

FRAMEWORK EXTERNAL REVIEW

Sustainability Quality of the Issuer and Sustainability-Linked
Loan Funding Framework

Nordea Bank Abp

6 September 2024¹

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">SLL Financing Instruments
Relevant standard(s)	<ul style="list-style-type: none">General market standards for Sustainable Finance
Scope of verification	<ul style="list-style-type: none">Nordea Sustainability-Linked Loan Funding Framework (as of September 6, 2024)Nordea Sustainability-Linked Loans pool (as of June 30, 2024)
Lifecycle	<ul style="list-style-type: none">Pre-issuance verification

¹ Nordea initially published its Sustainability-Linked Loan Funding Framework in June 2022. A new version of the Framework has been published in September 2024, substituting the previous one. No modification occurred with regard to the core elements of the Framework [use of proceeds, processes for project evaluation and selection, management of proceeds, reporting] based on which ISS-Corporate performed its analysis in June 2022. It is noted that the Issuer has provided additional information related to its sustainability strategy (Part III).

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and Sustainability-Linked Loan Funding Framework



Validity

- Second update of the SPO delivered on June 28, 2022 (<https://www.iss-corporate.com/file/documents/spo/External%20Review-20220629-Nordea.pdf>)
- Valid as long as Nordea's Sustainability-Linked Loan Funding Framework and Sustainability-Linked Loans pool remain unchanged.

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SCOPE OF WORK

Nordea Bank Abp (“the Issuer” or “Nordea”) commissioned ISS Corporate Solutions (ICS) to assist with its Sustainability-Linked Loan (SLL) Funding Framework by assessing three core elements to determine the sustainability quality of the instruments:

1. Nordea’s SLL Funding Framework (as of September 6, 2024) – reviewed against market practices and guidelines² that enable capital and loan markets to contribute to environmental and social sustainability (see Annex 1).
2. Assessment of the sustainability credentials of the Sustainability-Linked Loans (SLLs) identified by Nordea as eligible against the Nordea SLL Funding Framework; and assessment of the sustainability credibility and materiality of the Key Performance Indicators (KPIs) selected and the ambitiousness of Sustainability Performance Target (SPTs) calibrated for the loans.
3. Consistency of the SLL Financing Instruments issuance with Nordea’s Sustainability Strategy – drawing on the key sustainability objectives and priorities defined by Nordea.

NORDEA BUSINESS OVERVIEW

Nordea Bank Abp engages in the provision of banking and financial services (Commercial Banks & Capital Markets, according to the ISS ESG sector classification).

Nordea operates through the following segments: Personal Banking, Business Banking, Large Corporates and Institutions, and Asset and Wealth Management. The Personal Banking segment offers household customers financial services and solutions through internet and mobile banking, over the phone, online meetings, and branch offices. The Business Banking segment serves, advises, and partners with corporate customers, and provides payments, cash management, cards, working capital management, and finance solutions. The Large Corporates and Institution segment provides financial solutions to large Nordic and international corporate and institutional customers. The Asset and Wealth Management segment offers investment, savings, and risk management solutions for individuals and institutional investors. The Company was founded in 1820 and is headquartered in Helsinki, Finland.

² The assessment is based on current market practices for sustainable capital and loan markets referring to different market standards and voluntary guidelines including but not limited to the Loan Market Association’s (LMA)/ Loan Syndications and Trading Association (LSTA)/Asia Pacific Loan Market Association (APLMA) Green Loan Principles, Social Loan Principles, Sustainability-Linked Loan Principles. The assessment presented in this External Review along with the Framework published by Nordea on September 6, 2024, are composed prior to the official release of ICMA’s Guidelines for Sustainability-Linked Loan financing Bonds (June 2024). Nordea was part of the ICMA working group involved in the drafting the of the Guidelines. ISS-Corporate notes that the Framework (September 6, 2024) published by Nordea is inspired by the Guidelines. For the avoidance of doubt, the Framework does not claim alignment with the Guidelines for Sustainability-Linked Loan financing Bonds (SLLBG), and ISS-Corporate has not conducted a benchmarking of the Framework against the ICMA’s Guidelines for Sustainability-Linked Loan financing Bonds.

ESG risks associated with the Issuer Industry

Nordea Bank ABP is classified in the Commercial Banks & Capital Markets industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies³ in this industry are: Business ethics, Labor standards and working conditions, Sustainability impacts of lending and other financial services/products, Customer and product responsibility, Sustainable investment criteria.

This report focuses on the sustainability credentials of the issuance. Part III. of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

³ Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ASSESSMENT SUMMARY

SECTION	EVALUATION SUMMARY ⁴
Part 1: Assessment of Nordea's SLL Funding Framework against relevant market standards for Sustainable Finance⁵	<p>Nordea's SLL Funding Framework reflects markets practices. The eligible Sustainability-Linked Loans are not considered 'Green' UoP categories and Nordea does not have a specific process in place that seeks to track if the Use of Proceeds are allocated to 'Green' projects at the ultimate borrower level.</p> <p>Nordea's SLL Funding Framework aims at refinancing General Corporate Purpose (i.e. not Use of Proceeds) SLLs through bonds following a Use of Proceeds structure (i.e. all proceeds being allocated to refinancing drawn amounts of SLLs based on eligibility criteria). The SLL Funding Framework therefore has neither a Sustainability-Linked Bond structure nor a traditional Use of Proceeds structure on both the framework and asset level. Concretely, Nordea does not claim alignment with ICMA's Sustainability-Linked Bond Principles, Green Bond Principles and Social Bond Principles, or the ICMA Guidelines for Sustainability-Linked Loan Financing Bonds.⁶</p> <p>Nordea has defined a formal concept for its SLL Bonds under its SLL Funding Framework. The framework defines a clear sustainability strategy for the group, eligible loans in line with market practices (i.e. Nordea defines clear eligibility criteria to select the SLL to be refinanced, each SLL must align with the SLLP), clear processes for the evaluation and selection of loans, management of proceeds, and reporting. The underlying assets financed are general purpose loans and therefore do not qualify as 'Green' UoP instruments (nor is Nordea making such claims). For the avoidance of doubt: the Issuer's selection and evaluation process does not track if the proceeds are allocated to "Green" projects by the ultimate borrower.</p>
Part 2: Assessment of the loans' and borrowers'	<p>The Sustainability-Linked Loans pool aligns with Nordea's eligibility criteria.</p> <p>Nordea has defined three sets of eligibility criteria for its SLLs:</p>

⁴ The evaluation is based on the Nordea's Sustainability-Linked Loan Funding Framework (September 6, 2024 version), on the Sustainability-Linked Loans pool as received on June 30, 2024.

⁵ The assessment remains unchanged and is based on the analysis that was delivered on 28 June, 2024.

⁶ The assessment presented in this External Review along with the Framework published by Nordea on September 6, 2024, are composed prior to the official release of ICMA's Guidelines for Sustainability-Linked Loan financing Bonds (June 2024).

Nordea was part of the ICMA working group involved in the drafting the of the Guidelines. ISS-Corporate notes that the Framework (September 2024) published by Nordea is inspired by the Guidelines. For the avoidance of doubt, the Framework does not claim alignment with the Guidelines for Sustainability-Linked Loan financing Bonds (SLLBG), and ISS-Corporate has not conducted a benchmarking of the Framework against the ICMA's Guidelines for Sustainability-Linked Loan financing Bonds.

<p>sustainability quality on the basis of Nordea's eligibility criteria</p>	<ul style="list-style-type: none"> ▪ <u>Alignment with the SLLP</u>: Each loan in the SLL pool is aligned with the LMA SLLP. However, while the LMA recommends a combination of benchmarking approaches, only one benchmarking approach proves the level of ambition of SLLs for these borrowers: <ul style="list-style-type: none"> ○ NACE code C: Borrower 1, Borrower 2, and Borrower 7 ○ NACE code G: Borrower 1 ○ NACE code H: Borrower 4 ▪ <u>Positive contribution to Climate Change Mitigation</u>: The KPIs considered in each of the SLLs included in the pool have a positive contribution to 'Climate Change Mitigation' as the relevant Impact Objective. ▪ <u>KPIs are considered 'material' and SPTs 'ambitious'</u>: The KPIs and SPTs considered in each of the SLLs are considered aligned with overall assessments of the SLLs ranging from Limited to Robust. A comprehensive assessment of the sustainability quality of the SLL pool defined under the Framework can be found in Part 2.
<p>Part 3: Consistency of SLL Funding Instruments with Nordea</p>	<div> <p>The key sustainability objectives and the rationale for issuing the SLL Funding Framework are clearly described by the Issuer.</p> <p>At the date of publication of this report and leveraging ISS ESG Research, no severe controversies have been identified.</p> </div> <div> <p>Consistent with the Issuer's sustainability strategy</p> </div>

SPO ASSESSMENT

PART I: REVIEW OF NORDEA'S SUSTAINABLE FINANCE FRAMEWORK⁷

Nordea's SLL Funding Framework aims at refinancing General Corporate Purpose SLLs following a Use of Proceeds structure (i.e. all proceeds being allocated to refinancing drawn amounts of SLLs based on eligibility criteria). The underlying assets financed are general purpose loans and therefore do not qualify as 'Green' UoP category (nor is Nordea making such claims), and the issuer's selection and evaluation process in place does not seek to track if the Use of Proceeds will be allocated to "Green" Projects at the ultimate borrower level.

We developed a bespoke assessment methodology to provide an opinion on the robustness of the Framework based on broadly accepted market concepts, such as transparency standards in sustainable finance and relevance for climate change mitigation (e.g. SLL Funding the LMA/LSTA/APLMA Sustainability-Linked Loans Principles, the ICMA Green Bond Principles and Social Bond Principles). As such this Framework is not specifically aligned with the ICMA Green and Social Bond Principles (nor is Nordea making such claims).

Nordea was part of the ICMA working group involved in drafting the Guidelines for Sustainability-Linked Loan financing Bonds (SLLBG). ISS-Corporate notes that the Framework⁸ (September 6, 2024) published by Nordea is inspired by the Guidelines. However, the Framework does not claim alignment with the SLLBG. For the avoidance of doubt, the assessment below is not a review against ICMA's Green Bond Principles, Social Bond Principles and Guidelines for Sustainability-Linked Loan financing Bonds.

CRITERIA	SUMMARY AND OPINION
1. Sustainability Strategy and Objectives	Nordea has integrated sustainability into its Code of Conduct, emphasizing environmental and social responsibility, and supports eco-friendly technologies and services and undertakes efforts to reduce their environmental impact. Nordea has set an ambitious target to reduce carbon emissions from its lending and investment portfolios by 40%-50% by 2030. The Issuer is a signatory of the Principles for Responsible Banking (PRB) and has joined the Net-Zero Banking Alliance. The SLL Funding Framework, developed in 2022, supports loans designed to incentivize companies to improve their sustainability performance. Eligibility criteria for loans are based on their contribution to defined impact objectives, such as climate change mitigation. In 2022, Nordea issued its first SLL Financing Instruments.

⁷ The assessment remains unchanged and is based on the analysis that was delivered on June 28, 2024.

⁸ The assessment presented in this External Review along with the Framework published by Nordea on September 6, 2024, are composed prior to the official release of ICMA's Guidelines for Sustainability-Linked Loan financing Bonds (June 2024).

	<p>Opinion: <i>The sustainability commitments defined by Nordea are relevant to its sector and business model. The sustainability objectives that the SLL Funding Framework pursues are aligned with key market guidelines.</i></p>
<p>2. Definition of Eligibility Criteria for the Sustainability-Linked Loans Pool</p>	<ul style="list-style-type: none"> ▪ An amount equal to net proceeds of the SLL Funding issued by Nordea will be used, in whole or in part, to finance or refinance a pool of SLLs (SLL Funding Assets); ▪ The SLL Funding Assets are evaluated and selected by Nordea. ▪ The SLL Funding Assets are assessed by an external reviewer against the criteria and thresholds outlined in this Framework. <p>The SLL Funding shall not be used for financing of nuclear or fossil fuel energy generation, or operations assessed by Nordea to be in linked to "Weapons and Defence", "Coal Mining" or "Tobacco". Additionally, loans will not be granted if deemed not eligible according to Nordea's corporate customer Environment, Social and Governance ("ESG") assessment process.</p> <p>To be eligible for inclusion in the pool of SLL Funding Assets, a loan must meet all of the below criteria. Only the portion of drawn amounts will be eligible for inclusion in the pool of eligible instruments, including term loans and revolving credit facilities.</p> <p>For the avoidance of doubt, SLLs might apply to more than one set of KPIs and SPTs, but the selection criteria remain focused on the KPIs specifically associated with at least one of the criteria listed below.</p> <p><i>Criteria for inclusion:</i></p> <ul style="list-style-type: none"> ▪ Alignment with the edition of the Sustainability-Linked Loan Principles (LMA, APLMA, LSTA) that was last published when the facility was signed. ▪ Positive contribution to the Climate Change Mitigation Impact Objectives highlighted in Table 1 of the Framework. ▪ Materiality of KPIs and ambitiousness of SPTs validated by an external reviewer. <p>Opinion: <i>The eligibility criteria for selection of SLL Funding Assets are aligned with the inclusion criteria defined by the Issuer. The criteria (alignment with SLLP, contribution to Climate Change Mitigation Impact Objective, material KPIs and ambitious SPTs) are clearly defined and consider positive impacts of the loans towards climate change mitigation. At Nordea, an ESG assessment is carried out during the credit approval process. The Sustainable Funding Committee (SFC) evaluates whether the</i></p>

	<p><i>SLL Funding Assets identified within the pool can be included in the SLL Funding Register. There is no process in place that seeks to track if the Use of Proceeds are allocated to Green projects by the ultimate borrower. The SLL Funding Framework defines exclusion criteria for borrowers, including Weapons and Defence, Coal Mining and Tobacco. Where feasible, the eligibility criteria could be further improved by only considering alignment with the most updated principles version.</i></p>
3. Evaluation & Selection Process	<p>Nordea will complete the following process when selecting and evaluating financing that qualifies as SLL Funding Assets.</p> <div> <div>1</div> <div>Nordea chooses potential SLLs that are originated by relevant business units according to Nordea's financing criteria and proposed for selection by the business units.</div> </div> <p>↓</p> <div> <div>2</div> <div>Nordea removes assets that do not qualify (or where the client of such asset does not qualify) as SLL Funding Assets.</div> </div> <p>↓</p> <div> <div>3</div> <div>Nordea further removes assets that are deemed ineligible (or where the client of such asset is deemed ineligible) in reference to Nordea's ESG assessment process to be included in the SLL Funding Assets.</div> </div> <p>↓</p> <div> <div>4</div> <div>The remaining assets is evaluated by sustainability experts within Nordea, after which the qualifying assets are deemed as potential SLL Funding Assets.</div> </div> <div> <div>Review</div> <div>Review of the potential SLL Funding Assets is then performed by the external provider. The qualifying assets are included in the SLL Funding Register and constitute SLL Funding Assets.</div> </div> <p>The confirmation process is thereafter undertaken by Nordea's Sustainable Funding Committee (SFC) in respect of the assessments made by other staff in relation to the SLL Funding Assets. The committee will also review the pool of SLL Funding Assets on a semi-annual basis. If an allocated SLL Funding Asset is non-compliant with the criteria set out above it will be removed from the SLL Funding Register. The portfolio will be managed on an aggregated basis. The Framework defines the responsibilities within the SFC which includes various stakeholders.</p> <p>Opinion: <i>The process for Evaluation and Selection is transparently outlined. The bodies in charge of this process are identified and combine relevant expertise. The steps of the decision-making process are well documented.</i></p>
4. Governance & Monitoring	<p>Nordea has established a register to track SLL Funding Assets and the allocation of net proceeds. The aim is to maintain an amount of assets in the register equal to the net proceeds of all outstanding SLL Funding.</p>

	<p>Unallocated proceeds will be managed according to Nordea's liquidity policy. While the tracking of proceeds is addressed, the monitoring of ESG performance and its relation to the loans at borrower's level is not specified.</p> <p>Nordea commits to review the composition and amount of the SLL Funding Assets quarterly. In addition, it will run annual compliance tests. SLL Funding Assets that fail to meet the stated SPTs or are not supported by the documentation required for the annual compliance test related to the designated KPIs that contribute to the Impact Objectives will be considered non-compliant. If an allocated SLL Funding Asset is non-compliant with the criteria set out above it will be removed from the SLL Funding Register. However, this will only apply to the identified KPIs. An SLL might fail to meet the stated SPTs for some or all of the other KPIs in the given loan agreement but still be eligible for inclusion if it meets the SPTs associated with the SLL relevant KPIs.</p> <p>Opinion: <i>The proceeds of the bond(s) will be appropriately tracked. The Issuer provides transparent information on the allocation period, intended temporary or permanent investment of unallocated proceeds. However, as the loans are for General Corporate Purposes (as opposed to Green projects) the Framework does not cover the monitoring of ESG performance of the companies in question and how the SLLs relate to this. Nordea describes its re/de-classification system transparently.</i></p>
5. Reporting	<p>Nordea will annually publish on its website an SLL Funding Report that provides:</p> <ul style="list-style-type: none"> the amount of net proceeds that have been allocated to the Impact Objectives and, when possible and relevant, further information related to the type, number, and location of the SLL Funding Assets the remaining balance of net proceeds which have not yet been allocated to SLL Funding Assets where appropriate and subject to confidentiality arrangements, examples of SLL Funding Assets that have been financed or refinanced by the net proceeds of SLL Funding formation on the compliance of each of the SLL Funding Assets. If an allocated SLL Funding Asset is non-compliant with the criteria set out above it will be removed from the SLL Funding Asset Portfolio. When feasible, Nordea aims to include reporting indicators on the performance of the respective underlying companies and KPIs, on an aggregated basis.

	<p>Opinion: <i>The Issuer has set a clear concept for reporting after issuance. The level, frequency, scope, and duration of the reporting are transparently defined in the framework. The Issuer will include information on the allocation of the proceeds to eligible loans, as well as some impact figures by reporting the performance of some underlying companies on the KPIs selected for their loans. In 2023, Nordea provided the first report on its 2022 SLL Funding issuance. The compliance of the SLLs at the observation date are the outcome indicator used.</i></p>
<p>6. External Review</p>	<p>Nordea has engaged ISS-Corporate to act as an external reviewer of this SLL Funding Framework and the SLL Funding Assets. The External Review report is publicly available on Nordea's website.</p> <p>Assets that have been reviewed by the external reviewer to be consistent with this SLL Funding Framework and the reviewer's own criteria, as evidenced by an "External Review" published on Nordea's website, will be included in the SLL Funding Asset Register.</p> <p>Opinion: <i>Nordea has sought an external review of the SLL Funding Framework at its launch, in line with best market practices. The SLL Funding Framework will be publicly available here:</i></p> <p>https://www.nordea.com/en/investors/debt-and-rating/sustainable-funding.</p> <p><i>A new external review will be sought upon any subsequent update.</i></p>

PART II: ELIGIBILITY OF THE SUSTAINABILITY-LINKED LOANS AND CONTRIBUTION TO THE IMPACT OBJECTIVES

A. INTRODUCTION TO THE ASSESSMENT METHODOLOGY

To provide an opinion on the sustainability credibility of each of the three key criteria defined by Nordea in its SLL Funding Framework, and thus of the quality of the Sustainability-Linked Loans complying with those, we have followed the approach below:

- Each set of criteria is firstly assessed independently but for the overall evaluation, the three sets of criteria have been assessed jointly.
 - Be aligned with the vintage of the Sustainability Linked Loan Principles (LMA, APLMA, LSTA) corresponding to the year of signing of the facility
 - Have a positive contribution to at least one of the Impact Objectives highlighted in Table 1 of the Framework (Climate Change Mitigation)
 - Have KPIs that are considered 'material' and SPTs that are 'ambitious' as assessed by an external reviewer
- In order to be deemed eligible, a lending product needs to fulfil all of those three key criteria.
- For the SPT assessment conducted by the analyst, Nordea Bank Abp has clearly defined each SPT associated with each SLL. However, for confidentiality reasons, the associated borrowers' names, KPI's and SPTs assessed in this section will not be disclosed in the External Review.

1. Assessment methodology for the "material KPI and ambitious SPT" criteria

Building on our methodology to assess SLLs KPI selection, the KPI quality assessment is divided into 4 factors:

- Relevant
- Core
- Material
- Benchmarkable

Based on these 4 factors, the KPI materiality assessment is classified on a 4-level scale:

KPI materiality	
4 factors	Robust
2-3 factors	Good
1 factor	Limited
0 factor	Absence

The 4 different level can be broken down as such:

- **Robust**, in case the KPI is relevant, core, material and benchmarkable.
- **Good**, in case the KPI is
 - relevant, moderately core, material and/or presents limitations to its ability to be benchmarked
 - relevant, core, moderately/partially material and/or presents limitations to its ability to be benchmarked
 - relevant, moderately core, moderately/partially material and benchmarkable
 - relevant, core, material and presents limitations to its ability to be benchmarked
- **Limited**, in case the KPI is relevant, moderately core, moderately/partially material and presents limitations to its ability to be benchmarked
- **Absence**, in case one (or more) of the relevant, core, and material dimensions is (are) not fulfilled, or if the KPI is not benchmarkable.

For the LMA Sustainability-Linked Loans alignment, the KPI quality criterion should address the 4 criteria above.

Building on our methodology to assess sustainability-linked loan SPT calibration, the SPT calibration assessment has been divided into 3 dimension:

- Ambition against past performance
- Ambition against sectorial peers
- Ambition against international targets

Based on these 3 factors, the SPT ambition assessment is classified on a 4-level scale:

SPT ambition	
3 dimension	Robust
2 dimension	Good
1 dimension	Limited
0 dimension	Absence

For the LMA Sustainability-Linked Loans alignment, the SPT ambition criterion should address at least one of the 3 factors. Based on the above, the two dimensions of the evaluation, the KPI materiality assessment, and the SPT ambition assessment, are combined as per the table below:

KPI materiality	4 factors - Robust	Absence	Good	Robust	Robust
	2/3 factors - Good	Absence	Limited	Good	Good
	1 factor - Limited	Absence	Limited	Limited	Limited
	0 factor - Absence	Absence	Absence	Absence	Absence
		0 dimension - Absence	1 dimension - Limited	2 dimensions - Good	3 dimensions - Robust
SPT ambition					

2. Assessment methodology of the “Impact Objective contribution” criteria.

In each SLLs evaluation, the KPI contribution of each loan to the Climate Change Mitigation Impact objective has been assessed.

3. Assessment methodology for the alignment with Sustainability-Linked Loan Principles criteria

Sustainability-Linked Loans included in the pool are benchmarked against the LMA/APLMA/LSTA Sustainability-Linked Loan Principles. We assess if the Issuer has defined a formal concept for its SLLs regarding the selection of the KPIs, calibration of the SPTs, financial characteristics, reporting, and verification.

Although this is not an eligibility criterion, a synthetic overall risk assessment opinion is disclosed in the summary of SLLs Assessment and SLL Pool Eligibility table.

4. Assessment methodology for the identification and management of the environmental and social risks associated with the eligible SLLs

The identification and management of the environmental and social risks associated with the eligible SLL are assessed based upon ISS ESG Corporate Rating.

Based on the rating received, the risk is classified on a three-level scale:

Risk	
A+ - B-	Good E&S risk management
C+ - C-	Medium E&S risk management
D+ - D-	Poor E&S risk management

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B. SUMMARY OF SLLs ASSESSMENT AND SLL POOL ELIGIBILITY

NACE Code: A - Agriculture, forestry and fishing

SLLs	Borrower 1
KPI	Good
SPT	Good
Overall Assessment (KPI and SPT)	Good
Alignment with LMA SLLP	Aligned
Risk Assessment	The identification and management of the environmental and social risks associated with the eligible SLL are considered Poor based upon ISS ESG assessment.
Overall Evaluation	The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.
Loan contribution to Impact Objectives	Climate Change Mitigation

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NACE Code: C – Manufacturing

SLLs	Borrower 1 ⁹	Borrower 2 ¹⁰	Borrower 3 ¹¹	
KPIs	Good	Robust	KPI 1	KPI 2
			Robust	Robust
SPTs	Limited	Limited	SPT 1	SPT 2
			Robust	Robust
Overall Assessment (KPI and SPT)	Limited	Good	Robust	Robust
Alignment with LMA SLLP	Aligned – however, while the LMA recommends a combination of benchmarking approaches, only one benchmarking approach is available.	Aligned – however, while the LMA recommends a combination of benchmarking approaches, only one benchmarking approach is available.	Aligned	
Risk	The identification and management of the environmental and social risks associated with the eligible SLL are considered medium based upon ISS ESG assessment.	The identification and management of the environmental and social risks associated with the eligible SLL are considered medium based upon ISS ESG assessment.	The identification and management of the environmental and social risks associated with the eligible SLL are considered medium based upon ISS ESG assessment.	
Overall evaluation	The SLL meets the eligibility criteria. However, ISS ESG notes that the SPT calibration is limited.	The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.	The SLL meets the eligibility criteria.	
Loan contribution to Impact Objectives	Climate Change Mitigation			

⁹ The assessment of this loan was carried out as part of the External Review dated June 28, 2022 (<https://www.isscorporatesolutions.com/file/documents/spo/External%20Review-20220629-Nordea.pdf>) and has since left unchanged.

¹⁰ Ibid.

¹¹ Ibid.

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NACE Code: C – Manufacturing

SLLs	Borrower 4 ¹²	Borrower 5 ¹³	Borrower 6 ¹⁴		Borrower 7 ¹⁵	
KPIs	Good	Good	KPI 1	KPI 2	KPI 1	KPI 2
			Good	Limited	Good	Good
SPTs	Good	Good	SPT 1	SPT 2	SPT 1	SPT 2
			Robust	Good	Limited	Limited
Overall Assessment (KPI and SPT)	Good	Good	Good	Limited	Limited	Limited
Alignment with LMA SLLP	Aligned	Aligned	Aligned		Aligned – however, while the LMA recommends a combination of benchmarking approaches, only one benchmarking approach is available.	
Risk	The identification and management of the environmental and social risks associated with the eligible SLL are considered medium based upon ISS ESG assessment.	The identification and management of the environmental and social risks associated with the eligible SLL are considered medium based upon ISS ESG assessment.	The identification and management of the environmental and social risks associated with the eligible SLL are considered medium based upon ISS ESG assessment.		The identification and management of the environmental and social risks associated with the eligible SLL are considered medium based upon ISS ESG assessment.	
Overall evaluation	The SLL meets the eligibility criteria.	The SLL meets the eligibility criteria.	The SLL meets the eligibility criteria.		The SLL meets the eligibility criteria.	
Loan contribution to Impact Objectives	Climate Change Mitigation					

¹² The assessment of this loan was carried out as part of the External Review dated October 26, 2023 (https://www.iss-corporate.com/file/documents/spo/26.10.23_SLL%20funding_Nordea.pdf) and has since left unchanged.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ibid.

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NACE Code: C – Manufacturing

SLLs	Borrower 8 ¹⁶	Borrower 9 ¹⁷	Borrower 10 ¹⁸	Borrower 11 ¹⁹
KPIs	Good	Good	Good	Good
SPTs	Good	Robust	Robust	Robust
Overall Assessment (KPI and SPT)	Good	Good	Good	Good
Alignment with LMA SLLP	Aligned	Aligned	Aligned	Aligned
Risk	The identification and management of the environmental and social risks associated with the eligible SLL are considered Medium based upon ISS ESG assessment.	The identification and management of the environmental and social risks associated with the eligible SLL are considered Poor based upon ISS ESG assessment.	The identification and management of the environmental and social risks associated with the eligible SLL are considered Medium based upon ISS ESG assessment.	The identification and management of the environmental and social risks associated with the eligible SLL are considered Poor based upon ISS ESG assessment.
Overall evaluation	The SLL meets the eligibility criteria.	The SLL meets the eligibility criteria.	The SLL meets the eligibility criteria.	The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.
Loan contribution to Impact Objectives	Climate Change Mitigation			

¹⁶ The assessment of this loan was carried out as part of the External Review dated October 26, 2023 (https://www.iss-corporate.com/file/documents/spo/26.10.23_SLL%20funding_Nordea.pdf) and has since left unchanged.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.

NACE Code: C – Manufacturing

SLLs	Borrower 12		Borrower 13
KPI	KPI 11	KPI 2	Robust
	Robust ²⁰	Robust ²¹	
SPT	SPT 1	SPT 2	Good
	Robust	Good	
Overall Assessment (KPI and SPT)	Robust	Robust	Robust
Alignment with LMA SLLP	Aligned		Aligned
Risk Assessment	The identification and management of the environmental and social risks associated with the eligible SLL are considered Good based upon ISS ESG assessment.		The identification and management of the environmental and social risks associated with the eligible SLL are considered Medium based upon ISS ESG assessment.
Overall Evaluation	The SLL meets the eligibility criteria.		The SLL meets the eligibility criteria.
Loan contribution to Impact Objectives	Climate Change Mitigation		

²⁰ KPI 1 and KPI 2 are assessed as “Good” individually, but considered “Robust” when used together in the same transaction.

²¹ ibid

NACE Code: D - Electricity, Gas, Steam and Air Conditioning Supply

SLLs	Borrower 1 ²²
KPIs	Good
SPTs	Good
Overall Assessment (KPI and SPT)	Good
Alignment with LMA SLLP	Aligned
Risk	The identification and management of the environmental and social risks associated with the eligible SLL are considered medium based upon ISS ESG assessment.
Overall evaluation	The SLL meets the eligibility criteria.
Loan contribution to Impact Objectives	Climate Change Mitigation

²² The assessment of this loan was carried out as part of the External Review dated October 26, 2023 (https://www.iss-corporate.com/file/documents/spo/26.10.23_SLL%20funding_Nordea.pdf) and has since left unchanged.

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and Sustainability-Linked Loan Funding Framework



NACE Code: G - Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles

SLLs	Borrower 1 ²³	
KPIs	KPI 1	KPI 2
	Robust	Robust
SPTs	SPT 1	SPT 2
	Limited	Limited
Overall Assessment (KPI and SPT)	Good	Good
Alignment with LMA SLLP	Aligned – however, while the LMA recommends a combination of benchmarking approaches, only one benchmarking approach is available	
Risk	The identification and management of the environmental and social risks associated with the eligible SLL are considered poor based upon ISS ESG assessment.	
Overall evaluation	The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.	
Loan contribution to Impact Objectives	Climate Change Mitigation	

²³ The assessment of this loan was carried out as part of the External Review dated June 28, 2022 (<https://www.isscorporatesolutions.com/file/documents/spo/External%20Review-20220629-Nordea.pdf>) and has since left unchanged.

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and Sustainability-Linked Loan Funding Framework



NACE Code: H Transportation and Storage

SLLs	Borrower 1 ²⁴	Borrower 2 ²⁵	Borrower 3 ²⁶
KPIs	Robust	Good	Good
SPTs	Good	Good	Good
Overall Assessment (KPI and SPT)	Robust	Good	Good
Alignment with LMA SLLP	Aligned	Aligned	Aligned
Risk	The identification and management of the environmental and social risks associated with the eligible SLL are considered poor based upon ISS ESG assessment.	The identification and management of the environmental and social risks associated with the eligible SLL are considered poor based upon ISS ESG assessment.	The identification and management of the environmental and social risks associated with the eligible SLL are considered poor based upon ISS ESG assessment.
Overall evaluation	The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.	The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.	The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.
Loan contribution to Impact Objectives	Climate Change Mitigation		

²⁴ The assessment of this loan was carried out as part of the External Review dated June 28, 2022 (<https://www.isscorporatesolutions.com/file/documents/spo/External%20Review-20220629-Nordea.pdf>) and has since left unchanged.

²⁵ The assessment of this loan was carried out as part of the External Review dated October 26, 2023 (https://www.iss-corporate.com/file/documents/spo/26.10.23_SLL%20funding_Nordea.pdf) and has since left unchanged.

²⁶ Ibid.

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and Sustainability-Linked Loan Funding Framework



NACE Code: H – Transportation and Storage

SLLs	Borrower 4 ²⁷	Borrower 5 ²⁸	Borrower 6
KPI	Good	Good	Good
SPT	Limited	Good	Robust
Overall Assessment (KPI and SPT)	Limited	Good	Good
Alignment with LMA SLLP	Aligned – however, while the LMA recommends a combination of benchmarking approaches, only one benchmarking approach is available	Aligned	Aligned
Risk Assessment	The identification and management of the environmental and social risks associated with the eligible SLL are considered poor based upon ISS ESG assessment.	The identification and management of the environmental and social risks associated with the eligible SLL are considered medium based upon ISS ESG assessment.	The identification and management of the environmental and social risks associated with the eligible SLL are considered Poor based upon ISS ESG assessment.
Overall Evaluation	The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.	The SLL meets the eligibility criteria.	The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.
Loan contribution to Impact Objectives	Climate Change Mitigation		

²⁷ The assessment of this loan was carried out as part of the External Review dated October 26, 2023 (https://www.iss-corporate.com/file/documents/spo/26.10.23_SLL%20funding_Nordea.pdf) and has since left unchanged.

²⁸ Ibid.

NACE Code: J - Information and communication

SLLs	Borrower 1	Borrower 2		
KPI	Good	Good		
SPT	Good	SPT 1a	SPT 1b	SPT 1c
		Good	Robust	Robust
Overall Assessment (KPI and SPT)	Good	Good		
Alignment with LMA SLLP	Aligned	Aligned		
Risk Assessment	The identification and management of the environmental and social risks associated with the eligible SLL are considered Medium based upon ISS ESG assessment.	The identification and management of the environmental and social risks associated with the eligible SLL are considered Poor based upon ISS ESG assessment.		
Overall Evaluation	The SLL meets the eligibility criteria.	The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.		
Loan contribution to Impact Objectives	Climate Change Mitigation			

NACE Code: L - Real estate activities

SLLs	Borrower 1
KPI	Good
SPT	Good
Overall Assessment (KPI and SPT)	Good
Alignment with LMA SLLP	Aligned
Risk Assessment	The identification and management of the environmental and social risks associated with the eligible SLL are considered Medium based upon ISS ESG assessment.
Overall Evaluation	The SLL meets the eligibility criteria.
Loan contribution to Impact Objectives	Climate Change Mitigation

NACE Code: Q - Human health and social work activities

SLLs	Borrower 1
KPI	Good
SPT	Good
Overall Assessment (KPI and SPT)	Good
Alignment with LMA SLLP	Aligned
Risk Assessment	The identification and management of the environmental and social risks associated with the eligible SLL are considered Medium based upon ISS ESG assessment.
Overall Evaluation	The SLL meets the eligibility criteria.
Loan contribution to Impact Objectives	Climate Change Mitigation

PART III: CONSISTENCY OF SLL FINANCING INSTRUMENTS WITH NORDEA'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
Strategic ESG topics	Nordea's sustainability strategy has four strategic pillars: financial strength, climate and environmental action, social responsibility, and governance and culture. For each pillar, Nordea has identified relevant UN Sustainable Development Goals and specific sustainability-related matters that impact Nordea or that Nordea has significant impact on through its financing, investments and internal operations. For more information, please see Nordea's Annual Report 2023. ²⁹
ESG goals/targets	<p>Each of the four areas is linked to targets for 2023-2025. The climate action pillar also has two long-term objectives for 2030. Nordea aims to have a significant impact in all four areas by reducing the negative impact and increasing the positive impact from its business activities and internal operations.</p> <p>Nordea's 2023-2025 targets include:</p> <p>Financial strength:</p> <ul style="list-style-type: none"> Facilitate more than EUR 200 billion in sustainable financing by the end of 2025 Grow gross inflows from the Nordea Sustainable Selection universe to account for 33% of total fund gross inflows by the end of 2025 <p>Climate and environmental action:</p> <ul style="list-style-type: none"> Ensure that 90% of exposure to large corporate customers in climate-vulnerable sectors is covered by transition plans by the end of 2025

²⁹ Nordea, 2023, Annual Report 2023, <https://www.nordea.com/en/doc/annual-report-nordea-bank-abp-2023.pdf>

	<ul style="list-style-type: none"> ▪ By 2025, ensure that 80% of the top 200 financed emissions contributors in Nordea Asset Management's portfolios are either aligned with the Paris Agreement or subject to active engagement to become aligned ▪ Double the share of net-zero-committed AuM by 2025 ▪ Reduce the carbon footprint from Nordea Life & Pension's listed equity, corporate bond and real estate portfolios by at least 25% by the end of 2024 ▪ All asset managers managing assets on behalf of Nordea Life & Pension must commit, no later than 2024, to transitioning their assets under management to net-zero by 2050 ▪ Total carbon reduction from internal operations of 40% compared with 2019 by the end of 2025 ▪ Suppliers covering 80% of spending are either aligned with the Paris Agreement or subject to active engagement to become aligned by 2025 <p>Social responsibility:</p> <ul style="list-style-type: none"> ▪ Each gender has at least 40% representation at the top three leadership levels combined by the end of 2025 ▪ Minimum average index score of 90 for Diversity and Inclusion, by the end of 2025 <p>Governance and culture:</p> <ul style="list-style-type: none"> ▪ 100% of new suppliers screened for sustainability issues like country risk, sector risk, carbon intensive sectors, investment exclusion list, negative ESG events via media screening and regulatory actions <p>For more information, please see Nordea's sustainability website.³⁰</p>
<p>Consistency with the Impact Objective</p>	<p>Having selected the impact objective of the SLL Funding Framework to be Climate Change Mitigation,</p>

³⁰ Nordea, 2024, Sustainability, <https://www.nordea.com/en/sustainability/our-sustainability-targets>

	<p>Nordea has several strategies to meet the impact objective, including enhancing resource efficiency through introducing various digital solutions including digital banking, managing and cooperating with its supply chain to reduce carbon footprint, as well as reducing its internal carbon footprint. Furthermore, Nordea places a focus on reducing its financed emissions through setting GHG reduction targets for the different sectors in Nordea's investment portfolio, including residential real estate, shipping, agriculture, motor vehicles, power production, oil & gas, offshore, and mining sector. Each sector has its own implementation actions to reach its respective targets.³¹</p>
Action plan	<p>To meet its ESG targets, Nordea has set individual climate related targets and actions that contribute towards fulfilling the Group interim emissions reduction objective for its four business areas.³²</p> <p>Further Nordea states that it will continue developing products and solutions that support their borrower's transition which also enable Nordea to increase positive impact through financing sustainable activities while decreasing negative impact by financing the transition away from high-emitting activities.</p> <p>Nordea confirms that it has also integrated climate-related risks into their risk management frameworks across risk categories and into our policies and processes. These include credit assessments, sector guidelines, disclosures, industry credit policies, and planning and performance management.</p> <p>Finally, Nordea confirms that it will provide its employees with climate related training.</p>
Climate Transition Strategy	<p>Nordea places its focus for climate-related strategies on its lending portfolio, which constitutes as a key part</p>

³¹ Nordea, May 2024, Climate targets and actions for the lending portfolio, <https://www.nordea.com/en/doc/nordea-climate-targets-and-actions-for-the-lending-portfolio-2024.pdf>

³² Ibid.

	<p>to Nordea's core business. It has several actions that addresses climate transition, including setting time-bound climate targets for both Nordea at a bank level and for its lending portfolio, integrating climate risks into Nordea's policies and processes such as credit assessments, sector guidelines, disclosures, and other planning and performance management, and building strong governance through providing regular climate-related internal training, as well as establishing Board and executive-level accountability for climate strategies. Nordea also supports the climate transition of its customers, through developing products and solutions that aim to progress transition. Nordea also has specific climate targets and action plans for climate transition of each sector within its lending portfolio. For more information, please see Nordea's Climate Targets and Actions for the Lending Portfolio.³³</p>
ESG Risk and Sustainability Strategy Management	<p>To guide the Company's net zero transition, Nordea's Board Operations and Sustainability Committee (BOSC) assists the Group Board in fulfilling its oversight responsibilities concerning sustainability. Moreover, in 2021 a Group Accountable Executive for ESG-related risks and a group wide executive level committee, the Sustainability and Ethics Committee (SEC) was appointed. The SEC consists of representatives from the business areas and Group functions, including Group Risk, Group Credit Management and Group Finance, and supports the Group CEO, the GLT, the BOSC and the Group Board in their oversight responsibilities concerning sustainability.</p> <p>ESG factors can be significant drivers of credit, market, liquidity, compliance and operational risks. The principles of embedding ESG factors into risk management and business strategy is based on the importance of each factor as a driver of existing risks. Nordea uses qualitative and quantitative measures for the risk identification and materiality assessment of ESG-related risks. Nordea has also developed monitoring, mitigation and management strategies for material risks, and assesses the potential need for</p>

³³ Ibid.

	capitalization while accounting for good practices and regulatory guidance. Key processes in managing ESG risks include ESG-related risk assessments that impact customers and balance sheets, business environment scanning related to climate and environmental driven changes, integrating ESG-related risks into investment decisions in asset management businesses, managing climate-related risks in investment portfolios, and assessing transition and physical risks in investments. For more information, please see Nordea's Annual Report 2023. ³⁴
Top three areas of breaches of international norms and ESG controversies in the industry³⁵	Financial market irregularities, Layoffs, and Failure to mitigate climate change impacts.
Breaches of international norms and ESG controversies by the Issuer	At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.
Sustainability Reporting	Nordea has been reporting on its ESG performance in accordance with the GRI Sustainability Reporting Standards of the Global Reporting Initiative, the Global GHG Accounting and Reporting Standard for the Financial Industry (2022) of the Partnership of Carbon Accounting Financials, Regulation (EU) 2020/852 and supplementing Delegated Act's and The Principles for Responsible Banking self-assessment (V2).
Industry associations, Collective commitments	Nordea is a signatory to the Principles for Responsible Banking (PRB), UN Global Compact and UN Principles for Responsible Investments, and has joined the Net-Zero Banking Alliance, Net-Zero Asset Owner Alliance, PCAF, Net-Zero Asset Manager Initiative, Investor Alliance for Human Rights and UN-convened nature-related working group. Nordea is also committed to the Poseidon Principles and Finance for Biodiversity Pledge, and has adopted the Equator Principles.
Previous sustainable/sustainability-linked issuances or transactions	In line with its environmental commitments, as of the end of 2022, Nordea's raised USD 2.75 billion in green

³⁴ Nordea, 2023, Annual Report 2023, <https://www.nordea.com/en/doc/annual-report-nordea-bank-abp-2023.pdf>

³⁵ Based on a review of controversies identified by ISS ESG over a 2-year period, the top three issues that have been reported against companies within the Commercial Banks & Capital Markets industry are displayed above. Please note that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry

**and publication of sustainable
financing framework**

bonds.³⁶ The Green Bond Principles that will be targeted are renewable energy, energy efficiency, green buildings, pollution prevention and control, clean transportation and sustainable management of living and natural resources. Additionally, in September 2022, Nordea issued its first SLL Financing Instruments.

Rationale for issuance

Nordea is committed to use its capital markets platform to arrange financing, loans, and bonds, for its customers for purposes that generate positive environmental benefits. Nordea believes that SLL Funding financing offers a way to create transparency around funds targeted to certain SLL-related objectives, such as climate change mitigation and other environmentally beneficial uses.

With this SLL Funding Framework Nordea looks to advance the market for sustainable finance by providing an opportunity for investors to support companies that have set material and ambitious sustainability goals. An amount equal to the net proceed issued under this Framework will be earmarked specifically for sustainability-linked loans, as defined by the LMA's Sustainability Linked Loan Principles as published by the Loan Market Association ("LMA"), Asia Pacific Loan Market Association ("APLMA") and Loan Syndications and Trading Association ("LSTA"), that are considered to meet certain criteria around materiality and ambitiousness and with a positive contribution to at least one of the Impact Objectives defined in this Framework further below ("SLL Funding").

This Framework builds on the successful development of the 'use-of-proceeds' bond market, such as green bonds, whilst also recognizing the considerable developments seen in the 'sustainability-linked' loan market. As such, this Framework is inspired by the 2021 Green Bond Principles (ICMA) and the 2023 Sustainability Linked Loan Principles (LMA, APLMA, LSTA) although not claiming direct alignment with either of them.

Opinion: *The key sustainability objectives and the rationale for financing Sustainability-Linked Loans are clearly described by the Issuer. The majority of the KPIs/SPTs financed are in line with the Issuer's sustainability objectives.*

³⁶ Nordea, July 2024, Sustainable Funding Report 2023, <https://www.nordea.com/en/doc/nordea-sustainable-funding-report-en-2023.pdf>

DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework and Sustainability-Linked Loans pool remain unchanged.
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ANNEX 1: ISS ESG Corporate Rating Methodology

ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance (ESG) data and performance assessments.

For more information, please visit:

<https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf>

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

Nordea commissioned ISS-Corporate to compile a SLL Funding Framework SPO. The Second Party Opinion process includes verifying whether the Sustainability-Linked Loan Funding Framework aligns with the general market standards for Sustainable Finance and to assess the sustainability credentials of its Sustainability-Linked Loans' pool, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion:

- Loan Market Association's (LMA), Sustainability Linked Loan Principles

ISSUER'S RESPONSIBILITY

Nordea Bank Abp's responsibility was to provide information and documentation on:

- Framework
- Sustainability-Linked Loans' pool
- Documentation of ESG risks management at the asset level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is part, has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent External Review of the SLL Funding Framework to be issued by Nordea has been conducted based on a proprietary methodology.

The engagement with Nordea took place from April 2023 to September 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

SECOND PARTY OPINION

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ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

We assess alignment with external principles (e.g. the ICMA Sustainability-Linked Bond Principles/the LMA Sustainability-Linked Loan Principles), analyze the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>

For information about SPO services, please contact: SPOsales@iss-corporate.com

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