

GRI INDEX

GENERAL STANDARD DISCLOSURES	
INDICATOR DESCRIPTION	NIB'S RESPONSE
Strategy and analysis	
G4-1	<p>A statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability</p> <p>President's review</p>
G4-2	<p>Description of key impacts, risks, and opportunities.</p> <p>The Nordic Investment Bank finances projects that improve competitiveness and the environment of the Nordic and Baltic countries.</p> <p>President's review</p> <p>Report of the Board of Directors</p> <p>Operating and financial review</p> <p>Operating environment</p>

Organizational profile	
G4-3	<p>Name of the organisation</p> <p>Nordic Investment Bank (NIB)</p>
G4-4	<p>Primary brands, products, and services.</p> <p>NIB offers long-term loans to complement and leverage commercial lending in order to help ensure its vision of a prosperous and sustainable Nordic-Baltic region. Loans are extended on market terms and according to sound banking principles.</p>
G4-5	<p>Location of organization's headquarters</p> <p>Helsinki, Finland</p>
G4-6	<p>The countries where the organization operates, or that organization has significant operations or that are specifically relevant to the sustainability topics covered in the report</p> <p>NIB has lending operations in its Nordic-Baltic member countries as well as in non-member countries.</p>
G4-7	<p>Nature of ownership and legal form</p> <p>NIB is an international financial institution (IFI) owned by Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden.</p>
G4-8	<p>Markets served</p> <p>NIB finances projects in many sectors in both member and non-member countries. The focus sectors of the bank's operations are the environment, energy, innovation, transport, infrastructure and telecommunications.</p>
G4-9	<p>Scale of organization</p> <p>At the end of 2016, NIB employed 195 people. In 2016, the Bank signed 58 loan agreements with an aggregate total of EUR 4,363 million (including Lending Green Bond investments). The profit for the year 2016 was EUR 212 million.</p>
G4-10	<p>Total number of employees by employment contract, region, broken down by gender</p> <p>Of the 195 permanent employees, 85 were women and 110 men. In addition, three employees worked on projects in temporary positions. The average number of permanent employees was 192 during the year. Read more about Our people.</p>

Organizational profile

G4-11	Percentage of total employees covered by collective bargaining agreements	<p>NIB's employees are members of an international financial institution. Based on NIB's legal status, the labour laws or other legislation of the host country Finland, or any other member country, do not automatically apply to its employees. There are, however, some exceptions, particularly with regard to taxation, social security and pensions.</p> <p>NIB grants the whole staff full freedom of association, subject to NIB's staff-related documents and Code of Conduct. These documents ensure full freedom of association, subject only to non-conflict of interest and democratic principles.</p> <p>As NIB is not subject to the jurisdiction of national courts, the Bank has set up arbitration rules for potential employment-related disputes. NIB 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. The Cooperation Council met five times during 2016.</p>
G4-12	The organization's supply chain.	<p>Being a financial institution, NIB does not produce or manufacture any products. The materials NIB needs to perform its operations are mainly office supplies and electronics. In addition, the Bank uses external service providers to provide cleaning, security and catering services at our offices. As an international organisation (to which national legislation on public procurement does not apply) NIB has its own internal procurement rules. These rules are aligned with those of other international organisations.</p> <p>For projects financed by NIB, there are separate procurement guidelines. For more information, see Legal framework and policy documents.</p>
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	<p>In 2016, it was decided to transfer the Bank's ICT function from the Business Services department to the Finance department. Further, the responsibilities for Loan Administration, hitherto a part of the Financial Administration, were transferred to the Business Services department. The changes are effective as of 1 January 2017.</p>
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	<p>NIB's Sustainability Policy and Guidelines are based around the principle of taking precautions. Before NIB finances any project, the project is assessed from an environmental and social point of view based on the Sustainability Policy and Guidelines. NIB aims to identify and address concerns pre-emptively.</p>
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	<p>NIB has signed the Declaration on the European Principles for the Environment (EPE) concerning environmental management in the financing of projects.</p>
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations	<p>NIB is an active partner in the Northern Dimension Environmental Partnership (NDEP). Within the Council of the Baltic Sea States, NIB is part of the international Baltic Agenda 21 working group. NIB also participates in the MFI Environmental Working Group, which is a cooperation forum for multilateral financial institutions.</p> <p>In June 2016, NIB was voted into the Green Bond Principles (GBP) Executive Committee, a group within the International Capital Markets Association (ICMA) that develops the voluntary process guidelines for the green bond market. NIB first joined the GBP in 2014.</p> <p>In January 2017, NIB was appointed by the European Commission as observer to the High-Level Expert Group on sustainable finance.</p>

Identified material aspects and boundaries		
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents	The Nordic Investment Bank
G4-18	The process for defining the report content and the aspect boundaries and how the organization has implemented the reporting principles for defining report content	<p>Issues considered to be material or relevant for disclosure in this annual report were identified in three different processes that took place during 2015 and 2016. These were the strategy review and implementation process, the stakeholder survey and the work engagement survey.</p> <p>Based on the results of the processes mentioned above, we identified three key aspects that are of high priority for both internal and external stakeholders. These will be the main aspects that we report on for 2016:</p> <ul style="list-style-type: none"> - The fulfilment of our mission to finance projects that improve competitiveness and the environment of the Nordic and Baltic countries - Anti-corruption, transparency and ethical business practice - The development of the Bank's working culture to maintain a committed and professional staff <p>Read more about the materiality process and defining the content of the report.</p>
G4-19	All the material aspects identified in the process for defining report content	<p>Economic performance Indirect economic impact Environmental impact Labour practices Human rights and child labour Society and local communities Anti-corruption Grievance mechanisms (environmental, human rights, impact on society) Product portfolio / audit aspects (Financial Sector Supplement)</p>
G4-20, G4-21	For each material aspect, the aspect boundary within the organization and outside the organisation	NIB is a financial institution providing only one product: long-term loans. The Bank's aim is to outline the sustainability considerations that apply to its lending and funding functions, daily operations and human resource management. In order to fulfil the Bank's mission, NIB has sustainability requirements for its loan clients. Read more about our process of defining our materiality and setting up the reporting boundaries .
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	None
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	None

Stakeholder engagement		
G4-24	A list of stakeholder groups engaged by the organization	NIB's stakeholders are our customers, investors, political decision-makers and public administrations, NGOs, the media, the general public and our staff.
G4-25	The basis for identification and selection of stakeholders with whom to engage	NIB aims to maintain an open dialogue with all interested parties. 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 staff. The main external stakeholders are customers and investors.
G4-26	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	With regard to its lending activities, NIB publishes for each project information including the project description, the borrower, the amount of the loan and its maturity. We also publish the degree to which our loan projects comply with the Bank's mission, which is to improve the competitiveness and the environment of the Nordic and Baltic countries. See an extensive list of NIB's stakeholders, communication channels and activities with stakeholders in 2016 .
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	<p>Every three years, the Bank conducts a stakeholder survey among its key target groups. NIB seeks to follow up on the findings of each survey to best meet stakeholders' expectations. The most recent stakeholder survey was carried out in 2015, and asked the interviewed counterparties to rate the importance of different sustainability topics. Investors' interest in and awareness of green bonds was also requested. NIB also conducts a work satisfaction survey among its staff every other year. The most recent survey was conducted in 2015, with the aim of assessing the wellbeing and functionality of the working community. Read more about the surveys and our materiality process.</p> <p>NIB classifies loan projects with potential significant adverse social or environmental impacts as Category A projects. These projects must therefore undergo a full environmental impact assessment (EIA). The EIAs are made publicly available on our website at www.nib.int for a period of 30 days to allow our stakeholders to give their opinions before the Bank makes a decision on financing the project. In 2016, the Bank published information about seven Category A projects and received no responses. NIB eventually signed loan agreements with five of these Category A projects. See the List of A, B, and C projects in 2016.</p>

Report profile		
G4-28	Reporting period [such as fiscal or calendar year] for information provided	NIB reports on an annual calendar year basis from 1 January until 31 December. This report covers the year 2016.
G4-29	Date of most recent previous report [if any]	9 March 2016
G4-30	Reporting cycle	Annual
G4-31	The contact point for questions regarding the report or its contents	Communications Unit; Chief Compliance Officer (contact information)
G4-32	Report the 'in accordance' option and the GRI Content Index for the chosen option.	NIB's Annual Report 2016 has been reported in accordance with the GRI G4 guidelines' core option. See more details on materiality .
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	NIB has not set a policy on seeking external assurance for its sustainability reporting.

Governance

<p>G4-34 Report the governance structure of the organization, including committees of the highest governance body.</p>	<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.</p>
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Ethics and integrity

<p>G4-56 The organization's values, principles, standards, and norms of behavior, such as codes of conduct and codes of ethics</p>	<p>NIB's vision is a prosperous and sustainable Nordic-Baltic region. The Bank works towards that goal by financing projects that improve the competitiveness and environment of its member countries. Through this, NIB is living up to its promise of financing the future. 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 Control Committee. The codes of conduct are publicly available and demonstrate NIB's values and principles. In addition to the regular induction programmes covering the code of conduct for new staff, NIB introduced a compulsory e-learning course for all staff in the Code of Conduct in 2016. Read more about the Code of Conduct and the e-learning course here.</p>
<p>G4-57 Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines</p>	<p>NIB expects a high level of integrity and high ethical standards among its staff and other stakeholders and has adopted a zero tolerance policy towards fraud and corruption. The Office of the Chief Compliance Officer (OCCO) oversees matters relating to integrity and is independent from the Bank's operations, 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 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) 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.</p>
<p>G4-58 The internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.</p>	<p>NIB has a dedicated email address for reporting concerns of unethical or unlawful behaviour that is managed by the Office of the Chief Compliance Officer (OCCO). Reports can be made anonymously. Reporting can also be done by directly contacting OCCO by telephone or a personal visit or alternatively to a supervisor, who is obliged to pass on the report to OCCO. The Code of Conduct for Staff provides whistleblower protection. In addition, NIB introduced a Speaking-up and Whistleblowing Policy in 2016. The policy covers the protection of whistleblowers, the prohibition of retaliation against whistleblowers and guidance on situations when staff can report outside the Bank. The Policy is publically available and covers external whistleblowers as well.</p>

SPECIFIC STANDARD DISCLOSURES		
INDICATOR DESCRIPTION		NIB'S RESPONSE
CATEGORY: ECONOMIC		
Aspect: Economic performance		
G4-DMA	Management approach	NIB offers long-term loans to complement and leverage commercial lending in order to help ensure its vision of a prosperous and sustainable Nordic-Baltic region. Loans are extended on market terms and according to sound banking principles. The funds acquired for NIB's lending are borrowed on the international capital markets. With its strong ownership and highest possible credit rating, the Bank offers stability and reliability to global investors. NIB needs to be financially strong in order to fulfil its mission effectively. The Bank aims to earn a sufficient amount of return from its business operations, and at the same time guarantee its owners a reasonable return on capital.
G4-EC1	Direct economic value generated and distributed	Financial report Operating and financial review Loans disbursed
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Each loan project under consideration for financing undergoes an individual assessment of its potential environmental impact, including social aspects, as an integral part of NIB's mission of promoting sustainable growth in its member countries. NIB has introduced a framework that allows investors to provide funds for the Bank's environmental lending, meaning that the Bank can issue NIB Environmental Bonds (NEB), the proceeds of which are used to finance projects that have a positive impact on the environment. The Bank regularly reports on the impact of projects it finances in terms of greenhouse gas emissions.
G4-EC3	Coverage of the organization's defined benefit plan obligations	See Note 7 in the Financial Report – Pension obligations.
G4-EC4	Financial assistance received from government	Capital structure

Aspect: Indirect economic impact		
G4-DMA	Management approach	NIB's mission is to improve the competitiveness and environment of the Nordic-Baltic region, fostering sustainability and prosperity in its member countries. All projects 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 energy, transport and environmental improvements.
G4-EC7	Development and impact of 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 2016, approximately 27% of all loans agreed were related to this business area, totalling EUR 1,198 million (including Lending Green Bond purchases). The financed projects include airport expansions, wastewater treatment, fresh water provision, rail infrastructure and road improvements.
G4-EC8	Significant indirect economic impacts, including the extent of impacts	In addition to financing projects directly with large enterprises, NIB channels financing to projects for small and medium-sized enterprises (SMEs) through intermediaries. SMEs are seen as the backbone of the economy of the Nordic-Baltic region. NIB decided in 2013 to expand its loan offering for on-lending to SMEs to include investments in new machinery, production or service provision facilities, as well as investments in ICT and R&D. Further, SMEs and mid-caps are an integral part of NIB's reviewed lending strategy, as they employ two thirds of the workforce in the Nordic-Baltic region; consequently, they are of great importance for productivity and economic growth in their home countries. In 2016, some 17% of all loans agreed, a total of EUR 720 million (including Lending Green Bond purchases), were provided to banks and other financial institutions for on-lending to their clients, those being mainly SMEs.

CATEGORY: ENVIRONMENTAL

Aspect: Materials

<p>G4- DMA</p>	<p>Management approach</p>	<p>The Bank promotes sustainable development in its business operations and extends financing to projects that improve competitiveness and the environment. Correspondingly, the Bank emphasises environmentally and socially sound practices in its internal operations. Being a relatively small organisation providing non-material services, NIB's usage of materials consists mainly of paper, office supplies and electronics. However, the Bank acknowledges that the purchasing decisions for these items have an impact on the environment. Therefore, NIB is part of WWF's Green Office Network, which assists the Bank in continuously reducing its ecological footprint in a cost-effective way. In 2016, NIB was awarded the use of the Green Office logo for the next three-year period.</p> <p>NIB's internal procurement instructions identify various requirements and best practices that NIB has chosen to comply with, especially in regards to procurement of goods and/or services. An internal website supports the procurement staff, and contains information on NIB's established best practices on contract issues with suppliers as well as environmental and social consideration in the procurement process.</p>
<p>G4- EN1, G4- EN2</p>	<p>Materials used by weight or volume, Percentage of materials used that are recycled input materials</p>	<p>As a bank offering loan products, NIB does not produce or manufacture any physical products. To conduct our work, we use paper, office supplies and electronics. NIB works to improve its waste management and waste handling procedures by cooperating with its catering and cleaning service providers. The Bank also actively informs the staff about sustainable behaviour at the workplace. NIB follows recycling success rates with its cleaning service provider, in accordance with the cleaning and recycling services certified by the official Nordic Ecolabel. For information regarding materials used and recycled, see NIB's ecological footprint table.</p> <p>NIB collaborates with its catering service provider to raise awareness about ecological food choices. In 2016, NIB continued to run campaigns about nutrition and locally produced food. NIB's herb garden, located in the Bank's inner courtyard, was once again utilised during summer 2016 for the daily staff lunch.</p> <p>The renovation of NIB's headquarters, which was initialised in 2015, will continue in 2017, and is carried out in accordance with the BREEAM existing building refurbishment standard. The standard requires the use of sustainable material choices in both construction work and furniture choices. Also, waste handling and disposal has strict pre-set requirements.</p>

Aspect: Energy		
G4-DMA	Management approach	NIB uses energy to run its day-to-day operations at its headquarters. Recognising the impact the extraction of fossil fuels may have, NIB favours the use of renewable energy. Therefore the Bank purchases its electricity from clean and renewable energy sources. 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.
G4-EN3	Energy consumption within the organization	See NIB's ecological footprint table with more info about NIB's energy consumption.
G4-EN6	Reduction of energy consumption	In 2015, the Bank started a renovation project at its headquarters in accordance with the BREEAM existing building refurbishment standard. In 2016, the Bank planned the next phase of the renovation. In 2017, NIB will be carrying out the renovation of three office spaces, also in accordance with the BREEAM standard. NIB will be completing the renovation according to the standard's Excellent level. The BREEAM standard has strict pre-set requirements for a building's energy efficiency that will make NIB's energy consumption more efficient. In addition, 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 the reduction in energy in the premises.

Aspect: Diversity		
G4-DMA	Management approach	In its Sustainability Policy and 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. Correspondingly, the Bank emphasises environmentally and socially sound practices in its internal operations, and in the working environment NIB aims to avoid placing any unnecessary strain on the natural environment. By providing information and training and offering environmentally sound alternatives, the Bank sets out to encourage its staff to act in a way that has less impact on the environment.
G4-EN13	Habitats protected or restored	NIB does not have any specific programmes to protect or restore habitats.

Aspect: Emissions

G4-DMA	Management approach	<p>NIB is committed to supporting action for mitigating and adapting to climate change. NIB calculates all the greenhouse gas emissions from its projects, either directly via fuel combustion or production process emissions, or indirectly through purchased electricity and heat. The Bank's management and Board of Directors consider these to be part of the loan decision process. Climate change is a societal challenge as well as an environmental one, and it requires adoption of advanced new technologies to improve, for instance, energy efficiency. Addressing this challenge is part of NIB's mission to improve the environment and competitiveness of the Nordic-Baltic region to increase sustainability and prosperity. As concerns its direct ecological footprint and housekeeping, NIB has internal environmental guidelines for office practices, business travel, facilities management and procurement.</p>
G4-EN19	Reduction of greenhouse gas (GHG) emissions	<p>In 2016, NIB's lending contributed to an annual reduction of 280,000 tonnes of CO₂ emissions, and to an increase of 6,000 tonnes of CO₂ emissions. Read more on NIB's internal ecological footprint at its headquarters in Helsinki, including information on emissions and waste.</p>

Aspect: Effluents and waste

G4-DMA	Management approach	<p>NIB joined the WWF Green Office programme and qualified for the certificate at the beginning of 2010. In 2016, NIB was awarded the use of the Green Office logo for the next three-year period. One of the main points for the Bank in the programme focuses on waste management and sorting, and NIB monitors the amount of waste it produces monthly. Appropriate waste management and waste handling procedures are in place, and the main types of waste the Bank generates are sorted. These are: energy, paper, mixed, bio-, cardboard, metal, glass and hazardous waste, including electronic waste and ink cartridges. These waste fractions are recycled. The Bank also decided to stop providing plastic water bottles to staff in 2016.</p>
G4-EN23	Total weight of waste by type and disposal method	<p>NIB's aim is to continuously improve the waste handling and recycling in the premises and the Bank plans to achieve a 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).</p>

Aspect: Environmental grievance mechanisms

G4-DMA	Management approach	<p>In order to address any concerns regarding its operations, 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> <p>In 2016, the Board of Directors approved a new Compliance, Integrity and Anti-Corruption Policy, a Speaking-up and Whistleblowing Policy and an Investigation and Enforcement Policy. The renewed policies establish a function for investigating the Bank's compliance with its own rules, including the Sustainability Policy, the Public Information Policy and procurement rules. These policies are publically available on NIB's website.</p>
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	<p>In 2016, the Bank published details of seven Category A projects and received no responses. No grievances were filed with the Office of the Chief Compliance Officer.</p>

CATEGORY: SOCIAL

SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK

Aspect: Employment

G4-DMA	Management approach	<p>NIB's employees are the Bank's strongest asset in its mission to finance projects that improve the competitiveness and environment of the Nordic and Baltic countries. Many employees choose to stay for a lengthy part of their careers. NIB appreciates staying in touch with its former employees and has an alumni network of about 90 registered members. In December 2016, NIB's President and CEO hosted a Christmas lunch for the alumni.</p> <p>NIB conducts a survey among its staff bi-annually. The purpose of this Work Engagement survey is to assess the engagement of the staff as well as the wellbeing and functionality of the working community. The most recent survey was conducted in 2015.</p>
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	<p>In 2016, the average length of employment was 11.7 years. Seven permanently employed staff left the Bank in 2016, resulting in an exit turnover of 3.6%. At the end of 2016, NIB had 195 employees in permanent positions. Of these, 85 were women and 110 men. In addition, three employees worked on projects in temporary positions. The average number of permanent employees was 192 during the year. Read more about Our people.</p>
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	<p>Note 7 has explanations of "Additional benefits for expatriates", "Pension obligations" and "Staff loans".</p>

Aspect: Labor practices		
G4-DMA	Management approach	NIB employees are members of an international financial institution. Based on NIB's legal status, the labour laws or other legislation of the host country Finland, or any other member country, do not automatically apply to its employees. There are, however, some exceptions, particularly with regard to taxation, social security and pensions. You can read about these in the Host Country Agreement between the Government of the Republic of Finland and the Nordic Investment Bank.
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	NIB employees are members of an international financial institution. Consequently, NIB has established its own regulations for the staff. See Staff regulations .

Aspect: Occupational health and safety		
G4-DMA	Management approach	<p>NIB makes every effort to create a safe and healthy working environment for its employees. The Bank considers all aspects of work, such as general working conditions, the environment and the personal capacities of its employees. NIB encourages its staff to establish and maintain a sustainable balance between their professional and private lives.</p> <p>NIB cooperates closely with its occupational health care service provider. Prevention is taken care of through regular health checks and by conducting work engagement surveys and offering flexible working hours.</p> <p>In 2015, NIB conducted its most recent Work Engagement Survey in cooperation with the Finnish Institute of Occupational Health (FIOH). The survey, which is conducted every two years, periodically collects employee feedback on issues related to the work environment, management and well-being at work, as well as to initiate actions for improvement of practices. The response rate of the 2015 Work Engagement Survey was 84%, which is an increase of six percentage points since 2013, when the survey was last carried out. NIB achieved a high score and was placed in the top 25 of the FIOH's external sample.</p>
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	<p>NIB strives to continually develop the interaction and cooperation between employer and staff. NIB's Cooperation Council consists 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 its 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 goal is to achieve mutually acceptable solutions for both the Bank and the staff.</p> <p>The Cooperation Council 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. In addition, NIB has a Business Continuity and Security Unit that is responsible for, among other things, the development and implementation of NIB's security policies covering all areas of physical, personal and knowledge security.</p> <p>All of NIB's staff are included in its health and safety management system. Read more about Our people.</p>
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	The Bank encourages participation in activities that support wellbeing, and these are highly appreciated by the employees. The sickness absence rate—as a percentage of total working time—stood at 2.2% in 2016, the same as in 2015.

Aspect: Training and education		
G4-DMA	Management approach	NIB is a professional expert organisation and encourages its employees to 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.
G4-LA9	Average hours of training per year per employee by gender, and by employee category	NIB evaluates the need for additional training every year. The average number of training days per employee was 5.4 in 2016, compared to 4.8 in 2015.
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<p>In 2016, NIB initiated a new internal development programme, "Raising the Bar", as part of the Bank's strategy for strengthening the professional identity and competence of its employees. The programme aims to increase the staff's understanding of the business environment and clients' needs in order to provide an outside-in perspective. The programme continued in 2017.</p> <p>The Bank's staff represents 17 nationalities and uses English as their working language. Therefore it is essential to provide language training to ensure that all employees develop and maintain excellent language skills.</p> <p>NIB also focuses on developing its managers through supervisor training and personal growth processes. Managers have access to a supervisor intranet site containing the Bank's policies, regulations and guidelines. The site also provides recommendations on how managers can carry out their roles and fulfil their duties.</p>
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	The employees' performance and individual work plans are reviewed in personal appraisal and development discussions with their supervisors. These talks are held at the beginning of the year and again in the autumn.

Aspect: Diversity and equal opportunity		
G4-DMA	Management approach	NIB updated its Equality, Diversity and Inclusion Plan in 2016. The key themes of the plan are the prevention of harassment, the promotion of diversity and an inclusive work environment and the establishment of a reference group for equality, diversity and inclusion. Read more in Our people .
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	<p>See</p> <p>Executive Committee</p> <p>Board of Directors</p> <p>Board of Governors</p> <p>Control Committee</p>

Aspect: Labor practices grievance mechanisms		
G4-DMA	Management approach	As NIB is not subject to the jurisdiction of national courts, the Bank has set up arbitration rules for potential employment-related disputes. NIB has an Ombudsman whom employees can consult and who may also act as mediator in the event of such disputes. The purpose of the Ombudsman function is to enhance cooperation in employment matters and to help maintain an attractive working environment.
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	The Ombudsman was available once a month for all staff members during 2016. During the year, the Ombudsman held 3 consultations on different employment issues, none of which resulted in any further action. The current Ombudsman's mandate period is from 1 August 2016 until 31 August 2018.

SUB-CATEGORY: HUMAN RIGHTS		
Aspect: Investments		
G4-DMA	Management approach	NIB takes into account the Worldwide Governance Indicators in its country analysis. Screening and assessment of social aspects are also carried out at project level.
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	All projects undergo an environmental and social impact assessment. The dialogue with stakeholders is an integral component of this approach. The social impact assessment includes the screening of issues relating to labour conditions, workers' rights and their freedom of association, discrimination based on gender, race, nationality, ethnic origin, religion, disability, age or sexual orientation, as well as the employment of minors, use of forced labour, and the safety and health of workers and communities.

Aspect: Non-discrimination		
G4-DMA	Management approach	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.
G4-HR3	Total number of incidents of discrimination and corrective actions taken	In 2016, no incidents of harassment were reported.

Aspect: Freedom of association and collective bargaining, child labor, compulsory labor

<p>G4- DMA</p>	<p>Management approach</p>	<p>NIB believes in good human resources management. Respect for workers' rights and their freedom of association is part of good business. The Bank does not tolerate discrimination based on gender, race, nationality, ethnic origin, religion, disability, age or sexual orientation. Further, NIB requires its clients to comply with international standards for the employment of minors. Use of forced labour is not accepted by NIB. 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 livelihood.</p>
<p>G4- HR4, HR5, HR6</p>	<p>Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk</p> <p>Operations and suppliers identified as having significant risk for incidents of child labor or forced and compulsory labor</p>	<p>None</p>

SUB-CATEGORY: HUMAN RIGHTS, SOCIETY

Aspect: Local communities and grievance mechanisms for human rights and impacts on society

G4-DMA	Management approach	<p>NIB finances large projects that may have a significant impact on the surrounding community, environment, people and economy. Some projects may entail some negative consequences. In order to ensure that such risks are identified and addressed, NIB's approach is that all projects undergo an environmental and social impact assessment, of which dialogue with stakeholders is an integral component. The preparation of loans that are listed as Category A projects due to social and environmental concerns are published for 30 days on NIB's website to enable stakeholders to submit their views to NIB. However, any persons involved in the activities of NIB 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. There are no regular mechanisms in place to evaluate the management approach or its effectiveness. However, NIB's policies and procedures are regularly reviewed. The present Sustainability Policy and Guidelines were reviewed and changes adopted by the Board in 2012.</p>
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	<p>In 2016, the Bank published seven Category A projects and received no responses. In 2016, no grievances were filed with the Office of the Chief Compliance Officer. There is no separate human rights grievance mechanism in NIB other than the general complaints mechanism.</p>
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	<p>The Bank assesses the environmental and social impacts of all loan applications. The environmental and social review includes: categorisation based on assessment of potential negative impacts of the project, definition of the risks and impacts of the project and of planned mitigation measures, benchmarking of the project's environmental and social performance with relevant standards, assessment of the commitment and capacity of the client to manage the potential impacts, and verification that the costs resulting from the environmental and social risks and impacts are factored into the project.</p>
G4-S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	<p>In 2016, the Bank published details of seven Category A projects and received no responses. In 2016, no grievances were filed with the Office of the Chief Compliance Officer.</p>

Aspect: Anti-corruption

G4-DMA	Management approach	<p>NIB has adopted a zero-tolerance policy towards fraud and corruption. As the funds handled and projects financed by NIB are of a high monetary value, issues relating to corruption and bribery could be material. After a major review process conducted in 2015, the Board of Directors approved three new policies under the Compliance and Anti-Corruption Framework in February 2016. These include the Compliance, Integrity and Anti-Corruption Policy; the Investigation and Enforcement Policy; and the Speaking-up and Whistleblowing Policy. The new framework has been adopted by the Bank to promote its anti-corruption work, both in terms of preventing and identifying prohibited practices and investigating allegations of fraud and corruption. NIB is also 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 has the purpose of enhancing awareness of integrity and anti-corruption among the Bank's staff and stakeholders.</p> <p>Also in 2016, a Sanctions Panel was introduced as part of the new Investigation and Enforcement Policy. The Panel will decide 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.</p> <p>With the assistance of external consultants, the Bank undertook a review of its current procedures and processes relating to anti-money laundering and counteracting terrorist financing. Read more about NIB's compliance and anti-corruption policies.</p> <p>During 2016, a comprehensive assessment of the Bank's integrity risk, including money laundering, terrorist financing and sanctions, was conducted as well. On this basis, NIB is reviewing its integrity screening procedures.</p> <p>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. 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>
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	All NIB's operations are assessed from a corruption risk point of view, and these concerns are addressed in NIB's IDD process.
G4-S04	Communication and training on anti-corruption policies and procedures	<p>All staff 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 have also received training in the same subject. Staff working in the lending operations receive additional training in conducting integrity due diligence (IDD) checks. In 2016, NIB has introduced a compulsory e-training for all staff in the Code of Conduct. Training is centralised at NIB's headquarters in Helsinki, Finland, which is the Bank's only office. Read more about the e-learning course.</p>
G4-S05	Confirmed incidents of corruption and actions taken	<p>Two new external cases of corruption involving borrowers from NIB member countries were registered and filed in 2016. These cases are currently under investigation by OCCO in consultations with national enforcement agencies and co-financing partners. OCCO has continued to follow up with a national enforcement agency on a fraud and corruption case for which NIB's own investigation was concluded in 2014.</p>

Aspect: Financial sector supplement – product portfolio

<p>Management approach</p>	<p>The Bank assesses the environmental and social impacts of all loan applications for consistency with the 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. See NIB's Sustainability Policy and Guidelines.</p>
<p>FS1 Policies with specific environmental and social components applied to business lines</p>	<p>Sustainability Policy and Guidelines</p>
<p>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.</p>	<p>NIB's environmental and social review (see also a summary here)</p> <p>The review includes the following key components:</p> <ul style="list-style-type: none"> - categorisation based on assessment of the 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. <p>Based on the categorisation, NIB indicates to the customer what type of environmental information NIB requires.</p>
<p>FS3 Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.</p>	<p>The need for monitoring is assessed as part of NIB's environmental and social review. The Bank expects its clients to be in compliance with the Sustainability Policy and Guidelines throughout the project, and provisions entitling the Bank to monitor projects are incorporated into the loan agreement. After NIB's financing is committed in legal documents and disbursed, the Bank monitors projects with major environmental and social risks and impacts in accordance with the environmental review or as deemed necessary by NIB due to unexpected events.</p> <p>In 2016, NIB started a procedure for performing ex-post mandate assessments of financed projects. The Bank will continue to keep systematic records of how well the expected mandate contribution was achieved. The first cases of completed ex-post mandate assessments were presented to the Board during the year.</p>
<p>FS6 Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector</p>	<p>Lending areas</p>
<p>FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.</p>	<p>The purpose of NIB's lending activities is to improve the competitiveness and environment of the Nordic and Baltic countries. NIB rates all potential loans internally according to how they contribute to this mission. Only projects that contribute sufficiently strongly to NIB's mission fulfilment qualify for loan approval. The share of lending with a "good" or "excellent" mandate continued to be at a very high level, accounting for 96% of all loans agreed in 2016. Read more about "Mission fulfilment".</p>

**Aspect: Financial sector supplement –
audit**

<p>Management approach</p>	<p>The Control Committee is a supervisory body that ensures that the operations of the Bank are conducted in accordance with its 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 Control Committee 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.</p> <p>In 2016, the Control Committee appointed an independent expert to assist in matters within its responsibility. This was done to further strengthen the competence within the Committee and to enhance its supervisory capabilities.</p>
<p>FS9 Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures</p>	<p>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. After NIB's financing is committed in legal documents and disbursed, the Bank monitors projects with major environmental and social risks and impacts in accordance with the environmental review or as deemed necessary by NIB due to unexpected events. Beginning in 2016, NIB has decided to introduce a special monitoring and ex-post mandate assessment process to examine the implementation and results of projects financed by the Bank.</p>
<p>FS10 Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues</p>	<p>Loans agreed 2016</p>
<p>FS11 Percentage of assets subject to positive and negative environmental or social screening</p>	<p>The Bank assesses the environmental and social impacts of all loan applications.</p>