental projects** in Finland, Norway, Sweden, Denmark and non-member countries.

ELECTRICITY NETWORKS

EUR 285 million agreed in electricity network projects, providing **2,420 kilometres** of distribution and transmission networks in Finland, Latvia and Norway. This increases reliability of supply and decreases energy losses.

Two projects discharging nutrients to the watercourses, resulting in additional 1 tonne of phosphorous and 6 tonnes of nitrogen discharges per year.

Annual net reduction equals **1 tonne of phosphorous** and **510 tonnes of nitrogen**.



SUSTAINABLE FINANCE

Lending in 2019

NIB finances projects that improve the productivity and benefit the environment of the Nordic and Baltic countries. In 2019, NIB agreed 55 loans and invested in nine green bonds, totalling EUR 3,316 million. The financed projects included green buildings, R&D programmes, water management, public transport, renewable energy and health sector investments.

NIB's sustainable financing covers broad economic, social and environmental aspects. This approach to sustainability is reflected in the UN Sustainable Development Goals targeting development issues, such as health, education, gender equality, water, energy and urbanisation.

SUSTAINABLE FINANCING

NIB has long experience in the field of sustainable finance. While the prosperity of the region was a major driver for the Bank since its establishment in 1976, environmental aspects became an integral part of the financing decisions at the beginning of the 1990s. NIB has developed a framework that sets out the drivers, criteria and guidelines on how our analysts assess and rate the impacts of all the projects considered for financing.

Three years after a NIB-financed project has been completed, the Bank's analysts follow up on its impacts. In 2019, 13 such ex-post assessments were carried out. Of these, eight projects had achieved the expected impacts and five projects had partly achieved them. NIB uses these results to further develop its assessment methodology. Project summaries on NIB's agreed loans can be found [on our website](#).

LOANS AGREED IN 2019

Greenland
EUR 63 million
 • Airport development

Iceland
EUR 50 million
 • R&D investments

Norway
EUR 734 million
 • Water management
 • Hydropower
 • Electrified transport
 • Green buildings

Denmark
EUR 118 million
 • R&D investments

Loan programmes for onlending to projects outside NIB's member countries (such as renewable energy, energy efficiency, and public transport investments):

Banco Nacional de Comercio Exterior (Mexico):
 EUR 45 million for projects in Mexico

Black Sea Trade & Development Bank:
 EUR 50 million for projects in the Black Sea and Mediterranean region

Finnfund (Finland):
 EUR 35 million for projects in Finnfund's programme countries

IFU (Denmark):
 EUR 50 million for projects in IFU's programme countries

NEFCO (Finland):
 EUR 25 million for projects in Ukraine

Finland
EUR 777 million
 • Water management
 • Circular economy
 • Hospitals
 • R&D and industry

Sweden
EUR 936 million
 • SME programmes
 • Green buildings
 • Telecommunication

Estonia
EUR 37.5 million
 • Water management

Latvia
EUR 100 million
 • Electricity distribution

Lithuania
EUR 234 million
 • Sustainable urban development
 • Public transport
 • Energy infrastructure

CASE

Fjord1: Electrical ferries



“Fjord1’s ambitious investment programme to electrify ferry transport will undoubtedly inspire other operators in the shipping sector. It is a privilege having had the opportunity to support this transition towards more sustainable transport.”

Stefán Friðriksson /
Senior Manager, Origination

Disbursement year: 2019–2021

Amount disbursed: NOK 750 million

Business area: Infrastructure, Transportation & Telecom

The Norwegian ferry company Fjord1 and NIB signed a NOK 750 million loan to finance the acquisition of twelve hybrid-electric ferries. Ferries play a vital role in Norway’s public transportation infrastructure, due to the country’s long coastline and many fjords. Ferries transport some 20 million vehicles and more than 40 million passengers annually. Fjord1 is currently the largest operator in the country, with around 50% of the market. The company’s investment is a major step towards meeting Norway’s ambitious strategy for decarbonising coastal transport.

The company’s new ferries are designed to run on electricity in their everyday operation, and the batteries will be charged when docked. The vessels will also have backup marine fuel oil engines, which can be used if needed. The energy efficiency of operations is expected to improve by 30–40%, and CO₂ emissions are estimated to decrease by approximately 50,000 tonnes a year, as the new vessels will replace older, diesel-driven ferries.

While the move towards new technology implies some infrastructure costs, the operating costs of the new ferries will decrease, due to the higher efficiency of the electrical engines (when comparing them to the internal combustion engines) and lower maintenance needs (electric motors in general require less maintenance and consume less oil, etc.). The decrease in operational costs will result in productivity gains for the company and strengthen its position in a highly competitive market. The decreased need for fossil fuels will also reduce the traffic of heavy refuelling trucks in port areas.



New hybrid electric ferries will support Fjord1 in its efforts to provide more environmentally friendly service. Image: Havyard ASA, Fjord1 ASA

In addition, there will be important benefits for commuters, mainly due to the decrease in noise, vibration and fumes coming from the combustion engine.

The project also carries a significant demonstration value for a hard-to-transition industry such as shipping. As Fjord1 is one of the frontrunners in the transition to electric propulsion, their efforts and the outcomes of the project will be closely monitored by the industry. A successful implementation of the project will not only change the way mobility services are provided in the fjords of Norway, but will also have the potential to spur further industry-wide transformation.

CASE

Keitele Timber: Wood processing



“This project is an exciting opportunity for NIB to finance a fast growing mid-cap company that contributes to the regional economy of central Finland. Keitele will provide material for sustainable construction.”

Anna Kajander /
Senior Manager, Origination

Disbursement year: 2019
Amount disbursed: EUR 15 million
Maturity: 2029
Business area: Industries & Services



Keitele produces glue-laminated timber for sustainable construction. Image: Keitele Group

NIB and Keitele Timber, a mechanical wood processing company, have signed a ten-year loan facility of EUR 15 million to finance the company's capital expenditure investments. During the past five years, Keitele Timber has made significant investments to establish efficient production processes in state-of-the-art plants with high-tech machinery.

Keitele produces glue-laminated timber that can be used in building construction as an alternative to steel or concrete. This is expected to result in significant energy savings and lower CO₂ emissions in the lifecycle of new buildings.

The company is part of the Keitele Group, a fast-growing, family-owned mid-cap company in central Finland. As a by-product of wood processing, Keitele Group also produces biofuels for energy generation, approximately 1,000 GWh annually. The company sources wood from sustainably managed forests.

The municipalities where Keitele Group operates have average income levels that are around 20% below the national average. Keitele Group therefore plays an important role as an employer and in boosting the local economy. With more than 56% organic sales growth over the past three years, Keitele qualifies as a fast growing mid-cap according to NIB's definition criteria.

CASE

Össur: Improving life quality



“Össur is doing a remarkable job in leading the development of advanced prostheses and equipment for people recovering from injuries and accidents. The company’s R&D programme aims to improve the quality of life of amputees and stroke survivors.”

Nicolas Audibert /
Director, Head of Industries & Services

Disbursement year: 2019

Amount disbursed: EUR 50 million

Maturity: 2026

Business area: Industries & Services

Össur and NIB have signed a loan of EUR 50 million to finance part of the company’s R&D programme for 2020–2023. Össur develops and manufactures prostheses, bracings and supports. The company’s ongoing research focuses in part on the development of advanced microprocessor-controlled (bionic) foot and knee prostheses as well as bionic arm and hand solutions.

Approximately 200,000 people become lower limb amputees in the western world each year. The company’s R&D aims to increase the functionality and improve of its bionic hand, knee and foot prostheses to increase people’s life quality and reduce falls among lower limb amputees.

Össur has a high success rate in research and development, which is reflected in its number of new patents and product launches. While the commercial outcomes of companies’ R&D investments tend to be more uncertain than those of investments in tangible assets, Össur has a record of successfully commercialising R&D activities. The forthcoming investments will therefore add value to Össur’s operations.

Further, R&D affects the productivity of other companies operating in the same industry or region through knowledge spillovers.

As for Össur, the investments in high value-added operations and skills will therefore support valuable diversification of economic activities in Iceland.



Össur develops microprocessor-controlled foot and knee prostheses. Image: Össur

CASE

Maxima: Energy efficiency



“Financing Maxima’s energy efficiency investments created a great opportunity for NIB to support the Baltics’ leading retailer on their path to increased environmental sustainability.”

Dmitri Kouznetsov /
Director, Transaction & Portfolio
Management

Disbursement year: 2019

Amount disbursed: EUR 52 million

Maturity: 2029

Business area: Industries & Services



The refurbishment of Maxima’s stores will improve their environmental performance. Image: Maxima LT

Lithuanian retail company Maxima LT and NIB have signed a EUR 52 million loan agreement to finance the company’s store refurbishment programme in Lithuania, Latvia and Estonia.

The programme will result in significant energy efficiency improvements of the stores. The investments include converting existing stores into energy efficient buildings, accommodating more efficient refrigeration and cooling technologies, LED lighting and the installation of solar panel with a capacity of 14 MW, generating around 13 GWh of renewable energy annually.

The overall refurbishment programme is expected to decrease energy usage by 40 GWh per year, resulting in annual energy savings of at least 30% in the reconstructed buildings.

In addition to the environmental impacts, the refurbished stores will also contribute to the economic efficiency of the retailer. The renewed stores will provide energy savings and therefore also financial savings for the company. Furthermore, the renovation of the stores will lead to improvements both from a planning and an aesthetical perspective, leading to a better customer experience.

Doing it for the environment

We focus on a set of drivers for achieving environmental benefits. These are pollution reduction, preventive measures, resource efficiency, development of clean technology and climate change mitigation.

NIB defines loans to projects with significant direct or indirect positive environmental impact as environmental loans, regardless of the drivers.

In 2019, NIB agreed twenty-five environmental loans for projects with a mandate rating of “good” or “excellent”.

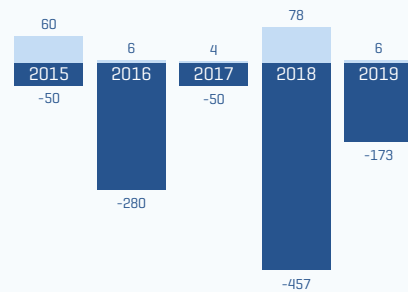
This represents 42% of all agreed and rated loans in 2019, and included projects such as wastewater treatment, green buildings, renewable energy, biofuel production and clean transportation.

The overall emission avoidance or reduction from agreed loans in 2019 was estimated to 504,000 tonnes of CO₂ equivalents annually. Pro-rated to NIB’s share of financing, the reduction amounts to 167,000 tonnes CO₂e per year.

Environmental projects that receive the highest ratings from our environmental analysts are considered for financing with [NIB Environmental Bond](#) proceeds.

CO₂* IMPACT OF NIB’S FINANCING

Thousands of tonnes of CO₂ per year

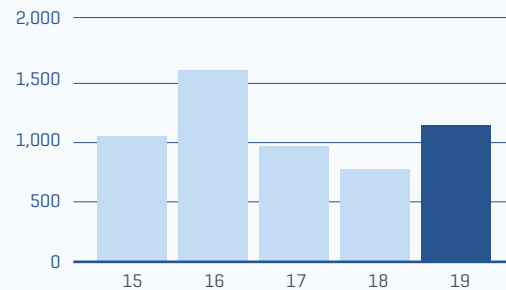


▲ Decrease ▲ Increase

* CO₂ is CO₂ equivalent, pro-rated to NIB’s share of financing.

ENVIRONMENTAL LOANS

of loans agreed, excluding Lending Green Bond purchases and unallocated credit facilities
EUR m



SUSTAINABLE FINANCE

Funding in 2019

NIB acquires the funds for its lending by borrowing on the international capital markets. In 2019, the Bank raised EUR 4.9 billion in new funding through 44 bond transactions. By the end of the year, the outstanding debt amounted to EUR 27 billion, issued in 19 different currencies.

NIB maintained its global benchmark strategy by issuing two global, USD-denominated benchmark transactions. Due to strong demand from Nordic investors, the Bank issued 25% of the new funding denominated in Scandinavian currencies, which

is a record high. The issuance in Scandinavian currencies also included a DKK 1 billion bond.

The Bank issued, for the fifth year in a row, a EUR 500 million Environmental Bond, the proceeds of which will be used to finance projects that benefit the environment and support the transition to a low-carbon economy. In 2019, NIB also issued its inaugural Nordic-Baltic Blue Bond. The SEK 2 billion transaction will finance projects in the water management and protection category. Read more about the use of NIB Environmental Bond proceeds in the [NEB Report 2019](#).

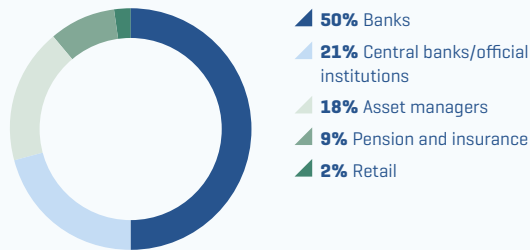
NIB continued to maintain a diversified and global investor base.

NIB also became a signatory to the Principles of Responsible Investment, and the Bank's Treasury started to incorporate environmental, social and governance factors into liquidity investments in a more systematic and structured way.

For more information on NIB's Funding activities, please [visit our website](#).

NEW BORROWINGS IN 2019

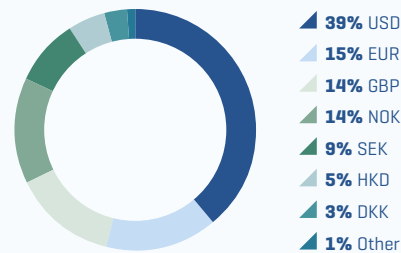
as of 31 Dec 2019
%, investor distribution



*Others less than 1%

CURRENCY DISTRIBUTION OF NEW FUNDING

as of 31 December 2019



EUR 4.9 billion
raised in new funding

EUR 693 million
issued under the NIB Environmental
Bond framework



**Nordic-Baltic
Blue Bond issued**

SUSTAINABILITY AT NIB

Sustainability management

NIB increased its focus on environmental, social and governance aspects in 2019. The process will continue in 2020 and be reflected in an upcoming revision of the Bank’s Sustainability Policy & Guidelines.

The mission given to NIB by its owner countries is intended to address current and future challenges, such as declining productivity in advanced economies and the impact of climate change, as well as the need to facilitate resilient growth, sustainable urban development and environmental protection. Therefore, NIB analyses each project considered for financing for its potential impact and to determine the extent to which it fulfils the Bank’s mission.

Hence, sustainability is at the core of NIB’s business model.

The Bank has a Sustainability Policy & Guidelines in place to cover the environmental and social dimensions of growth. In order to better adapt to the current business environment and to the specific issues our region faces, we will start the process of updating this Policy in 2020. The updated document will reflect NIB’s approach to sustainability as the Bank enters a new decade, which will be a critical time for climate change and sustainable growth.

NIB’s [Mandate Rating Framework](#) guides the Bank’s economists and environmental analysts in assessing a project’s impact on productivity and the environment. The Framework was last revised in 2018, and it provides a robust methodology for assessing project-level impact.

DRIVERS OF NIB’S LENDING ACTIVITIES

PRODUCTIVITY DRIVERS
Technical progress and innovation
Human capital and equal economic opportunity
Infrastructure improvements
Market efficiency and business environment

Projects contributing to productivity growth are naturally required to comply with NIB’s Sustainability Policy & Guidelines to ensure that they are in line with acceptable environmental and social standards. While it is understood that not all adverse impacts of a project can be avoided, NIB requires that they are appropriately reduced, mitigated or compensated for.

ENVIRONMENTAL DRIVERS
Pollution reduction
Preventive measures
Resource efficiency
Climate change mitigation

ESG FACTORS AND INTERNAL SUSTAINABILITY

Environmental, social and governance (ESG) factors are increasingly taken into consideration in the way businesses are financed and run. Every company and institution affects the environment in which it operates. It interacts with a broad, diverse society and requires clear, transparent governance to steer itself.

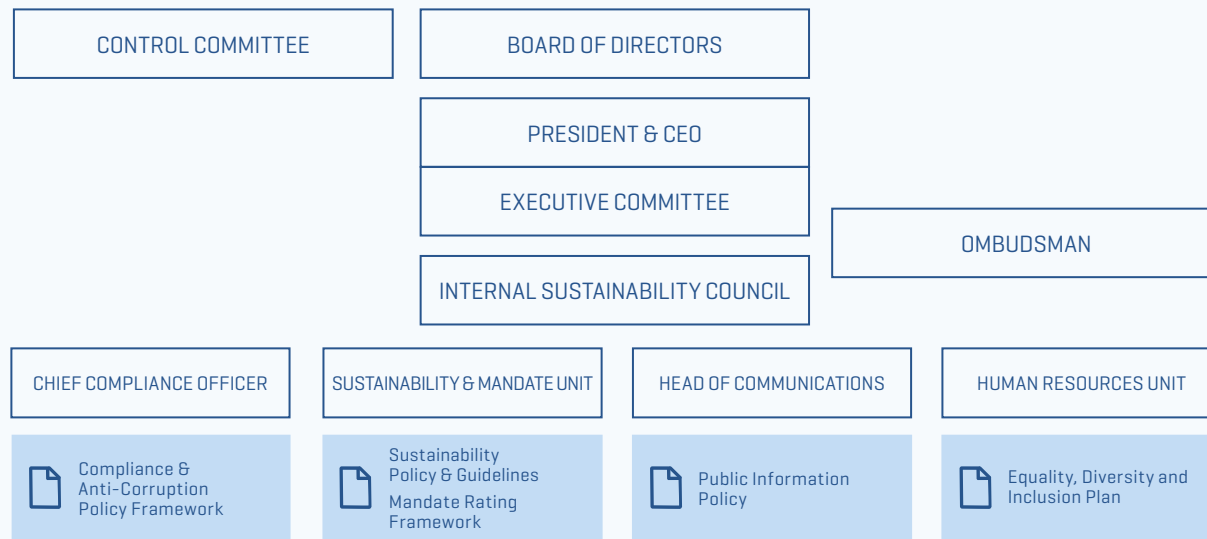
In 2019, NIB started to develop an ESG Framework to further strengthen and systematise its ability to assess the underlying business models of our clients and to contextualise the projects we finance. This process will continue in 2020 and will feed into the revised Sustainability Policy & Guidelines.

NIB recognises that in order to be a respected sustainable financier, it also needs to look inward and ensure that it acts accordingly in its own operations. In 2019, NIB established an Internal Sustainability Council. The Council aims to strengthen the Bank’s sustainability agenda for its in-house activities. As an immediate step, NIB has decided to become a carbon-neutral

organisation and to offset its CO₂ emissions retrospectively from 2018 onwards.

More information on how NIB manages its activities as a sustainable financier can be found in the [NIB Environmental Bond Report 2019](#).

SUSTAINABILITY GOVERNANCE AT NIB



Sustainability matters are shared between the Chief Compliance Officer, the Control Committee and the Head of Sustainability and Mandate. As defined in NIB’s [Public Information Policy](#), the Head of Communications is responsible for communicating sustainability matters.

The Control Committee is NIB’s supervisory body and responsible for the audit of the Bank. It ensures that NIB’s operations are conducted in accordance with its Statutes. The Committee appoints two professional external auditors for the purpose of assisting it in carrying out its tasks. One of the

professional auditors is appointed from the Bank’s host country, Finland, and one from another member country.

The Office of the Chief Compliance Officer [OCCO] is responsible for the [Bank’s Compliance & Anti-Corruption Policy Framework](#), and handles allegations of non-compliance with NIB’s policies and procedures. The OCCO also provides anti-corruption and integrity training for the Bank’s staff and the members of its governing bodies. Read more in [NIB’s Integrity Report 2019](#).

NIB’s Sustainability & Mandate unit is responsible for analysing the sustainability impact of projects considered for financing, while the Internal Sustainability Council coordinates NIB’s in-house sustainability matters.

In addition, the Bank has an independent Ombudsman, who can be contacted by all staff members under strictly confidential terms. The Ombudsman’s role is to enhance cooperation on employment matters and is a means of safeguarding the rule of law within the Bank. The Ombudsman may contact the President, the members of the Executive Committee and the Human Resources unit.

NIB’s HR unit is responsible for all employment-related issues, including matters related to equality, diversity and inclusion at the Bank. Read more about [Working at NIB](#).

SUSTAINABILITY AT NIB

Managing our internal operations

In 2019, we completed the third phase of NIB’s office renovation, a Green Office audit, the establishment of the Internal Sustainability Council and the creation of a carbon footprint calculation tool.

NIB’s most substantial sustainability impact arises from our lending operations. Nonetheless, we believe it is important to consistently assess and improve our internal processes for recycling, waste management, mobility and responsible procurement. As we aim to raise awareness about sustainability matters among our staff, we have started to produce quarterly reports on internal environmental key performance indicators. In addition, our canteen started to regularly provide information on their food sourcing and the amount of biowaste generated.

A DECADE OF GREEN OFFICE AUDIT

NIB has been a member of the WWF Green Office programme since 2009. A certified Green Office is audited every three years to verify its compliance with the criteria. The audit process consists of an assessment, a site inspection and interviews to review the improvement actions taken for the selected indicators during the past three years. The most recent audit took place in December 2019. The audit addressed the Bank’s office renovation process, environmental performance targets, internal procurement rules, waste handling and cleaning operations. Again, the result was very positive.

Since we joined the Green Office network in 2009, we have had a target to reduce our use of paper. In 2019, we made significant progress. Through the use of electronic archiving and digital tools, we have succeeded in reducing paper usage by 33%, compared to the previous year. During the three-year review period, starting in 2016, paper usage has decreased by 58%. All purchased paper is certified by the Forest Stewardship Council®.

The Green Office audit highlighted one important area for improvement, namely staff engagement and communication. This is also something we ourselves have recognised as an area that needs to be further developed.

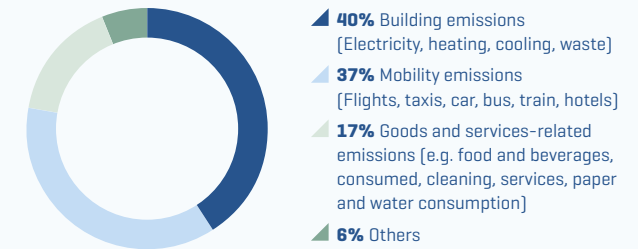
INTERNAL SUSTAINABILITY COUNCIL

In order to coordinate our in-house environmental activities, we launched the Internal Sustainability Council in 2019. The council consists of eight representatives from different departments, and is led by the Head of Sustainability and Mandate unit.

The purpose of the council is to act as a central reference group for all internal sustainability matters, to define targets, to engage staff and to disclose information on NIB’s sustainability performance to internal and external stakeholders.

NIB CARBON FOOTPRINT 2019

including scope 1, 2 and 3 emissions



In 2019, our carbon footprint from internal operations was 1,319 tonnes of CO₂e

During the year, the Council set up an internal webpage for information sharing, and has met with the Bank's departments to collect feedback and ideas from the staff.

AIMING FOR CARBON NEUTRALITY

In 2019, we started to calculate the carbon footprint from our internal operations. The calculation is comprehensive and follows the Greenhouse Gas Protocol Standard. It takes both direct and indirect greenhouse gas emissions in our value chain into account. For example, all mobility, energy use, events

[including meetings of the Board of Directors] and catering emissions are included in the calculations. This allows us to systematically track, manage and reduce our emissions. Our annual carbon footprint in 2019 was 1,319 tonnes of CO₂e. In 2018, our footprint stood at 1,388 tonnes.¹

NIB has decided to become a carbon neutral organisation and will emphasise the reduction of its carbon-footprint. The net CO₂e emissions for 2019 will be retrospectively offset together with the emissions from 2018 onwards.

NIB's role as a Nordic-Baltic financier makes business travel an unavoidable part of our operations, and flights alone constitute a significant share [31%] of our total emissions. The other significant source of emissions is district heating at our headquarters [22%].

NIB'S DIRECT ENVIRONMENTAL IMPACT

	2015	2016	2017	2018	2019	CHANGE FROM PREVIOUS YEAR %
Electricity [MWh]	1,269	1,280	1,300	1,308	1,316	0.6%
District heating [MWh]	1,188	1,348	1,535	1,654	1,864	12.7%
District cooling [MWh]	336	349	311	426	368	-13.6%
Energy total [MWh]	2,793	2,977	3,146	3,388	3,548	4.7%
Water [m ³]	2,725	2,738	2,990	3,576	3,293	-7.9%
Paper; copy and printing [tonnes]	6.0	6.0	6.0	5.7	3.8	-33.3%
Business travel, air [million km]	5.0	4.2	4.1	4.0	3.7	-7.5%
Business travel, CO ₂ [t]	632	491	443	438	405	-7.5%
Recycled paper; office, newspapers, magazines and brochures [tonnes]	12.0	12.0	10.1	10.1	5.1	-49.5%
Other waste [tonnes]	16.2	15.4	22.2	25.6	22.4	-12.5%
- Bio waste	10.5	11.0	14.1	15.4	13.7	-11%
- Energy waste	2.2	1.2	1.6	1.6	1.6	0%
- Mixed waste	3.5	3.2	6.5	8.6	7.1	-17.4%
Commuter benefit coupons [signed for in number of persons]	143	140	156	158	151	-4.4%
Total tonnes of CO ₂ equivalent	-	-	-	1,388	1,319	-5.0%

¹ Calculations are conducted according to the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard and the guidance on incorporating an organisation's value chain emissions (Scope 3). The boundary of the calculation covers Scopes 1, 2 and 3 according to the GHG Protocol, with the following exclusions: NIB's investments are excluded from the calculations, as their impact has been calculated separately. Furthermore, the procurement of consultancy services and the ongoing renovation at the NIB headquarters were excluded from the calculation, due to the lack of emission data from ongoing activities.

Our operations have a high “**return on carbon**” as every tonne of GHGs that we emit in running our business, results in reducing almost 127 tonnes of GHGs in our projects (2018: 333 tonnes of GHG). We aim to reduce our emissions through the following actions (among others):

- Procuring **renewable district heating** at NIB’s headquarters
- Including **emissions intensity as part of procurement criteria** to enable purchasing low-carbon vehicles
- Encouraging the use of public transport and bicycles in commuting

Our focus will be on taking emissions-reducing actions on an annual basis, and to disclose information to our stakeholders.

SUSTAINABLE PROCUREMENTS

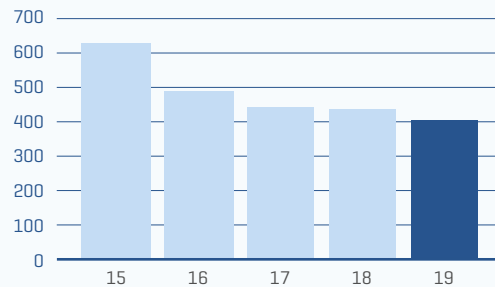
The services and goods we purchase for internal use and for supporting our operations and activities include, for example, consulting and training services, IT applications and software purchases, office renovation and services, such as cleaning, catering and office security.

The purchase of goods and services is governed by NIB’s internal procurement rules. The main objective is to manage costs and expenses in an efficient manner. The aim is also to ensure the appropriate management of financial and reputational risks, and to safeguard objectivity and transparency.

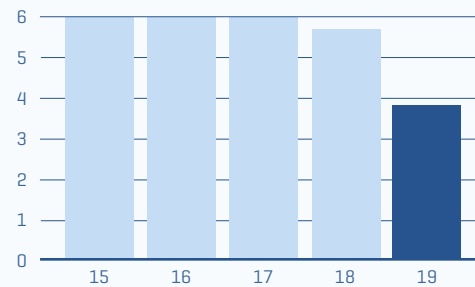
We recognise that taking environmental, social and governance (ESG) aspects into account is an essential part of sustainable development. NIB favours sustainable solutions in its internal procurement to the furthest extent possible. In 2020, sustainability and ESG considerations will be included into the procurement process and taken into account both when selecting a services or goods provider and when assessing the suitability of the goods and services.

OUR INTERNAL FOOTPRINT

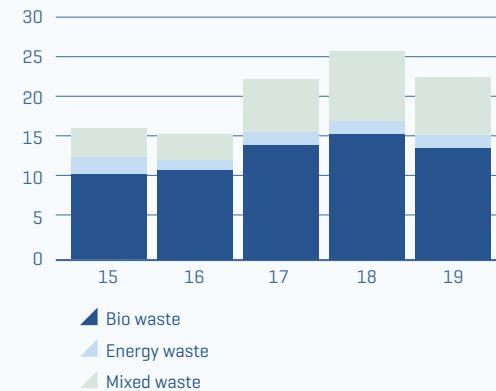
BUSINESS TRAVEL, CO₂
Tonnes



PAPER; COPY AND PRINTING
Tonnes



WASTE
Tonnes



BREEAM EXCELLENT RENOVATION

The renovation of NIB's headquarters continued throughout 2019. The refurbishment entails the renewal of the building's technical solutions, including air-conditioning, heat recovery systems and a completely new interior design.

As NIB requires the green buildings it finances to achieve BREEAM Excellent level, the Bank decided to apply the same standard to its own office premises. The refurbishment is therefore being carried out in accordance with the Excellent level under the BREEAM existing building refurbishment standard. We aim to receive certification during 2020.

During the renovation, we are required to keep the old building technology up and running alongside the new, more efficient technology, which has increased our heating consumption. When the air-conditioning system was switched off, we used temporary machines for ventilation with little or no cooling effect. This explains the reduction in district cooling.

NIB manages and handles its waste according to sustainable procedures. Whenever possible, the waste is recycled. The main types of waste are mixed, energy, bio-, cardboard, metal, glass and hazardous waste, including electronic waste and ink cartridges. Office furniture and other equipment that is no longer used is sold off to the staff or recycled.

The electricity needed to run the Bank's internal operations is purchased from renewable energy sources. In 2019, the energy source used was 100% wind energy. The origin is guaranteed by the European Energy Certificate System [EECS]. Further, NIB decided to switch to LED lighting throughout the building to save energy.

NIB's office cleaning is conducted sustainably, by regulating the amount of water used and by only utilising eco-certified cleaning products with the Nordic Swan Ecolabel.

The water consumption at the NIB office premises has increased during the past few years due to the renovation and related maintenance procedures. The amount of cyclists has also consistently grown, contributing to an increase in water consumption in the shower facilities. NIB also encourages staff to use public transport and offers commuter benefit coupons.



NIB's office renovation team. From left: Sophia Tuukkanen, Pasi Viitaniemi, Elina Mustonen and Mikael Söderbäck

SUSTAINABILITY AT NIB

Stakeholder dialogue

We continued to engage with our stakeholders and interest groups for dialogues. This allows us to better understand the expectations towards NIB, and to take part in discussions about global trends and issues that are significant for the Nordic–Baltic region.

NIB's main stakeholders are our staff, customers, investors, political decision-makers and public administrations, non-governmental organisations, the media, and the general public in the Nordic and Baltic member countries.

We use a range of channels for engagement, including publications, surveys, seminars, social media, panels and roundtables. An overview of our [stakeholder interactions during the year](#) can be found here.

COMMUNICATING OUR ACTIVITIES

As described in [NIB's Public Information Policy](#), the Bank discloses information on all agreed loans on its website, including information on the borrower, the loan sum, the loan maturity and a project description. The degree to which the loan projects comply with the Bank's mission is published as well. More detailed information on these loans can be found

under [Agreed loans](#) on our website. Further, we communicate information about our [Funding activities](#) and the bonds we issue. NIB reports on the impact of the projects that are financed by the proceeds of [NIB Environmental Bonds](#) on an annual basis.

Category A projects

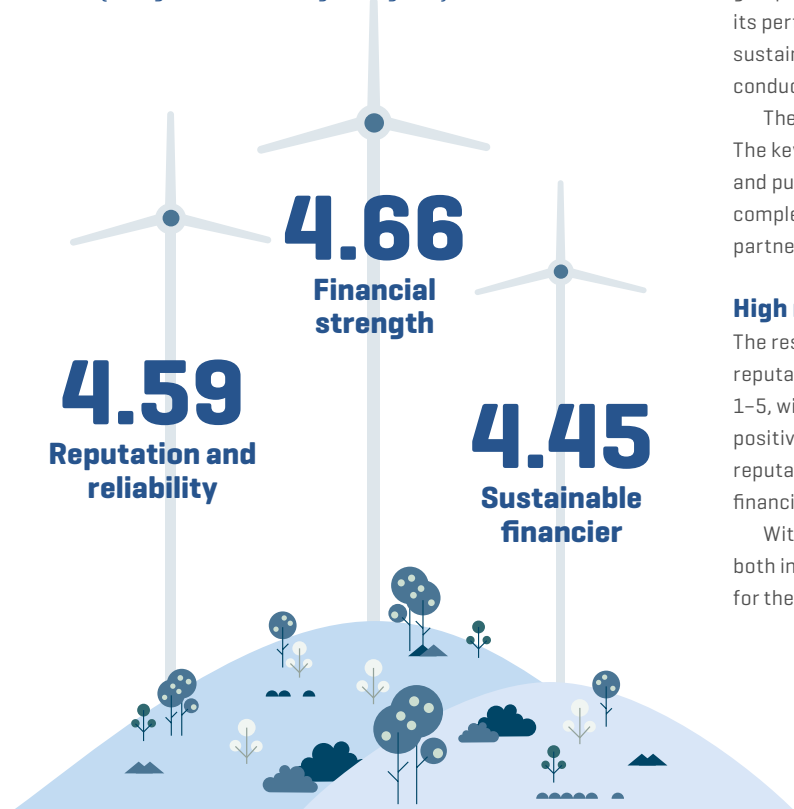
Loan projects with potentially negative social or environmental impacts are classified as [Category A projects](#). These projects are required to undergo a full environmental impact assessment (EIA). The EIAs are published on NIB's website for public comment for a period of 30 days. This is one way for stakeholders to voice their opinions on projects before the Bank makes a decision on financing.

In 2019, NIB published information about three Category A projects, and received no responses. NIB eventually signed loan agreements for two of these projects during the year.

Engaging with new and existing stakeholders is important for us to stay informed and relevant.

NIB'S ADDED VALUE, ACCORDING TO OUR STAKEHOLDERS

(rating 1-5, with 5 being the highest)



STAKEHOLDER SURVEY RESULTS

NIB actively and regularly seeks feedback from key target groups on their awareness of the Bank and its reputation, its performance regarding its mandate, the importance of sustainability matters and NIB's added value. This is done by conducting a thorough stakeholder survey every three years.

The most recent stakeholder survey was carried out in 2018. The key respondent groups were lending customers, investors and public authorities. Altogether, 108 interviews were completed during September and October 2018. NIB's external partner for conducting the survey was Deloitte.

High reputation and a reliable partner

The results of the stakeholder survey show that NIB's overall reputation is high among its stakeholders: 4.6 on a scale of 1-5, with 5 being the highest rating. The most important positive attributes in customer relationships include the Bank's reputation and reliability, its approach to sustainability and its financial strength.

With regard to operations and process-related attributes, both investors and lending customers gave the highest scores for the professionalism of the staff. Further, lending clients

rated NIB highly in being easy to reach, and investors valued NIB's timely and smooth execution of deals.

Sustainability adds value

The results also reflect the increasing importance of sustainability. Across all respondent groups, sustainability is seen as one of NIB's most important areas of added value. When asked to prioritise different practices in NIB's operations, anti-corruption and transparency, as well as the assessment and monitoring of the sustainability impact of financed projects were at the top. In addition, our stakeholders have stated that, in their view, the focus of NIB's financing should be on promoting the progress of climate change mitigation and renewable energy systems.

No lower criteria for green bonds

The majority of the investors surveyed have bought green bonds, and half of them have also purchased NIB Environmental Bonds. Of the respondents, 85% stated that they would be willing to refinance existing projects, but not to compromise the current strict criteria for green bond issuance.



	KEY STAKEHOLDERS	MODES OF INTERACTION	2019 ACTIVITY EXAMPLES
CUSTOMERS	Private and public companies, institutions, municipalities, sovereign countries, banks and other IFIs	Visits, meetings, seminars, correspondence, newsletters	<ul style="list-style-type: none"> - 55 new loans signed - About half of loans were to new customers - SMEs reached via nine new loans to financial institutions
INVESTORS	Central and commercial banks, pension and insurance funds, asset managers and government entities	Bilateral meetings, investor events, newsletters, seminars, conferences, and web-based communication	<ul style="list-style-type: none"> - Issued two USD benchmark bonds - Issued one NIB Environmental Bond - Issued first Nordic-Baltic Blue Bond
POLITICAL DECISION-MAKERS AND PUBLIC ADMINISTRATIONS	State representatives of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, and Sweden, as well as other selected countries where NIB operates	Our owners govern NIB via representatives on the Board of Governors (BoG), Board of Directors (BoD) and Control Committee (CC).	<ul style="list-style-type: none"> - The BoD held 9 regular meetings and 2 online meetings. - The CC held 2 meetings. - Participation in political events SuomiAreena (FI), Folkemødet (DK) and Nordic Council meetings, participation in COP25 event in Stockholm (SE)
NGOS	Non-governmental organisations raising awareness of environmental protection and social aspects	Publishing information on signed loans, inviting comments on loan projects with potentially extensive environmental impacts (Category A projects)	<ul style="list-style-type: none"> - Contributions to NGOs working to protect the Baltic Sea in the form of expertise and donations - Publication of information about 3 Category A projects
MEDIA	Mainly the financial media	Press releases about signed loans, electronic newsletters, emails and bilateral meetings with press representatives	<ul style="list-style-type: none"> - Interviews with NIB's directors and experts - Answering questions from the media - Offering background information to journalists writing about green investments
GENERAL PUBLIC	Everyone interested in NIB's operations	Meetings, the NIB website, newsletters, press releases, online annual reports, social media	<ul style="list-style-type: none"> - Staff giving presentations about NIB and its mission at various events, including to student groups & NGOs - Dialogue via info@nib.int
STAFF	NIB is headquartered in Helsinki and had 202 permanent employees at year-end 2019.	Meetings, intranet, staff plenum, induction for new employees, in-house training	<ul style="list-style-type: none"> - Regular plenary meetings for staff - Internal seminars and training - Regular Cooperation Council meetings

Stakeholder interactions in 2019

JANUARY

▲ NIB issues the first Nordic–Baltic Blue Bond. “NIB has been active in the green bond market since 2011 and is the largest issuer of green bonds in the Nordic region. The Nordic–Baltic Blue Bond is specifically aimed at investors that are conscious of the challenges facing the region’s water resources, especially those affecting the Baltic Sea”, says Lars Eibeholm, NIB’s Head of Treasury.

FEBRUARY

▲ NIB hosts the Finance Ministry Coalition for Climate Action in a seminar about the role of IFIs in climate financing and the frameworks for green financing as part of their working group meeting in Helsinki.

MARCH

▲ NIB’s Head of Origination Søren Mortensen takes part in the Nordic Cooperation and Business Development seminar in Greenland, presenting NIB’s Arctic Facility.

APRIL

▲ Henrik Normann, NIB’s President & CEO, participates as a speaker at the Norden Association’s 100th anniversary seminar “Nordic responsibility for the UN Sustainable Development Goals 2030” in Copenhagen.



Members of the Finance Ministry Coalition for Climate Action at NIB. Image: Marjo Koivumäki

MAY

▲ NIB participates in the [51st General Meeting of the International Capital Markets Association](#) in Stockholm.



Henrik Normann amongst panellists of “The global markets in today’s geopolitical and regulatory landscape” debate. Image: ICMA

▲ Henrik Normann participates as a speaker in Danske Bank’s Nordic Corporates & Institution summit titled “[Navigating climate change and a new world order](#)”.

▲ NIB’s Board of Governors [holds its annual meeting](#). “NIB continued its growth with high impact in its member countries, under both the productivity and environmental mandate. For us, NIB’s participation in projects is a stamp of quality”, says Jānis Reirs, Latvia’s Minister of Finance, in an [interview with NIB’s newsletter](#).

JUNE

▲ The meeting of the Green & Social Bond Principles is held in Frankfurt, where Lars Eibeholm, NIB’s Head of Treasury and Chair of the GBP SBP Executive Committee, moderates the panel debate “[Regulatory Innovation – a game changer for sustainable finance?](#)”

▲ NIB [hosts the Management Committee of the European Investment Bank \(EIB\)](#) in a high-level meeting.



EIB’s President Werner Hoyer and NIB’s President Henrik Normann. Image: Marjo Koivumäki

▲ Søren Mortensen [takes part in a debate discussing the green transition at Folkemødet 2019](#) in Bornholm, Denmark.

JULY

▲ Henrik Normann participates in a discussion on how Nordic initiatives can help save the Baltic Sea at SuomiAreena in Pori, Finland. Annamari Arrakoski-Engardt, Secretary General of John Nurminen Foundation and speaker at the event, [shares her thoughts in NIB’s newsletter](#) following the discussion: “We all need to move forward in the protection of the Baltic Sea and should use all our efforts to return our sea to a good condition ecologically. We are moving into the right direction, and this can be useful to know for colleagues elsewhere who face similar problems in their coastal waters.”



Panel discussion at SuomiAreena on saving the Baltic Sea. Image: Taija Turkia, SuomiAreena

AUGUST

▲ The Internal Sustainability Council is established at NIB. *“With the help of the Council we will strengthen NIB’s own sustainability agenda and ensure that our internal operations live up to the Bank’s sustainability values”*, says Luca De Lorenzo, NIB’s Head of Sustainability and Mandate and Chair of the Internal Sustainability Council.



NIB’s Internal Sustainability Council

SEPTEMBER

▲ The Nordic Finance Group (NIB, NEFCO and NDF) presents its contributions to environmental financing at the [Nordic Council meeting at Finland’s Parliament](#).

▲ NIB invites investors to visit the projects they helped finance in the [Green Investor Event in Stockholm](#). *“We participate in these events to get a deeper understanding of the environmental projects we invest in. It is valuable to visit a real project site every once in a while, rather than just study it on your screen”*, says Helena Lindahl, Senior Portfolio Manager at Storebrand.



NIB’s green investors visiting Henriksdal wastewater treatment plant

OCTOBER

▲ Søren Mortensen [participates in the EU Arctic Forum in Umeå, Sweden](#), where he presents NIB’s experiences with the Arctic Financing Facility.

▲ NIB’s Head of Communications Jukka Ahonen speaks about NIB’s reporting practices and how communication contributes at the Sustainability Reporting and Communications Summit in Amsterdam, Netherlands. Ahonen shares his thoughts in a [column for the NIB newsletter](#) following the event.

▲ A NIB delegation participates in the annual meetings of the Boards of Governors of the World Bank Group and the International Monetary Fund and related events in Washington.

▲ Lars Eibeholm [speaks about new models of green investing at the “Greener finance for Sustainable Future Conference”](#), organised by the Bank of Finland and the Finnish Ministry of Finance.

▲ NIB's Control Committee and the Executive Committee visit Nokia's Executive Experience Center in Espoo. NIB is financing Nokia's research and development activities related to 5G mobile technology. Earlier this year, Nokia's President of Mobile Networks Tommi Uitto [wrote in NIB's newsletter](#): "5G is not an investment made purely for commercial reasons within the telecom sector, it will have a profoundly positive impact on society too."

▲ NIB and Nordea jointly host the "Women in Finance" event at NIB, focusing on sustainable finance, empathy and biases, collective intelligence and on the human skills that surpass artificial intelligence. NIB's Head of Credit & Analysis Hilde Kjelsberg [writes about the afternoon in her column](#).



"Women in Finance" panel. From left: Aila Aho, Kristiina Vares-Wariovaara, Esther Finnbogadóttir and Angela Brusas. Image: Marjo Koivumäki.

NOVEMBER

▲ NIB joins the [Network of Central Banks and Supervisors for Greening the Financial System](#).

▲ Lars Eibeholm participates in a panel debate about bond issuance, "The EU as an investment opportunity", at the EIB Central Banks seminar in Luxembourg.

DECEMBER

▲ NIB joins [Nasdaq's Sustainable Bond Network](#) as a member of its advisory board.

▲ NIB signs up for the [Principles for Responsible Investment \(PRI\)](#), the [Principles for Responsible Banking \(PRB\)](#) and the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#). "NIB's participation in the three frameworks will open up new networks of banks and investors we can learn from and share experiences on climate risks and ESG thinking," says Henrik Normann.

▲ NIB organises a joint panel debate "[Sustainable finance - the Nordic Way](#)" at the Nordic Council's hub in Stockholm in connection with COP25 in Madrid. Professor Nicholas Stern at London School of Economic and Political Science participated in NIB's joint COP25 debate from Madrid. The event is [video streamed](#).



COP25 debate from Stockholm and Madrid. Image: Moa Karlberg

SUSTAINABILITY AT NIB

Working at NIB

At NIB, our expert staff and the international scope of the projects the Bank finances form the baseline of our working culture. Our corporate values are commitment, competence and cooperation. We hold these values in high regard, and work to continuously improve our levels of professionalism and expertise.

WORK COMMUNITY

At the end of 2019, NIB had 202 employees in permanent positions. Of these, 87 were women and 115 were men. The average age of employees was 48.5 years. The average number of permanent employees during the year was 199. In addition, 34 employees worked on projects in long-term temporary positions.

At the end of the year, 34 men and 11 women worked in managerial positions. The average length of employment was 12.4 years. Our exit turnover rate during the year stood at 7%. The number of permanent employees holding a university degree was 149, or 74% of NIB's staff. Overall, our people represented 26 nationalities.

In 2019, 15 new people were recruited for permanent positions and 17 for temporary positions.

SKILLS DEVELOPMENT

The dedication of NIB's employees and the continuous development of their skills are of major importance to the Bank's performance. Therefore, NIB offers its staff members various training opportunities to support their professional growth.

During 2019, NIB provided tailor-made training programmes to employees, which included media training, IT courses, training on gender aspects in NIB's operations and training to increase the quality of inter-personal interactions.

However, most training was carried out at the individual level, and was based on employees' specific needs. The purpose of individualised training is to better support staff in developing their skills and to address future challenges. In addition, new digital learning opportunities were introduced to foster a more personalised experience.

The Bank also offers job rotation possibilities across different departments to increase employees' understanding of NIB's processes. Further, NIB provides language training in English, Swedish and Finnish, and, in special circumstances, other work-related languages. The average number of training days per employee was 2.9 in 2019.

EQUALITY, DIVERSITY AND INCLUSION

NIB's fundamental objectives as an employer include the promotion of a balanced diversity among staff, the equal treatment of all employees and the prevention of any discrimination regarding gender, nationality, ethnic origin, age, family status, religion, political activities or any other comparable circumstances. To safeguard these objectives, NIB has an *Equality, Diversity and Inclusion Plan* in place, which specifies aims and practical actions to be taken. For the period of 2019–2021, the Plan highlights three main focus areas:

NIB periodically collects employee feedback on issues related to work environment, management and well-being.

equality and transparent principles in remuneration; promotion of diversity in recruitments; and promotion of an inclusive work environment.

NIB also prepared HR Guidelines during 2019, which will be launched in 2020. These guidelines focus on serving the employment lifecycle and defining key performance indicators, which include indicators and targets regarding the distribution of nationality, age, employee turnover and gender balance in managerial positions.

WORK ENGAGEMENT AND INTERNAL COOPERATION

NIB periodically conducts a work engagement survey among its staff. The purpose of this survey is to collect feedback on issues related to the work environment, management and wellbeing at work. The most recent survey was carried out in March 2018, and it highlighted that NIB's employees value each other's commitment and team spirit, as well as the learning and self-development opportunities found in their tasks and provided by NIB. Further, our staff highlighted that they feel a sense of purpose working for a bank with a sustainability mandate. However, the results for interaction between management and staff, as well as for supervisory work in general, showed that there is still room for improvement.

NIB has its Cooperation Council that aims to promote communication between the employer and the employees on all issues related to the working conditions at the Bank, and to achieve mutually acceptable solutions. The Council consists of four members representing the Bank and four members representing the staff. In 2019, the Cooperation Council met five times.

WELLBEING, HEALTH AND SAFETY AT WORK

NIB seeks to promote employee wellbeing and health and safety in the work environment. The Bank offers its staff extensive use of health and medical care, and supports physical exercise activities.

NIB has in place its Occupational Health Care Action Plan, which includes regular health checks for employees, ergonomic services, and vaccinations. The plan is supported by healthcare personnel dedicated to NIB.

Safety measures in the workplace include the prevention of occupational risks and the provision of information and training opportunities. The aim is to eliminate hazards to both physical and mental health.

PENSIONS AND INSURANCES

NIB provides pension and insurance cover for its employees. The employees are insured under one of the Finnish public sector pension systems. The insurance cover for employees consists of statutory insurance cover and supplementary insurance cover. The statutory insurance cover includes group accident, unemployment and group life insurance. In addition, NIB provides, inter alia, disability, medical and travel insurance as well as a supplementary pension insurance for its employees.

WORK-LIFE BALANCE

Working hours

The Bank applies flexitime to all employees, who have clearly defined, regular working hours. Positive flexitime balance can be taken as time off, in accordance with NIB's rules.

Employees may work part-time for the purpose of taking care of children that are permanently living in the employee's household. At present, part-time childcare leave may be granted until the end of the second year of the child's basic education.

Since one of NIB's goals is to have professional and highly motivated employees, a step towards a more balanced work and personal life has been taken by piloting a remote working project.

Family benefits

Employees are granted maternity, paternity, parental and childcare leave according to Finnish legislation. NIB pays the employee's salary for a maximum of six months, depending on the length of the leave, if certain criteria are fulfilled. This benefit applies to both female and male employees.

CODE OF CONDUCT, THE OMBUDSMAN AND ANTI-HARASSMENT

Code of Conduct

As an international organisation, NIB's employees have particular responsibility for their actions and behaviour, both on and off duty. The Bank has a Code of Conduct for the Staff in place that provides guidance on business ethics and standards, as well as professional and personal conduct.

The Ombudsman

NIB has an independent Ombudsman, who is available to all staff members. The purpose of the Ombudsman is to enhance the cooperation and mutual understanding within the Bank on questions related to employment matters and to help maintain and develop a safe and professionally attractive working environment. In 2019, the Ombudsman was available once a month.

Anti-harassment

NIB is committed to creating a work place free of harassment, where conflicts are addressed and resolved as soon as possible. All employees are entitled to be treated with dignity and respect.

Harassment is defined as offensive behaviour, which interferes with work or creates an intimidating or hostile work environment. Harassment may, for example, relate to gender, age, nationality, ethnic origin, religion, physical attributes or sexual orientation. Harassment clearly violates the standards of conduct expected of NIB's staff.

Employees experiencing any form of harassment are encouraged to report the case to their immediate supervisor, the Head of Department or the Head of Human Resources. The Ombudsman may also be contacted for consultation on an employee's rights and the conflict resolution mechanisms available. Harassment can also be reported to the Compliance function.

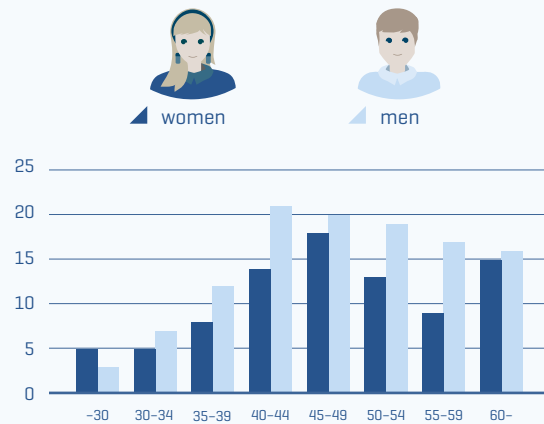
ONGOING HR DEVELOPMENTS

In 2019, NIB's Human Resources unit took part in several development projects and digital initiatives, including the Robotics Process Automation pilot experiment. Furthermore, a digital solution for providing employees with commuter tickets, dental care and sports and cultural benefits was introduced in January 2020.

Together with the Communications unit, HR also launched a new employer branding video called "[Find your place at NIB](#)".

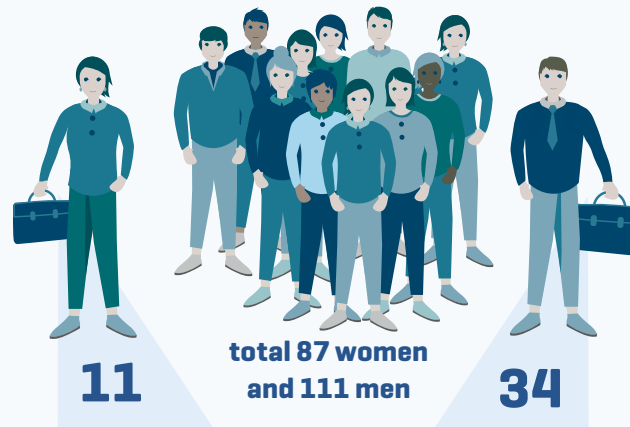
EMPLOYEES BY GENDER AND AGE GROUP

as of 31 Dec 2019



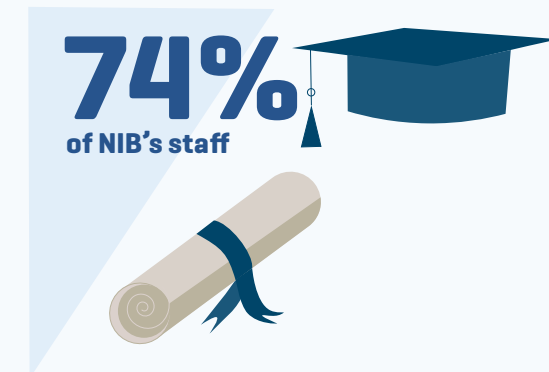
EMPLOYEES IN MANAGERIAL POSITIONS BY GENDER

as of 31 Dec 2019



THE NUMBER OF PERMANENT EMPLOYEES HOLDING A UNIVERSITY DEGREE

as of 31 Dec 2019



NIB’S LEGAL STATUS

NIB staff are employees of an international organisation, more specifically an international financial institution (IFI). Based on NIB’s legal status as an IFI, the Bank has established its own provisions for its employees and, as a main rule, national employment-related legislation, including labour law, does not apply within NIB. There are, however, some defined exceptions, particularly with regard to the host country’s legislation for taxation, social security and pensions.

National legislation and procedures under which collective bargaining takes place are not applicable to NIB. NIB’s Code of Conduct allows, however, freedom of association for its staff, with reference to general democratic principles.

As NIB enjoys immunity from national jurisdiction [court proceedings] in employment-related matters, the Bank has established arbitration procedures for employment-related disputes. NIB’s independent Ombudsman can be consulted by staff in employment-related matters and may act as a mediator between the employees and the Bank.

More information can be found in the Bank’s [Arbitration regulations](#) and the [Staff regulations](#). See [Note 7](#) in NIB’s Financial Report 2019 for more information on the Bank’s employees.

Our staff represents 26 nationalities



ORIGINS OF STAFF

as of 31 Dec 2019
number, distribution by country

Finland.....	132	Canada	2
Sweden.....	15	Malaysia	1
Denmark.....	9	Ireland.....	1
Norway.....	7	Argentina	1
United Kingdom.....	6	Austria	1
Germany.....	4	Italy.....	1
Latvia	3	Bolivia	1
France.....	2	Portugal.....	1
China	2	Lithuania.....	1
Estonia.....	2	Australia.....	1
Iceland.....	2	India	1
Romania.....	2	Vietnam.....	1
Russia.....	2	Brazil.....	1

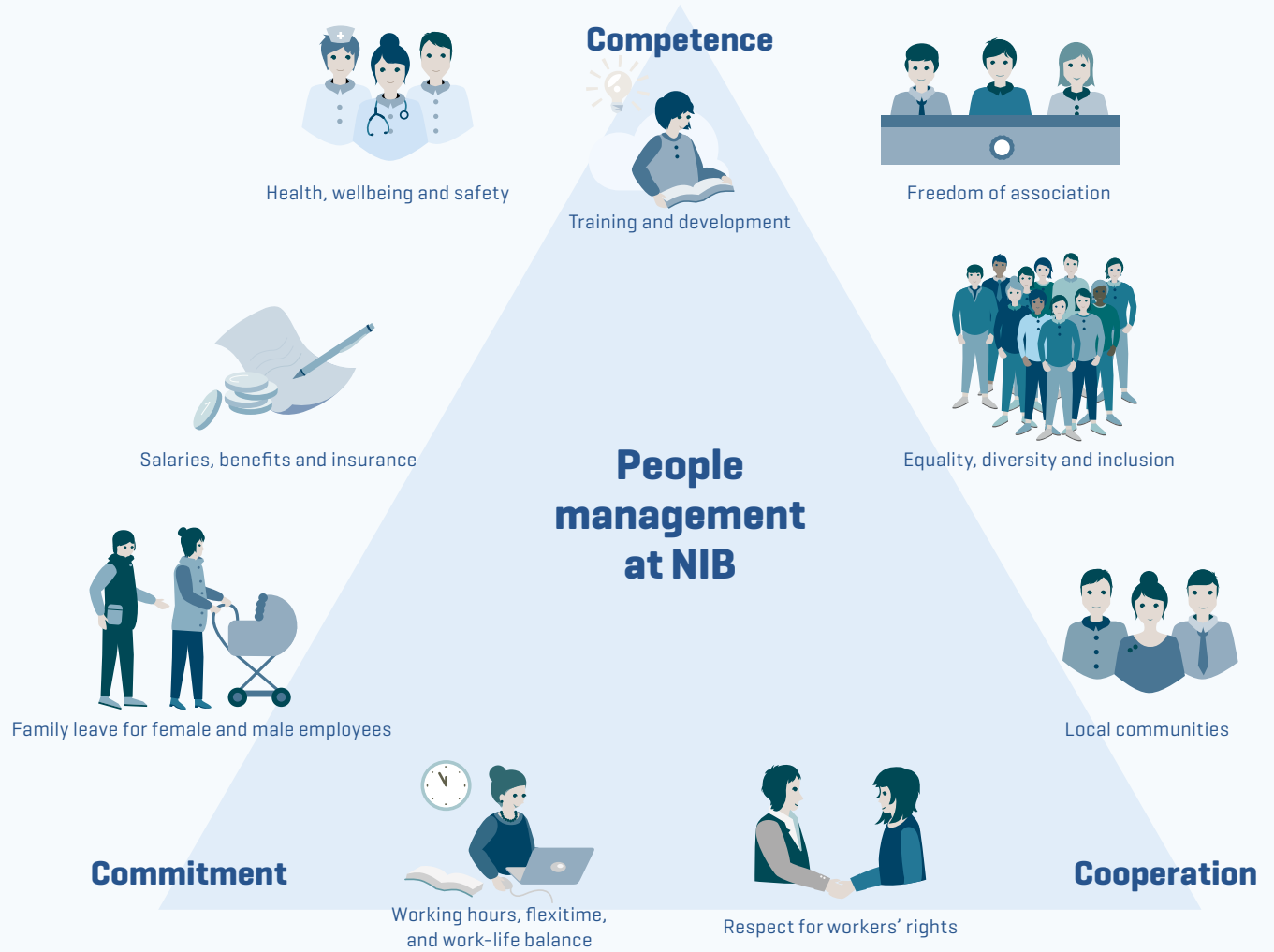
PEOPLE MANAGEMENT AT NIB

NIB emphasises good management of human resources internally and in the projects it finances.

Respect for employees’ and workers’ rights as well as international employment standards are basic elements of good business practice. NIB does not tolerate discrimination based on gender, race, nationality, ethnic origin, religion, disability, age or sexual orientation internally or in any of the projects it finances.

Furthermore, NIB requires its clients to comply with international standards on the employment of minors. The use of forced labour is not accepted by NIB. Sound management of health and safety issues among workers and communities is essential for the productivity and efficiency of the business, as is respect for their livelihoods.

As an employer, NIB has introduced its Equality, Diversity and Inclusion Plan that specifies the aims and practical actions to be taken in order to promote a balanced working environment free from harassment or discrimination.



SUSTAINABILITY AT NIB

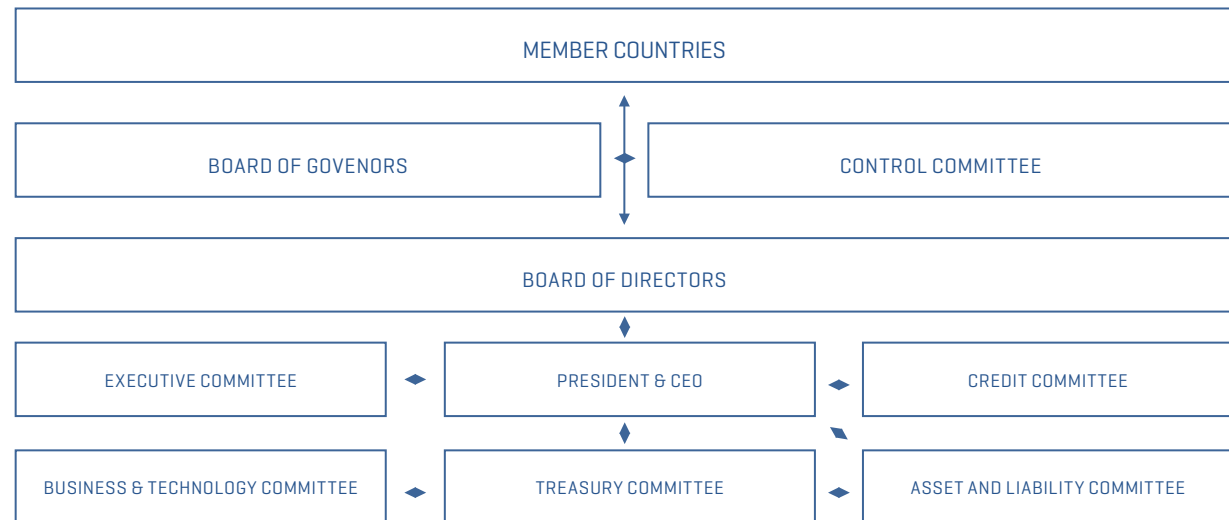
Governance structure

NIB was established on 4 December 1975 through an intergovernmental treaty between Denmark, Finland, Iceland, Norway and Sweden. As of 1 January 2005, Estonia, Latvia and Lithuania became members of the Bank on equal terms with the original member countries.

NIB is governed by the Agreement concerning the Nordic Investment Bank between its member countries, the related Statutes which entered into force in 2005, and the Host Country Agreement between the Government of Finland and the Bank, which entered into force in 2011.

According to the Statutes, the Bank has a Board of Governors, a Board of Directors, a President and the staff necessary to carry out its operations. In addition, the Bank has a Control Committee.

NIB promotes transparency, predictability, accountability, responsibility and disclosure as general principles enhancing and furthering good governance. NIB aims to follow best practices in the field of corporate governance.



BOARD OF GOVERNORS

The Board of Governors is composed of eight governors, one designated by each member country from among the ministers in its government. The Board of Governors appoints a Chairman for a term of one year, according to the rotation scheme it has adopted.

Until 31 May 2019, the Governor for Latvia served as Chairman. The Governor for Iceland is currently serving as Chairman until 31 May 2020.

The Board of Governors held its annual meeting by written procedure on 24 May 2019.

BOARD OF DIRECTORS

All the powers that are not exclusively vested in the Board of Governors are entrusted to the Board of Directors. The Board of Directors is composed of eight directors and eight alternates appointed by each member country.

The Board of Directors approves projects to be financed by the Bank, adopts the policy decisions concerning the operations of the Bank, in particular the general framework for the financing, borrowing and treasury operations and their management. The Board of Directors may delegate its powers to the President to the extent it considers appropriate. The Board of Directors held nine ordinary meetings in 2019, as well as two online meetings. The Board of Directors appoints from among its members a Chairman for a term of two years.

The member for Sweden, Sven Hegelund, has served as Chairman since 1 June 2018.

PRESIDENT

The President is responsible for conducting the Bank’s current operations and is appointed by the Board of Directors for a term of five years at a time. Since 1 April 2012, Mr Henrik Normann has been the President and Chief Executive Officer of the Bank. NIB’s

Board of Directors extended the appointment of Henrik Normann as President and CEO until the end of March 2021.

Advisory bodies to the President

The President is assisted in his work by the Executive Committee, the Credit Committee, the Asset and Liability Committee, the Treasury Committee and the Business and Technology Committee.

The *Executive Committee* is a forum for addressing all aspects of the performance, policy and financial soundness of the Bank. The Executive Committee consists of the President and the six Heads of Department, whose appointments are confirmed by the Board of Directors.

The Executive Committee meets formally approximately twice a month. In 2019, it met 24 times. The meetings are ordinarily chaired by the President, who reaches decisions after having consulted the members of the Committee.

The Executive Committee meets informally at the commencement of every working day.

The *Credit Committee* is responsible for the preparation and decision-making related to the Bank’s lending activities and certain treasury counterparty matters. The President exercises his executive powers concerning lending operations in the Credit Committee.

The Credit Committee is composed of the President and six senior staff members appointed by the Board of Directors.

At the end of 2019, the Credit Committee had the same members as the Bank’s Executive Committee. The Credit Committee is chaired by the President or, in his absence, by one of its members. The Committee meets generally once or twice a week. In 2019, it met 75 times.

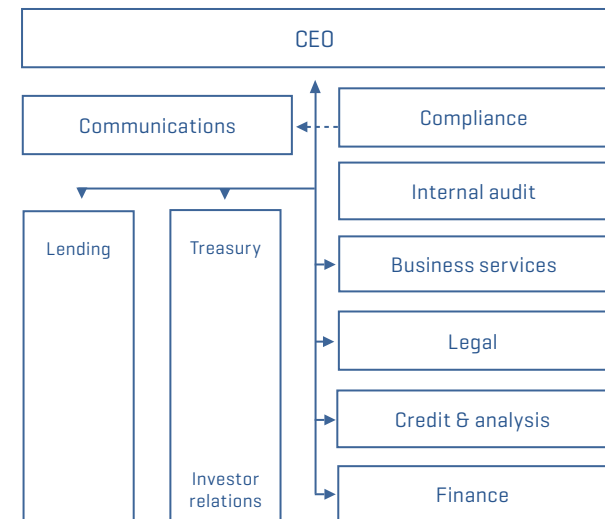
The *Asset and Liability Committee* assists and advises the President in monitoring and steering NIB’s balance sheet and capital adequacy development, as well as NIB’s risks at

an aggregate level. The members of the Asset and Liability Committee are appointed by the President, who chairs the Committee.

The Asset and Liability Committee is composed of the members of the Executive Committee and the Chief Risk Officer. The Asset and Liability Committee meets approximately six times a year, but can convene more frequently if necessary. In 2019, the Asset and Liability Committee met nine times.

The *Treasury Committee* assists and advises the President in the management and decision-making concerning NIB’s Treasury operations, more specifically with respect to NIB’s capital markets [funding] and derivatives activities, asset and liability management, and portfolio management.

The Treasury Committee includes the President, the Head of Treasury, the Chief Financial Officer and the Chief Risk Officer. The Treasury Committee usually convenes once a month. In 2019, it met 11 times.



The *Business and Technology Committee* assists and advises the President on information and communications technology matters, and functions as a body established to prioritise, monitor and govern NIB's IT-related matters and strategic goals. However, strategically important decisions on IT matters are taken by the President in the Executive Committee.

The *Business and Technology Committee* consists of the Head of IT and other senior staff members appointed by the President. In 2019, the Business and Technology Committee met 15 times.

OTHER INTERNAL COMMITTEES

In addition to the aforementioned advisory bodies to the President, the Bank has the following permanent internal committees: New Product and Structure Committee, Business Integrity Council, Trust Fund Committee, and the Internal Sustainability Council. All of these committees include senior staff members.

The *New Product and Structure Committee* scrutinises product and deal structure proposals which, from a risk and/or administrative point of view, significantly differ from what NIB has entered into previously. It gives its recommendations to the Executive Committee, Treasury Committee or the Credit Committee for their decision-making.

The *Business Integrity Council* (formerly called the Council of Fighting Corruption) enhances the awareness of integrity and corruption risks among the Bank's staff and stakeholders. The Council deals with both corruption prevention and cases of suspected corruption, and gives recommendations for actions to the President for decision-making.

The *Trust Fund Committee* ensures that the purposes of the trust funds managed by NIB are fulfilled in the most efficient way. The Committee also approves the activity plan of the trust funds as well as proposed allocations from trust funds. The Committee gives its recommendations to the respective donor(s) for their final decision.

In 2019, NIB established an *Internal Sustainability Council* aimed at strengthening the Bank's internal sustainability agenda. The Council, which has eight members, had its first meeting on 9 August 2019 and meets at least quarterly, reporting to the Executive Committee.

CONTROL COMMITTEE

The *Control Committee* is a supervisory body established to ensure that the operations of the Bank are conducted in accordance with the Statutes. The Control Committee is responsible for the audit of the Bank's accounts, and annually delivers an audit statement to the Board of Governors. The audit of the financial statements of the Bank is carried out by external professional auditors appointed by the Control Committee.

To enhance its governance, the Control Committee can appoint an independent expert to assist the Chairmanship in financial and audit matters. An independent expert was appointed by the Control Committee on 15 February 2019 to serve for a two-year period. The Control Committee Chairmanship held three meetings in 2019 in addition to the two ordinary Control Committee meetings.

REMUNERATION AND INCENTIVE PROGRAMMES

The Board of Governors determines the remuneration and attendee allowance for the Board of Directors and for the Control Committee. The President's terms of employment, including remuneration, are determined by the Board of Directors. The Control Committee determines the principles for remuneration of the professional auditors.

The principles for the remuneration of staff are set out in the Compensation Regulations. The Bank applies a fixed salary-based system in which individual performance plays an important role, as well as a small bonus programme that rewards exceptional performance on a yearly basis.

INTERNAL CONTROL

NIB's internal control system has the dual objective of securing and developing the long-term financial preconditions for operations while conducting cost-efficient operations. Internal control is focused on managing various forms of financial, compliance and operational risks.

NIB's operational risk management focuses on proactive measures in order to ensure business continuity, the accuracy of information used internally and reported externally, the expertise and integrity of the Bank's personnel and its adherence to established rules and procedures, as well as security arrangements to protect the physical and IT infrastructure of the Bank.

The Compliance function assists the Bank in identifying, assessing, monitoring and reporting on compliance risk in matters relating to the institution, its operations and the personal conduct of staff members. The Chief Compliance Officer reports to the President, with unrestricted access to the Chairman of the Board of Directors and the Chairman of the Control Committee.

NIB's internal audit adheres to international professional standards established by the Institute of Internal Auditors. The task of the Internal Audit function is to provide assurance on the effectiveness of the Bank's internal control, risk management and governance processes, and to make recommendations to the management. The Internal Audit function of the Bank reports to the Board of Directors and to the Control Committee and works administratively under the auspices of the President. The Board of Directors approves the annual plan for the Internal Audit.

For further information on risk management, see [NIB's Financial Report 2019](#).

GOVERNANCE

Executive Committee

As of 31 December 2019

Mr Henrik Normann ⁽¹⁹⁵³⁾

- President and CEO, joined NIB in 2012
- Denmark

Mr Thomas Wrangdahl ⁽¹⁹⁵⁷⁾

- First Vice-President, Head of Lending, joined NIB in 2012
- Sweden

Mr Lars Eibeholm ⁽¹⁹⁶⁴⁾

- Vice-President, Head of Treasury, joined NIB in 2007
- Denmark

Ms Hilde Kjelsberg ⁽¹⁹⁶³⁾

- Vice-President, Head of Credit & Analysis, joined NIB in 2006
- Norway

Mr Gunnar Okk ⁽¹⁹⁶⁰⁾

- Vice-President, Head of Business Services, joined NIB in 2006
- Estonia

Mr Heikki Cantell ⁽¹⁹⁵⁹⁾

- General Counsel, Head of Legal Department, joined NIB in 2007
- Finland

Mr Björn Ordell ⁽¹⁹⁷³⁾

- Vice-President, Head of Risk & Finance and CFO, joined NIB in 2015
- Sweden



From left: Thomas Wrangdahl, Gunnar Okk, Lars Eibeholm, Björn Ordell, Hilde Kjelsberg, Henrik Normann & Heikki Cantell

GOVERNANCE

Board of Directors

As of 31 December 2019

SWEDEN

Mr Sven Hegelund

Chairman of the Board
Elected: 2012
Attended meetings: 11
Former State Secretary

Alternate
Mr Björn Fritjofsson

Elected: 2019
Attended meetings: 6
Economist
Ministry of Finance

Alternate
Ms Line Rosvall

2017–2019
Attended meetings: 2
Deputy Director/Deputy Head of the Division
for International Financial Institutions,
Ministry of Finance

DENMARK

Ms Julie Sonne

Member of the Board
Elected: 2016
Attended meetings: 8
Head of Division
Ministry of Industry,
Business and Financial Affairs

Alternate
Ms Helle Dam Sørensen

Elected: 2018
Attended meetings: 7
Chief Special Advisor
Ministry of Industry,
Business and Financial Affairs

ESTONIA

Mr Madis Üürike

Member of the Board
Elected: 2005
Attended meetings: 10
Advisor
Ministry of Finance

Alternate
Ms Merle Wilkinson

Elected: 2017
Attended meetings: 7
Advisor of the State Treasury Department
Ministry of Finance

FINLAND

Mr Pekka Morén

Member of the Board
Elected: 2016
Attended meetings: 10
Director
Ministry of Finance

Alternate
Mr Petri Peltonen

Elected: 2015
Attended meetings: 5
Under Secretary of State
Ministry of Economic Affairs and Employment

ICELAND

Ms Esther Finnbogadóttir
 Deputy Chairman of the Board
 Elected: 2016
 Attended meetings: 9
 Head of Division
 Ministry of Finance and Economic Affairs

Alternate
Ms Steinunn Sigvaldadóttir
 Elected: 2016
 Attended meetings: 4
 Head of Division
 Ministry of Finance and Economic Affairs

LATVIA

Ms Līga Kļaviņa
 Member of the Board
 Elected: 2019
 Attended meetings: 7
 Deputy State Secretary on Financial
 Policy Issues
 Ministry of Finance

Alternate
Ms Inese Sudare
 Elected: 2019
 Attended meetings: 2
 Director of Financial Resources Department
 The Treasury of the Republic of Latvia

Mr Kaspars Āboliņš
 2008–2019
 Attended meetings: 9
 Treasurer
 Treasury of the Republic of Latvia

LITHUANIA

Ms Jurgita Uzieliene
 Member of the Board
 Elected: 2017
 Attended meetings: 9
 Deputy Director, EU and
 International Affairs Department
 Ministry of Finance

Alternate
Ms Dovilė Jasaitienė
 Elected: 2013
 Attended meetings: 9
 Head of the International Affairs Division
 Ministry of Finance

NORWAY

Mr Ole Hovland
 Member of the Board
 Elected: 2019
 Attended meetings: 3
 Director General
 Ministry of Finance

Alternate
Mr Sindre Weme
 Elected: 2017
 Attended meetings: 9
 Director
 Norges Bank

Ms Silje Gamstøbakk
 2016–2019
 Attended meetings: 6
 Deputy Director General
 Ministry of Finance

GOVERNANCE

Control Committee

As of 31 December 2019

<p>Ms Rasa Kavolytė Chairman, Deputy Director of State Treasury Department LITHUANIA</p>	<p>Mr Peter Engberg Jensen Deputy Chairman DENMARK</p>	
<p>Mr Sjúrdur Skaale Member of Parliament DENMARK</p>	<p>Mr Aivar Kokk Member of Parliament ESTONIA</p>	<p>Mr Wille Rydman Member of Parliament FINLAND</p>
<p>Mr Vilhjálmur Árnason Member of Parliament ICELAND</p>	<p>Mr Jānis Vucāns Member of Parliament LATVIA</p>	<p>Ms Sigita Ščajevienė Head of the Office of the Committee on Audit LITHUANIA</p>
<p>Mr Michael Tetzschner Member of Parliament NORWAY</p>	<p>Mr Johan Andersson Member of Parliament SWEDEN</p>	

External auditors appointed by the Control Committee

Ms Terhi Mäkinen

Partner, Authorised Public Accountant,
Ernst & Young, Finland

The Control Committee met twice in 2019.

Ms Mona Alfredsson

Partner, Authorised Public Accountant,
Ernst & Young, Sweden

GOVERNANCE

Board of Governors

As of 31 December 2019

Mr Bjarni Benediktsson

Minister of Finance and Economic Affairs
ICELAND

Mr Simon Kollerup

Minister for Industry, Business and Financial Affairs
DENMARK

Mr Martin Helme

Minister of Finance
ESTONIA

Mr Mika Lintilä

Minister of Finance
FINLAND

Mr Jānis Reirs

Minister of Finance
LATVIA

Mr Vilius Šapoka

Minister of Finance
LITHUANIA

Ms Siv Jensen

Minister of Finance
NORWAY

Ms Magdalena Andersson

Minister of Finance
SWEDEN

The Annual Meeting of the Board of Governors was held in according to written procedure by 25 May 2019.

SUSTAINABILITY AT NIB

Defining what matters

This report has been prepared in accordance with the GRI Standards: Core Option. It also includes disclosures from GRI's Financial Sector Supplement.

Materiality analysis is an exercise that assists an organisation in identifying its most significant economic, environmental and social impacts that are likely to influence stakeholders' views and decisions. The analysis is based on both internal and external factors and opinions, and forms a mandatory part of sustainability reporting models.

INSIGHTS FROM STAKEHOLDER SURVEYS

We are basing our materiality analysis on the results of two stakeholder engagement exercises, both of which were carried out during 2018.

The first exercise focused on our internal stakeholders: NIB conducted a [work engagement survey](#) among all staff members last year. The second exercise was directed at external parties, which included lending customers, investors and public authorities in the Nordic and Baltic countries – [NIB's stakeholder survey 2018](#).

In our stakeholder survey, the respondents were provided a selection of sustainability topics that are considered to reasonably reflect NIB's economic, environmental and social impacts, and were asked to rank the topics according to their importance. Open responses were counted as well.

To complement these two surveys, we spent time in the field and at different events meeting our key counterparties during 2019. The aim was to understand what is expected from NIB as a financier of a more prosperous and sustainable Nordic-Baltic region. We have also sought to deepen the dialogue with our staff to understand and match their expectations of NIB as an employer. Read more about our activities in our [Stakeholder dialogue](#) chapter and see our [Timeline](#).

We were able to gather insights on what our stakeholders see as the most material topics in our processes, and what they perceive as the value that NIB adds to them. We present these issues in this chapter and explain how NIB addresses these topics at a policy level and in its procedures.

GLOBAL TRENDS AND EXPECTATIONS

The operational environment in which we conducted our stakeholder engagements was influenced by the current global discourse on climate change and sustainable development. This prompted reflections on NIB's mission and its role in society.

NIB's Board of Directors last conducted an in-depth review of the Bank's mission and overall strategy in 2015. The process concluded that the mission and business model were relevant and should remain at the foundation of NIB's operations. This

exercise became a cornerstone for our materiality assessment, and the core principles of materiality have therefore remained the same as in previous years.

However, after the ratification of the Paris Agreement in 2016, general awareness of climate change and related issues has increased, which affected the business environment in the Nordic-Baltic region. Investors in particular have started to express stronger interest in green funding.

As an extension of this, the latest work engagement survey reflected that our employees feel a sense of purpose in working for a financial institution with a sustainability mandate, which is also supported by external stakeholders' views on the professionalism of our staff and their crucial role in fulfilling the Bank's mission.

THE MOST MATERIAL TOPICS

We evaluated the feedback our different stakeholder groups gave and identified the key attributes and targets we are reporting on in 2019. NIB's most material topics and our responses are presented in the table below. They are grouped into three core sections: NIB as a sustainable financier, meaningful work, and good corporate governance. The table also shows which of the UN Sustainable Development Goals [SDGs] relate to NIB's activities and impact.

The relevant GRI disclosures were mapped as closely as possible to these material topics. [All relevant disclosures](#) are reported in line with the requirements of the GRI Standards Core "in accordance" option.

NIB AS A SUSTAINABLE FINANCIER

▼ FINANCIAL STRENGTH

NIB's strong financial standing is crucial for maintaining its ability to make an impact. When financially strong, the Bank can best fulfil its mission and is able to continue providing long-term funding for projects that support the sustainable growth of the Nordic-Baltic region.

▼ ASSESSING THE SUSTAINABILITY IMPACT OF LOAN PROJECTS

Our stakeholders view NIB's assessment of the potential economic, environmental and social impacts of financed projects as one of the Bank's main strengths, adding value to their investments.

▼ FINANCING FOR RENEWABLE ENERGY AND CLIMATE CHANGE MITIGATION

Investments in renewable energy systems and climate change adaptation/mitigation are expected to be among the priorities of NIB's lending. In 2019, NIB financed six projects related to this area, totalling EUR 402 million in loans agreed.

▼ FINANCING FOR WELL-FUNCTIONING INFRASTRUCTURE

Stakeholders also highlighted infrastructure investments as a priority area for NIB's lending. In 2019, NIB financed fresh water supply, wastewater treatment, public transport, schools and hospitals in the region, amounting to EUR 875 million of loans agreed.

MEANINGFUL WORK

▼ PROFESSIONAL STAFF

NIB's professional staff is considered one of the Bank's most important assets. Without its highly skilled personnel, the Bank would not be able to reach its targets and fulfil its mission. NIB encourages its employees to continuously develop their skills by providing tailor-made training schemes. Our staff has raised learning opportunities as one of the most important aspects of working at NIB.

▼ A SENSE OF PURPOSE AND TEAMWORK

Our staff have indicated that they feel a sense of purpose in working for a financial institution with a sustainability mandate. In addition, the value of teamwork is rated highly among our employees.

GOOD CORPORATE GOVERNANCE

▼ ANTI-CORRUPTION AND TRANSPARENCY

Our stakeholders are repeatedly highlighting anti-corruption, transparency and integrity as essential aspects for NIB's business conduct. NIB has a zero-tolerance policy towards fraud and corruption. In terms of prevention, the Bank emphasises knowing its customers and training its staff well to prevent NIB from becoming involved with unethical borrowers and projects, or in money laundering, terrorist financing or tax evasion.

▼ REPUTATION AND RELIABILITY

NIB is viewed as a reliable and trustworthy partner. Borrowers see a loan from NIB as a stamp of quality for a project, and investors value the Bank's high asset quality and triple-A credit rating. NIB aims to maintain an open and constructive dialogue about its activities with all interested parties.

RELATED UN SDGS



GRI Reporting

NIB's main sustainability impact stems from its lending and funding operations. The Bank's mission is to finance projects that improve productivity and benefit the environment. NIB reports on the degree to which the financed projects fulfil this mission and on their wider impact on society.

In addition, NIB also reports on the impact of its internal operations. This includes the Bank's own CO₂ footprint, energy use, resource consumption, procurement and waste handling at its headquarters in Helsinki.


This report has been prepared in accordance with the GRI Standards: Core Option. It also includes disclosures from GRI's Financial Sector Supplement.

NIB has identified the UN Sustainable Development Goals that are most relevant to its business and impact, and mapped them as closely as possible to the disclosures.

Further, the Bank is committed to applying the principles laid out in the Task Force on Climate-related Financial Disclosure (TCFD) to report on the financial risks and opportunities related to climate change. NIB is preparing the necessary procedures for disclosure according to the TCFD framework and the Principles for Responsible Investment by 2021.




GRI Index

GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs	
GRI 101: Foundation				
General Disclosures				
GRI 102: General Disclosures	Organizational profile			
	102-1 Name of the organization	Nordic Investment Bank (NIB)		
	102-2 Activities, brands, products, and services	NIB provides long-term loans to private and public limited companies, governments, municipalities and financial institutions to finance projects that improve productivity and benefit the environment. Financing from NIB complements and leverages commercial lending. Loans are extended on market terms and according to sound banking principles. Read more About NIB .		
	102-3 Location of headquarters	Helsinki, Finland		
	102-4 Location of operations	NIB has lending operations in its eight Nordic and Baltic member countries, as well as in non-member countries. The Bank's only office is located in Helsinki, Finland.		
	102-5 Ownership and legal form	NIB is an international financial institution (IFI) owned by Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden.		
	102-6 Markets served	NIB finances projects in several sectors, both in member countries and in non-member countries. The focus sectors of the Bank's operations are the environment, energy, water, innovation, industry, transport, infrastructure and telecommunications.		
	102-7 Scale of the organization	At the end of 2019, NIB employed 202 people. The Bank signed 55 new loan agreements and invested in seven green bonds with an aggregate total of EUR 3,316 million in 2019. Total disbursements were EUR 2,676 million. The profit for the year was EUR 182 million. Read more in NIB's Operating and financial review 2019 .		
	102-8 Information on employees and other workers	Of the 202 permanent employees, 87 were women and 115 men. In addition, 34 employees worked on projects in temporary positions. Suppliers or hired labour do not make up a significant share. The average number of permanent employees was 199 during the year. In 2019, 34 men and 11 women worked in managerial positions. Read more about Working at NIB .		

GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
GRI 102: General Disclosures	102-9 Supply chain	<p>Being a financial institution, NIB does not produce or manufacture any products. The services and goods the Bank needs to support its operations and activities are mainly consulting and training services, IT applications, electronics and other office supplies. In addition, NIB uses external providers for services such as cleaning, security and catering at its premises.</p> <p>As an international organisation, and in line with other international organisations, NIB has established its own internal procurement rules. For projects financed by NIB, separate procurement guidelines are established. For additional information, read about NIB's internal procurement and see the Legal framework and policy documents.</p>	
	102-10 Significant changes to the organization and its supply chain	<p>At its annual meeting on 24 May 2019, NIB's Board of Governors approved amendments to NIB's Statutes, which were submitted to undergo the required national procedures for ratification in the Bank's member countries.</p> <p>The amendments concern the replacement of NIB's capital gearing limit with a risk-based comprehensive framework for capital and liquidity management. The changes also include the improvement of institutional governance and the option of limited equity participation as a new form of financing. Read more about the statutory changes in the Report of the Board of Directors 2019.</p>	
	102-11 Precautionary Principle or approach	<p>NIB's Sustainability Policy & Guidelines are based around the principle of taking precautions. Before NIB finances any project, the potential economic, environmental and social impacts are assessed in line with the Policy. NIB aims to identify and address concerns pre-emptively.</p>	
	102-12 External initiatives	<p>In 2019, NIB participated in the development of the Green Bond Principles Harmonized Framework for Impact Reporting, and in the consultations of the EU TEG on Sustainable Finance. A list of external initiatives and cooperations can be found here.</p>	
	102-13 Membership of associations	<p>During 2019, NIB continued to act as chair of the Green Bond Principles (GBP) Executive Committee and participated in a number of GBP working groups. The Bank also joined the Network for Greening the Financial System (NGFS) as an observer, and was appointed to Nasdaq's Advisory Board for its Sustainable Bond Network. NIB also signed the Principles for Responsible Investment (PRI) for its treasury activities, the Principles for Responsible Banking (PRB) concerning its lending operations and the Task Force on Climate-related Financial Disclosures (TCFD). A full list of external initiatives and cooperations can be found here.</p>	






GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
GRI 102: General Disclosures	Strategy		
	102-14 Statement from senior decision-maker	President's review	
	102-15 Key impacts, risks, and opportunities	NIB provides long-term loans to projects that improve the productivity and benefit the environment of the Nordic and Baltic countries. President's review Report of the Board of Directors Operating and financial review Impact of NIB's financing	
	Ethics and integrity		
	102-16 Values, principles, standards, and norms of behavior	NIB's vision is a prosperous and sustainable Nordic-Baltic region. The Bank works towards this goal by financing projects that improve productivity and benefit the environment in its member countries. The Bank's core values are competence, commitment and cooperation. NIB has codes of conduct in place for its staff, Board of Directors, the President and the Control Committee. The codes of conduct are publicly available on NIB's website and reflect the Bank's values and principles. In addition to the induction programme for new staff, NIB has compulsory training on the Code of Conduct all staff members have to pass. Read more about NIB's human resources management in Working at NIB and learn about ethics, principles and standards in NIB's Integrity Report 2019 .	
102-17 Mechanisms for advice and concerns about ethics	The Office of the Chief Compliance Officer (OCCO) oversees matters relating to integrity and anti-corruption, and is independent from the Bank's operations. OCCO reports directly to the Bank's President, and has unrestricted access to the chairpersons of the Board of Directors and the Control Committee. NIB puts particular emphasis on knowing its customers and training its staff to avoid the Bank becoming involved with unethical borrowers and projects or in money laundering, terrorist financing or tax evasion. All new clients are screened thoroughly in the Bank's integrity due diligence (IDD) process. NIB has endorsed the Uniform Framework for Preventing and Combating Fraud and Corruption, which was agreed upon by the major Multilateral Development Banks (MDBs) in 2006. NIB has a dedicated email address for reporting concerns of unethical or unlawful behaviour that is managed by OCCO. Reporting can also be done by directly contacting OCCO by telephone or a personal visit, or alternatively by contacting a supervisor, who is obliged to pass the report on to OCCO. Reports can be made anonymously, and the Code of Conduct for Staff and the Speaking-up and Whistleblowing Policy provide protection for whistleblowers. Read more in NIB's Integrity Report 2019 or contact OCCO . Internally, NIB's staff members can seek advice on ethical and lawful behaviour or report concerns to OCCO and the Bank's Ombudsman. Read more about Working at NIB .		



GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
GRI 102: General Disclosures	Governance		
	102-18 Governance structure	<p>The Nordic Investment Bank was established in 1975 by Denmark, Finland, Iceland, Norway and Sweden. In 2005, Estonia, Latvia and Lithuania became members of the Bank on equal terms with the original member countries.</p> <p>NIB is governed by the Agreement concerning the Nordic Investment Bank among its Member countries signed in 2004, as well as the related Statutes and the Host Country Agreement concluded between the Government of Finland and the Bank in 2010.</p> <p>According to the Statutes, the Bank shall have a Board of Governors, a Board of Directors, a President and the staff necessary to carry out its operations. In addition, the Bank has a Control Committee. Read more about Governance.</p>	
	Stakeholder engagement		
	102-40 List of stakeholder groups	<p>NIB's stakeholders are our customers, investors, political decision-makers and public administrations, NGOs, the media, the general public and our staff.</p>	
	102-41 Collective bargaining agreements	<p>NIB staff are employees of an international organisation, more specifically an international financial institution (IFI). Based on NIB's legal status as an IFI, the Bank has established its own provisions for its employees and, as a main rule, national employment related legislation, including labour law, does not apply within NIB. There are, however, some defined exceptions, particularly with regard to applying the host country legislation for taxation, social security and pensions of staff.</p> <p>National legislation and procedures under which collective bargaining takes place are not applicable to NIB, due to its legal status. NIB's Code of Conduct allows, however, freedom of association for its staff with reference to general democratic principles.</p> <p>As NIB enjoys immunity from national jurisdiction [court proceedings] in employment-related matters, the Bank has established arbitration procedures for employment-related disputes. NIB also has an independent Ombudsman, whom the employees can consult in any employment-related matters and who may act as mediator between the employee and the Bank.</p> <p>The Bank has established a Cooperation Council, consisting of four members representing the Bank and four members representing the staff. The Cooperation Council aims to promote communication between the Bank and the staff on issues related to conditions in the workplace, allowing the Bank to take better account of the staff's views and opinions. The purpose is to achieve mutually acceptable solutions for both the Bank and the staff. The Cooperation Council met five times in 2019.</p>	

GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
GRI 102: General Disclosures	102-42 Identifying and selecting stakeholders	<p>As an international financial institution, NIB is accountable to its own countries and to society as a whole. This creates an obligation to inform about the Bank's activities, as well as to support lending and funding processes. NIB aims to maintain an open dialogue with all interested parties.</p> <p>Stakeholders are categorised as external or internal. The internal stakeholders are the Bank's owners, the member countries that govern NIB via representatives on the Board of Governors (BoG), Board of Directors (BoD) and Control Committee (CC), and the Bank's staff. The main external stakeholders are customers and investors. See an overview of NIB's stakeholders, activities and engagements in 2019.</p>	
	102-43 Approach to stakeholder engagement	<p>NIB communicates on an ongoing basis with all interested parties. The Bank discloses information on all agreed loans on its website, which includes a description of the financed project and the degree to which it complies with the Bank's mission. Loan projects with potentially negative social or environmental impacts are classified as Category A projects and are published on NIB's website for public comments for 30 days before a decision on financing is made. Further, NIB communicates about the Bank's funding activities and the bonds it issues.</p> <p>Every three years, NIB conducts a stakeholder survey among its key external counterparties to understand and meet their expectations. The most recent stakeholder survey was conducted in 2018. The interviewed parties were lending customers, investors and public authorities. Their views on NIB's activities, added value and reputation were requested. The interview partners were also asked to rate the importance of a selection of relevant sustainability topics. Investors' interest in and awareness of green bonds was also investigated.</p> <p>In addition, NIB regularly conducts a work engagement survey of its staff to maintain a continuous dialogue with the Bank's employees. The most recent survey was also conducted in 2018. These two surveys form the basis for our materiality process. Read more about how we define the most material items for us and our stakeholders.</p>	
	102-44 Key topics and concerns raised	<p>The key topics and concerns raised by NIB's lending clients, investors and public authorities in the stakeholder survey and by NIB's staff in the most recent work engagement survey are grouped into three sections: NIB's role as a sustainable financier; Good corporate governance; and Meaningful work. Read more about our key topics in our materiality analysis.</p>	


GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
GRI 102: General Disclosures	Reporting practice		
	102-45 Entities included in the consolidated financial statements	The Nordic Investment Bank	
		<p>Issues considered to be material or relevant for disclosure in this annual report were identified in different processes. The most significant processes were the stakeholder survey for external key counterparties and the work engagement survey for the Bank's staff, both carried out in 2018.</p> <p>Based on additional stakeholder interactions and analyses we carried out during 2019, we identified the key attributes and targets that are of high importance for our internal and external stakeholders, and that reflect NIB's economic, environmental and social impacts. These are the central topics we are reporting on in 2019:</p> <p>NIB as a sustainable financier:</p> <ul style="list-style-type: none"> · Financial strength · Assessment and monitoring the sustainability impact of all loan projects · Renewable energy systems, climate change mitigation & adaption, and well-functioning infrastructure <p>Meaningful work:</p> <ul style="list-style-type: none"> · Professional staff · Teamwork, learning opportunities and the sense of purpose <p>Good corporate governance:</p> <ul style="list-style-type: none"> · Anti-corruption and transparency · Reputation and reliability 	
	102-46 Defining report content and topic Boundaries'	· Anti-corruption and transparency	
	102-47 List of material topics	· Reputation and reliability	
		Read more about the materiality process and defining the content of the report .	
	102-48 Restatements of information	None	
	102-49 Changes in reporting	None	
	102-50 Reporting period	NIB reports on an annual calendar year basis from 1 January until 31 December. This report covers the year 2019.	
	102-51 Date of most recent report	14 March 2019	
	102-52 Reporting cycle	Annual	
	102-53 Contact point for questions regarding the report	Communications Unit; Chief Compliance Officer (contact information)	
	102-54 Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option. See more details on materiality .	
102-55 GRI content index	GRI content index		
102-56 External assurance	NIB has not set a policy on seeking external assurance for its sustainability reporting.		








GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
Material Topics			
GRI 200 Economic Standard Series			
Economic Performance			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	<p>For prosperous economies, where wealth and economic opportunities are equally distributed, one common denominator is high labour productivity. Therefore, NIB seeks to finance projects that lead to productivity gains by fostering:</p> <ul style="list-style-type: none"> · Technical progress and innovation · Human capital and equal economic opportunities · Infrastructure improvements · Market efficiency and the business environment <p>In order to fulfil its mission effectively, NIB needs to be financially strong. The Bank therefore aims to earn a sufficient amount of return from its business operations to guarantee its owners a reasonable return on capital.</p>	
	103-2 The management approach and its components	<p>NIB's lending complements and leverages commercial lending. Projects that are considered for financing are analysed for their potential economic impact based on the Bank's Mandate Rating Framework and the Sustainability Policy & Guidelines. All clients are screened in the integrity due diligence (IDD) process.</p> <p>NIB extends loans on market terms and according to sound banking principles. The funds acquired for NIB's lending are borrowed on the international capital markets.</p> <p>The Bank's Board of Directors (BoD) is in charge of policy decisions in matters that involve lending, borrowing, and administrative questions. The BoD approves the financial transactions proposed by NIB's President, and is responsible for the financial statements.</p> <p>For more information on the policies that frame NIB's activities, see Legal framework and Policy Documents.</p>	
	103-3 Evaluation of the management approach	<p>NIB publishes information on all financed projects on its website, including the degree to which a project complies with the Bank's mission and impacts productivity. For certain projects with potentially substantial environmental impact (Category A projects), a public procedure is in place that allows stakeholders to comment before a decision on financing is made.</p> <p>The Bank seeks regular feedback from its stakeholders, and aims to maintain an open dialogue with all key groups about its activities and can be contacted directly by any interested party. Grievances about the Bank's activities and lending-related issues, including allegations of misconduct and corruption, can be addressed to the Office of the Chief Compliance Officer (OCCO). NIB's contact information.</p>	



GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	Financial Report 2019 Operating and financial review	 
	201-2 Financial implications and other risks and opportunities due to climate change	<p>Climate change mitigation and adaptation is one of the main drivers for NIB's environmental lending. Each loan project considered for financing undergoes assessment for its potential environmental impact, which includes climate-related aspects. The Bank regularly reports on the impact of the projects it finances in terms of greenhouse gas emissions.</p> <p>Considerable investments are required to decrease greenhouse gas emissions, increase the share of renewable energy, and improve energy efficiency to achieve the targets of the EU's climate policy and the Paris Agreement. NIB's lending in this area focuses on renewable energy generation, electrified transport, green buildings, and energy-efficient solutions for industry. NIB issues Environmental Bonds (NEBs) to finance part of its environmental lending. Read more about the impact of NEB-financed projects NIB Environmental Bond Report 2019.</p> <p>In 2019, NIB signed the Principles for Responsible Investment (PRI) and the Task Force on Climate-Related Disclosure (TCFD). The Bank is committed to align its reporting with the TCFD principles to disclose climate-related financial risks and opportunities. The necessary procedures for disclosure are to be in place by 2021.</p>	
	201-3 Defined benefit plan obligations and other retirement plans	See Note 7 in the Financial Report - Pension obligations	 
	201-4 Financial assistance received from government	Capital structure	
Indirect Economic Impacts GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	The quality of infrastructure and related services shapes the business environment of a region, and are known to support productivity directly by reducing frictions in operations, and indirectly by increasing the efficiency of labour and product markets. NIB finances improvements to infrastructure, education, health and human capital to support well-functioning markets and equal opportunities, which are major drivers for prosperity and productivity growth.	
	103-2 The management approach and its components	All projects considered for financing are reviewed from a sustainability perspective, which distinguishes NIB from commercial banks. Within its lending, NIB aims to provide added value in its member countries, especially in respect to innovation, human capital development, energy, transport, telecommunications and environmental improvements.	
	103-3 Evaluation of the management approach	NIB regularly reviews its strategy and mission to keep up with market developments and to better address issues related to sustainable financing and societal needs. International agreements, such as the Paris Climate Agreement, shape this view. Read more in the Report of the Board of Directors .	



GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
GRI 203: Indirect Economic Impacts 2018	203-1 Infrastructure investments and services supported	Lending in the business area of infrastructure, transportation and telecommunications is primarily directed towards financing efficiency improvements in transport, logistics and communications. In 2019, approximately 40% of all disbursed loans were related to this business area, totalling EUR 1,079 million. The financed projects include investments in public transport, urban development, telecommunications, airports, hospitals and schools. Read more about the impact of NIB's lending activities in 2019 .	
	203-2 Significant indirect economic impacts	In addition to financing projects directly with large enterprises, NIB channels financing to projects for small and medium-sized enterprises (SMEs) through banks and other financial intermediaries. SMEs are seen as the key drivers of the economy in the Nordic-Baltic countries, as they employ two-thirds of the workforce in the region. Consequently, they are of great importance for productivity and economic growth. In 2019, 14% of all loans disbursed, a total of EUR 362 million, were provided to banks and other financial institutions for on-lending to their clients, those being mainly SMEs. Read more about the impact of NIB's lending activities in 2019 .	
Anti-corruption GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	The funds handled by NIB and the projects the Bank finances are of high monetary value, therefore any issues relating to corruption and bribery are regarded as material. Incidents of corruption can occur both internally and externally. NIB has adopted a zero-tolerance approach towards fraud and corruption, and has established a policy framework to promote its anti-corruption work, both in terms of preventing and identifying prohibited practices. The framework is updated continuously.	
	103-2 The management approach and its components	NIB is endorsing the Uniform Framework for Preventing and Combating Fraud and Corruption that was agreed upon by the major multilateral development banks (MDBs) in 2006. Further, the Bank's Council on Fighting Corruption works to enhance awareness of integrity and anti-corruption among the Bank's staff and stakeholders. To strengthen NIB's integrity and anti-corruption framework, the Board of Directors approved an updated Integrity Due Diligence (IDD) Policy. The policy covers all operations of the Bank, and provides a robust structure for identifying, mitigating and monitoring integrity risks. This also includes the assessment and mitigation of risks for money laundering and terrorist financing. In 2019, the IDD Rules for Lending and Trust Fund Activities were updated. The Code of Conduct for the Board of Directors and the President was also reviewed and updated to align it with the revised Code of Conduct for Staff. NIB has a Sanction's Panel in place that decides on the sanctioning of external entities that have engaged in prohibited practices. The Sanctions Panel is constituted of two external members and one internal member. Read more in NIB's Integrity Report 2019 .	





GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
GRI 103: Management Approach	103-3 Evaluation of the management approach	<p>NIB's compliance and anti-corruption framework is continuously reviewed, benchmarked against international standards and updated accordingly. In terms of prevention, the Bank puts particular emphasis on knowing its customers and training its staff well to avoid the Bank becoming involved with unethical borrowers and projects, or in money laundering, terrorist financing or tax evasion. All new clients are screened thoroughly in the Bank's integrity due diligence (IDD) processes.</p> <p>The Bank also follows up on investigations and actions taken by national enforcement agencies and prosecutors relating to NIB borrowers and contractors financed by NIB loans. The Office of the Chief Compliance Officer (OCCO) regularly provides advice and guidance to the Bank's Lending department on how to address integrity and reputational risks in new and ongoing lending operations.</p> <p>As part of the induction process, training on compliance and anti-corruption is provided for all new staff members. In line with the Code of Conduct, every employee is asked to declare their financial and business interests once a year. This includes providing information on any positions or assignments in any profit-making institutions or any involvement or business interest that would place the employee or close relatives in any conflict with the duties at NIB.</p>	
	205-1 Operations assessed for risks related to corruption	All of NIB's operations are assessed from a corruption risk point of view. These concerns are addressed in NIB's integrity and due diligence process.	
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	<p>All staff members at NIB receive training in anti-corruption, integrity, money laundering and ethics as part of NIB's induction programme. Members of NIB's Board of Directors also receive training on the same subjects. Staff working with lending operations receive additional training in conducting integrity due diligence checks.</p> <p>NIB has a compulsory e-training for all staff on the Code of Conduct in place. Training is centralised at NIB's headquarters in Helsinki, Finland, which is the Bank's only office. Read more in NIB's Integrity Report 2019.</p>	
	205-3 Confirmed incidents of corruption and actions taken	During 2019, OCCO registered one investigation on fraudulent practices. The investigation determined that no fraudulent practices had been committed. Read more in NIB's Integrity Report 2019 .	

GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
GRI 300 Environmental Standards Series			
Materials			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	To remain a respected sustainable financier, NIB recognises that it also needs to look inward and ensure to act accordingly in its internal operations. The Bank thus emphasises environmentally and socially sound practices in its in-house operations, which includes, but is not limited to, the use of energy, materials and waste handling.	
	103-2 The management approach and its components	Being a financial institution, NIB's use of materials consists mainly of paper office supplies and ICT hardware. The Bank recognises that the purchasing decisions for these items have an impact on the environment. Therefore, NIB is part of WWF's Green Office Network and seeks to continuously reduce its environmental footprint in a cost-effective way. As an international organisation, and in line with other international organisations, NIB has established its own internal procurement rules. A summary of the procurement process is available on the Bank's website.	
	103-3 Evaluation of the management approach	As part of the WWF's Green Office Network, NIB is audited every three years. The process includes an office inspection and a review of the progress made for selected indicators. The Bank has been awarded the Green Office certificate once again in 2019. The Bank regularly communicates initiatives related to material, energy use and waste handling to its staff and informs about sustainable behaviour at the workplace. In 2019, NIB established the Internal Sustainability Council, which aims to strengthen the Bank's own sustainability agenda. The Council defines annual actions and targets for internal sustainability matters, including material handling. Read more about the work of the Internal Sustainability Council .	
GRI 301: Materials	301-1 Materials used by weight or volume	Due to the nature of financial business, paper is still somewhat essential material in certain operations. However, NIB has managed to reduce its paper consumption by switching from paper-based to digital processes in specific areas. All print paper purchased is Forest Stewardship Council® (FSC) certified. NIB's office cleaning is conducted sustainably, by regulating the amount of water used and only utilising eco-certified cleaning detergents, such as products with the Nordic Swan Ecolabel. Read more about our performance in Managing our internal operations .	





GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
Energy			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NIB uses energy to run its day-to-day operations at its headquarters. In light of the impact the extraction of fossil fuels may have on the environment, NIB favours the use of renewable energy.	
	103-2 The management approach and its components	The Bank obtains its electricity from 100% wind energy. Its origin is guaranteed by the European Energy Certificate System (EECS). NIB monitors its annual energy consumption and strives to reduce the amount of water, heat and electricity used, as well as consume less paper and fewer office supplies. The Bank aims to obtain its district heating from renewable resources as well. Read more about Managing our internal operations .	
	103-3 Evaluation of the management approach	NIB monitors its energy consumption and complies with the requirements set out in current EU environmental legislation and the WWF's Green Office programme. Information regarding facilities management is communicated to staff members.	
GRI 302: Energy	302-1 Energy consumption within the organization	See NIB's Direct Environmental Impact table with more information about the Bank's energy consumption.	  
	302-4 Reduction of energy consumption	In 2015, NIB started renovating its headquarters in accordance with the BREEAM building refurbishment standard, which has pre-set requirements for energy efficiency and energy consumption. NIB will be completing the renovation according to the standard's Excellent level. During 2019, the third renovation phase was carried out. NIB is also renewing the building's technical machinery, including the main air supply machines, and once they are fully operational, they will contribute to improving the energy efficiency of the premises. See NIB's Direct Environmental Impact table .	   
Biodiversity			
GRI 103: Management Approach	103-2 The management approach and its components	In its Sustainability Policy & Guidelines , NIB states that projects should comply with any obligations and standards enshrined in relevant multilateral environmental agreements (MEAs) according to applicable EU legislation, for example those dealing with biodiversity, climate change, the ozone layer, wetlands, persistent organic pollution, trans-boundary air pollution, endangered species and environmental information, and others that may be ratified in the future. A benchmark reference often applied in NIB's projects is the HELCOM standards for discharges into the Baltic Sea.	
GRI 304: Biodiversity	304-3 Habitats protected or restored	NIB does not have any specific programmes to protect or restore habitats.	




GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
Emissions			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Climate change is a societal challenge as well as an environmental one, and requires the adoption of advanced new technologies to improve, inter alia, greenhouse gas emissions and energy efficiency. Addressing this challenge is part of NIB's mission to finance projects that improve the productivity and benefit the environment of the Nordic-Baltic region to increase sustainability and prosperity.	
	103-2 The management approach and its components	NIB is committed to support actions for mitigating and adapting to climate change. The Bank measures and discloses all greenhouse gas emissions that result from the projects the Bank finances. The Bank's management and Board of Directors consider these to be part of the loan decision process. Read more about the impact of NIB-financed projects in 2019 . To assess the Bank's own footprint, NIB uses an internal CO ₂ calculation tool. The footprint calculation includes direct and indirect greenhouse gas emissions in NIB's value chain, including mobility, energy use, events and catering emissions. NIB aims to become carbon neutral, and has decided to offset its CO ₂ emissions for 2019 retrospectively together with the emissions from 2018. Read more about NIB's Internal Sustainability Council and managing the impact of our internal operations .	
	103-3 Evaluation of the management approach	For all financed projects, NIB's environmental analysts collect information on the potential impact and assure the quality of the information provided during site visits and interviews with projects staff and relevant stakeholders. The assessed environmental impact is benchmarked against relevant national laws, EU-regulations and standards. NIB publishes relevant information on the emission increase and decrease of projects on its website.	
GRI 305: Emissions	305-5 Reduction of GHG emissions	The projects financed by NIB in 2019 are estimated to reduce CO ₂ emissions by 520,000 tonnes per annum, and lead to an increase of 16,600 tonnes per year. Pro-rated to NIB's share of financing, the reduction amounts to 167,000 tonnes CO ₂ e per annum. Read more on the impact of NIB's lending activity and on the Bank's internal impact and activities at its headquarters in Helsinki.	 
Effluents and Waste			
GRI 103: Management Approach	103-2 The management approach and its components	Advancing a resource-efficient society in NIB's member countries is seen as key for a sustainable future. The Bank therefore finances projects that target the efficient use of natural resources (energy, water and materials) and minimise the generation of waste. In addition, the Bank invests in wastewater treatment to reduce nutrient discharge into watercourses. Read more about the impact of NIB-financed projects in 2019 . Internally, NIB manages and handles its own waste according to sustainable procedures. Whenever possible, waste is recycled. The main types of waste are mixed energy, bio, cardboard, metal, glass and hazardous waste, including electronic waste and ink cartridges. In connection with the ongoing refurbishment project at NIB's premises, the amount of waste has significantly increased. However, old furniture and office equipment is recycled when possible.	




GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
GRI 306: Effluents and Waste	306-2 Waste by type and disposal method	<p>NIB finances projects that contribute to pollution reduction, waste management and wastewater treatment. In 2019, NIB financed seven wastewater treatment projects that are assessed to lead to a population equivalent of 190,000 in added treatment capacity, and to contribute to an annual net reduction of 1 tonne of phosphorous and 514 tonnes of nitrogen in nutrient discharges to watercourses. Read more about the impact of NIB's lending activities.</p> <p>At its own office premises, NIB aims to continuously improve waste handling and recycling. The Bank plans to achieve waste reduction by means of rearranging and simplifying the sorting stations and by raising awareness about waste management through marketing environmental campaigns, such as Earth Hour and Energy-Saving Week (a national energy-saving awareness campaign organised by a Finnish company specialising in energy and material efficiency) and campaigns to reduce food waste. Read more about NIB's internal sustainability management.</p>	 
Environmental Compliance			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	<p>Some of the projects NIB finances may potentially have negative environmental impacts. These may include the deterioration of the physical, natural or cultural environment and surrounding community. In line with its own Sustainability Policy, NIB analyses projects with regards to relevant standards and national legislation.</p>	
	103-2 The management approach and its components	<p>In order to address any concerns regarding its operations and projects considered for financing, NIB has developed a channel for its stakeholders to express their views or comment on projects with potential significant adverse social or environmental impacts. These projects are classified as Category A projects and are made publicly available for comments before the Bank makes a decision on financing. In addition, if any persons involved in the activities of NIB observe or have reasonable grounds to suspect misconduct, they are encouraged to report such information. Complaints can be filed with, and are handled by, NIB's Office of the Chief Compliance Officer.</p>	
	103-3 Evaluation of the management approach	<p>NIB's environmental review includes the categorisation of projects based on their potential negative impact, the definition of risks and planned mitigation measures. For Category A and B projects, site visits and interviews with relevant stakeholders are included. Comments received from the public on Category A projects are taken into consideration when a decision on financing is being made.</p> <p>NIB communicates the results of the environmental impact assessment to the customer, and may give advice regarding prospective projects. The management of environmental impacts of projects in line with applicable laws, regulations, standards and NIB's Sustainability Policy & Guidelines is handled by the customer.</p>	
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	<p>In 2019, the Bank published details of three (3) Category A projects and received no responses. No grievances were filed with the Office of the Chief Compliance Officer. Read more about the disclosure of Category A projects.</p>	


GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
GRI 400 Social Standards Series			
Employment			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NIB's employees are the Bank's strongest asset in fulfilling its mission, and an essential internal stakeholder group. NIB's staff regulations and code of conduct address labour and management relations, international laws and legal standards, provisions for professional conduct and resolution of disputes, occupational health and safety, training and education, diversity and equal opportunities, non-discrimination and freedom of association.	
	103-2 The management approach and its components	The Bank's fundamental principles with respect to its staff are the rule of law, transparency, predictability and equality. Based on its status as an international organisation, NIB has established its own provision for its employees. The primary sources governing employment are employment contracts and the staff documents. NIB staff is required to comply with the policies, regulations, rules and guidelines issued by NIB, including the Code of Conduct for the Staff .	
	103-3 Evaluation of the management approach	NIB regularly collects feedback from its employees and conducts staff surveys. The purpose of the surveys is to assess the engagement of the staff members as well as the well-being and functionality of the working community. The results provide a better overall understanding of issues that need improvement. The most recent survey was conducted in 2018 . NIB has a Cooperation Council in place, consisting of four members representing the Bank and four members representing the staff, to promote communication and initiatives between the employer and employees on work-related matters. The Bank engages an independent Ombudsman, who is available once a month for all staff members. To engage all staff and to maintain an open dialogue, NIB communicates the Bank's results, strategies, policies, activities and issues related to working conditions to keep its staff informed. See NIB's Public Information Policy .	
GRI 401: Employment	401-1 New employee hires and employee turnover	The average length of employment was 12.4 years in 2019. Our exit turnover rate stood at 7%. At the end of 2019, NIB had 202 employees in permanent positions. Of these, 87 were women and 115 were men. The average age of employees was 48.5 years. The average number of permanent employees during the year was 199. In addition, 34 employees worked on projects in long-term temporary positions. In 2019, 15 new people were recruited for permanent positions and 17 for temporary positions.	 
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Note 7 in the Financial Report includes explanations of "Pension obligations", "Staff loans" and "Additional benefits for expatriates". Read more about benefits such as insurance, healthcare and parental leave in Working at NIB .	 


GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
Labor/Management Relations			
GRI 103: Management Approach	103-2 The management approach and its components	NIB's staff are employees of an international organisation, more specifically an international financial institution (IFI). Based on NIB's legal status as an IFI, the Bank has established its own provisions for its employees and, as a main rule, national employment-related legislation, including labour law, does not apply within NIB. There are, however, some defined exceptions, particularly with regard to the host country Finland's legislation for taxation, social security and pensions. Read more in the Host Country Agreement between the Government of the Republic of Finland and the Nordic Investment Bank .	
GRI 402: Labor/Management Relations	402-1 Minimum notice periods regarding operational changes	NIB's employees are members of an international financial institution. Consequently, NIB has established its own regulations for the staff, which set out principles for minimum notice periods regarding operational changes. See Staff regulations .	
Occupational Health and Safety			
GRI 103: Management approach	103-2 The management approach and its components	<p>NIB's target is to create a safe and healthy working environment for its employees. The Bank aims to take all aspects of work - such as general working conditions, the environment and the personal capacities of its employees - into consideration.</p> <p>NIB encourages its staff to establish and maintain a sustainable balance between their professional and private lives. NIB cooperates closely with its occupational health care service provider and offers regular health checks and flexible working hours. NIB periodically conducts a work engagement survey. The purpose of this survey is to collect employee feedback on issues related to the work environment, management and well-being at work. The most recent work engagement survey was conducted in March 2018. The survey consisted of 46 questions and focused in particular on one's own work, management, the working community, team spirit, functionality, and the employer in general. The response rate stood at 90% in 2018, with 183 staff members participating.</p>	


GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
GRI 403: Occupational Health and Safety	403-1 Workers representation in formal joint management-worker health and safety committees	<p>NIB strives to continually develop the cooperation between employer and staff. The Bank's Cooperation Council consists of four Members representing the Bank and four Members representing the staff. The Council aims to promote an exchange of views and opinions on working conditions and the workplace.</p> <p>The Cooperation Council also functions as an occupational health and safety body. The Occupational Health and Safety Commission consist of an Occupational Health and Safety Manager representing the employer, and two Occupational Health and Safety Agents representing the staff.</p> <p>In addition, NIB has a Business Continuity and Security Unit, which is responsible for, among other things, the development and implementation of NIB's security policies that cover all areas of physical, personal and knowledge security. All of NIB's employees are included in its health and safety management system. Read more about Working at NIB.</p>	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<p>NIB has an Occupational Healthcare Action Plan in place, and provides information and training opportunities to promote health and safety at work. For the period of 2018-2020, the healthcare plan emphasises mental wellbeing by means of supporting both managers and employees in their roles, ergonomic support with focus on the Bank's newly established multi-work office spaces and the provision of regular health check-ups. The Bank also encourages staff to participate in activities that support wellbeing. The sickness absence rate—as a percentage of total working time—stood at 3.3% in 2019, compared to 2.6% in 2018.</p>	
Training and education			
GRI 103: Management Approach	103-2 The management approach and its components	NIB is a professional expert organisation and encourages its employees to continuously develop their competencies. It is essential for the Bank to have highly skilled and committed staff members that are able to meet its customers' needs.	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	The Bank evaluates the need for additional training every year. The average number of training days per employee was 2.9 in 2019, compared to 2.4 in 2018. Read more in Working at NIB .	
GRI 404: Training and Education	404-2 Programs for upgrading employee skills and transition assistance programs	<p>During the year, the Bank offered various tailor-made training opportunities for its staff members such as media training, IT courses, and training on gender aspects in NIB's operations. However, most training was carried out on an individual level, and was based on employees' specific needs.</p> <p>NIB offers language training to its employees in English, Swedish and Finnish and, in special circumstances, other work-related languages. Read more about Working at NIB.</p>	
	404-3 Percentage of employees receiving regular performance and career development reviews	All permanent employees as well as staff in long-term temporary contracts take part in regular, structured appraisal and development discussions with their supervisors, where individual work plans and performance are reviewed. These performance reviews are held at the beginning of the year and again in the autumn.	

GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
Diversity and Equal Opportunity			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Maintaining a balanced diversity among staff members is crucial to NIB's working culture. No employee shall be discriminated against on the basis of gender, age, nationality, ethnic origin, family status, religion, health, political activities or any other comparable circumstance. The Bank puts emphasis on preventing discrimination and will intervene if an employee is harassed in any way.	
	103-2 The management approach and its components	NIB has updated its Equality, Diversity and Inclusion Plan for the period of 2019-2021. The key themes are: Equality and transparent principles in remuneration; Promotion of diversity in recruitments; and Promoting an inclusive work environment. In its recruitment policy, NIB promotes a balanced distribution of nationalities between the member countries, gender and age. There is, however, no requirement that only nationals of the member countries can be employed. Read more about Working at NIB .	
	103-3 Evaluation of the management approach	As part of the Equality, Diversity and Inclusion Plan, NIB has established a reference group that works to address any potential issues of harassment or discrimination. Further, NIB regularly collects employee feedback on issues related to equal opportunity in work engagement surveys. In cases of harassment or discrimination, the Ombudsman can be contacted.	
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	See Executive Committee Board of Directors Board of Governors Control Committee	
	405-2 Ratio of basic salary and remuneration of women to men	Salary levels at NIB are to reflect the work profile, qualifications and competence of the individual job holder, as well as the results that NIB expects the employee to achieve. The Bank's staff regulations and compensation policies state that compensation must not be affected by an employee's age, gender, nationality or race. The Equality, Diversity and Inclusion Plan identifies actions to be taken for promoting equality and transparent principles in remuneration. Read more about NIB's compensation policy in its Staff Regulations	 

GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
Non-discrimination			
GRI 103: Management Approach	103-2 The management approach and its components	NIB has zero tolerance for any type of discrimination. To ensure a workplace free of harassment, NIB has in place an Anti-harassment Policy that is governed primarily by the Human Resources unit. In cases of harassment, the Ombudsman can also be consulted. See Staff regulations .	
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	In 2019, no incidents of discrimination or harassment were reported. During the year, the Ombudsman was consulted six times in employment-related matters and asked to act as a mediator between the staff members and the Bank. The Ombudsman advised on the available conflict resolution mechanisms in cooperation with the HR department.	 
Freedom of Association and Collective Bargaining			
GRI 103: Management Approach	103-2 The management approach and its components	<p>NIB grants the whole staff full freedom of association, subject to NIB's staff-related documents and Code of Conduct, as well as to non-conflict of interest and democratic principles.</p> <p>Due to its legal status, NIB is not subject to the jurisdiction of national courts. Therefore, the Bank has set up arbitration procedures for potential employment-related disputes. NIB also has an Ombudsman whom the employees can consult and who may also act as mediator in the event of such disputes.</p> <p>The Bank has a Cooperation Council in place, consisting of four Members representing the Bank and four Members representing the staff. The Cooperation Council aims to promote communication and initiatives between the Bank and the staff in issues related to working conditions and the workplace, in particular in a manner enabling the Bank to take better account of the staff's opinions concerning such issues. The purpose is to achieve mutually acceptable solutions for both the Bank and the staff.</p>	
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	In 2019, no operations or suppliers in which workers' rights to exercise freedom of association or collective bargaining were being violated or at risk were reported.	
Child Labor			
GRI 103: Management Approach	103-2 The management approach and its components	NIB does not accept the use of child labour that is illegal or harmful to minors, and requires its clients and suppliers to comply with international standards for the employment of underaged workers and employees. The Bank believes in good human resources management. Respect for workers' rights and their freedom of association is part of good business. Read more in NIB's Sustainability Policy & Guidelines and about Working at NIB .	
GRI 408: Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	In 2019, no operations or suppliers using child labour or exposing young workers to hazardous conditions have been reported.	

GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
Forced or Compulsory Labor			
GRI 103: Management Approach	103-2 The management approach and its components	The use of forced labour is not accepted by NIB. The Bank emphasises respect for human rights and observance of all national and international legislation in its operations. Further, the Bank does not tolerate discrimination based on gender, race, nationality, ethnic origin, religion, disability, age or sexual orientation. Sound management of the safety and health of workers and communities is essential for the productivity and efficiency of the business, as is respect for their legal rights and livelihood. Read more in NIB's Sustainability Policy & Guidelines .	
GRI 409: Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	In 2019, no operations or suppliers at risk of using forced or compulsory labour have been reported.	
Local Communities			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NIB finances large projects that may have a significant impact on the surrounding community, environment, people and economy. Some projects may entail negative consequences. In order to ensure that such risks are identified and addressed, all projects considered for financing undergo an environmental and social impact assessment, of which dialogue with stakeholders is an integral component.	
	103-2 The management approach and its components	If the Bank considers to finance a project with potentially negative environmental and social impacts, a project description and Environmental Impact Assessment are published on NIB's website for 30 days to allow stakeholders to submit their views to the Bank. These views are taken into account before a decision on financing is made. Any persons involved in NIB's activities who observe or have reasonable grounds to suspect misconduct, corruption or non-compliance are encouraged to report it. Complaints can be filed with, and are handled by, NIB's Office of the Chief Compliance Officer. Contact details	
	103-3 Evaluation of the management approach	There are no specific mechanisms in place to evaluate the management approach or its effectiveness. However, NIB's policies and procedures are regularly reviewed. Stakeholder views and opinions on NIB's management approach are regularly requested in stakeholder surveys.	
GRI 416: Local Communities	413-2 Operations with significant actual and potential negative impacts on local communities	During 2019, NIB published three [3] Category A projects with potential impact on local communities on its website. No comments were received. NIB eventually signed loan agreements with two [2] of the projects.	

GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
GRI Financial Sector Supplement - product portfolio			
FS1	The management approach and its components	The Bank assesses the environmental and social impacts of all loan applications for their compliance with NIB's Sustainability Policy and Guidelines. A proposed project can be rejected due to non-compliance with the policy. The policy also includes an exclusion list with activities not eligible for financing.	
	Policies with specific environmental and social components applied to business lines	Sustainability Policy & Guidelines	
FS2, FS5	Procedures for assessing and screening environmental and social risks in business lines. Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	NIB's environmental and social review (see also an overview here) The review includes the following key components: <ul style="list-style-type: none"> · categorisation based on assessment of potential negative impact of the project · definition of risks and impact of the project and of planned mitigation measures · benchmark of the project's environmental and social performance with relevant standards · assessment of the commitment and capacity of the client to manage the potential impact · verification that the costs resulting from the environmental and social risks and impacts are factored into the project Based on the categorisation, NIB indicates to the customer what type of environmental information NIB requires.	
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	NIB expects its clients and the financed projects to comply with the Bank's Sustainability Policy & Guidelines . Provisions that entitle the Bank to monitor the project's implementation are incorporated into the loan agreement. Three years after a NIB-financed project has been completed, the Bank's analysts follow up on the impacts the project has had. Read more about NIB's Ex-post assessment . In 2019, the Board reviewed 13 such ex-post assessments. Of these, eight projects had achieved the expected impacts, and five projects had partly achieved them. NIB uses these results to further develop its mandate rating methodology and apply the lessons learned to future projects.	
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	Lending	
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	The purpose of NIB's lending activities is to finance projects that improve productivity and benefit the environment. All projects considered for financing are expected to contribute to the fulfilment of this mission, and are assessed and rated for their potential impact on a scale from "negative" to "excellent". NIB's target is that 90% of loans agreed should achieve a "good" or "excellent" rating. In 2019, loans achieving these ratings accounted for 98% of the total amount of agreed lending. Read more on the impact of NIB's lending in 2019 and see NIB's Mandate Rating Framework .	

GRI Standard	Disclosure	NIB's response	NIB & the UN SDGs
Financial sector supplement - audit			
FS9	The management approach and its components	The Control Committee is a supervisory body that ensures that NIB's operations are conducted in accordance with its Statutes. The Committee is responsible for the audit of the Bank's accounts and annually delivers an audit statement to the Board of Governors. It also monitors the compliance and anti-corruption practices of the Bank. The audit of the financial statements of the Bank is carried out by external professional auditors appointed by the Control Committee.	
	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	NIB is mission-driven and its core business is long-term lending. The main risks are assessed in the due diligence process prior to lending agreements. The Bank has a special monitoring and ex-post mandate assessment process to examine the implementation and results of projects financed by the Bank. After NIB's financing is committed in legal documents and disbursed, NIB especially monitors projects with major environmental and social risks and impacts in accordance with the environmental review or as deemed necessary by the Bank.	
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	Loans agreed 2019	
FS11	Percentage of assets subject to positive and negative environmental or social screening	NIB assesses the environmental and social impacts of all loan applications. See NIB's Sustainability Policy & Guidelines and the Mandate Rating Framework for more information.	