

## SECOND PARTY OPINION (SPO)

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Sustainability Quality of the Issuer and Asset Pool

Nordea Bank Abp

31 January 2024

### VERIFICATION PARAMETERS

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Type(s) of  
instruments  
contemplated

- Green Bonds, Green Covered Bonds and Green Deposits

Relevant standards

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)
- EU Taxonomy Climate Delegated Act (as of June 2023)

Scope of verification

- Nordea Green Funding Framework (as of December 21, 2023)
- Nordea Green Bond asset portfolio (as of November 28, 2023)
- Nordea Green Covered Bond portfolios (as of November 28, 2023)

Lifecycle

- Post-issuance verification

Validity

- This SPO is valid for Nordea's outstanding Green Bond and Green Covered Bond issuances and as long as the asset portfolio does not change, until the first to occur of (a) the release of the next annual verification of these issuances (expected in 2024) or (b) December 31, 2024.

## CONTENTS

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|                                                                                                                                        |    |
|----------------------------------------------------------------------------------------------------------------------------------------|----|
| SCOPE OF WORK.....                                                                                                                     | 3  |
| NORDEA BANK OVERVIEW .....                                                                                                             | 4  |
| ASSESSMENT SUMMARY .....                                                                                                               | 5  |
| SPO ASSESSMENT .....                                                                                                                   | 7  |
| PART IA: ALIGNMENT OF GREEN BONDS WITH ICMA GREEN BOND PRINCIPLES .....                                                                | 7  |
| PART IB: ALIGNMENT OF GREEN COVERED BONDS WITH ICMA GREEN BOND PRINCIPLES .....                                                        | 9  |
| PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE .....                                                                                  | 14 |
| A. CONTRIBUTION OF THE GREEN BONDS TO THE UN SDGs .....                                                                                | 14 |
| B. CONTRIBUTION OF THE GREEN COVERED BONDS TO THE UN SDGs .....                                                                        | 19 |
| C. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE SELECTION CRITERIA AND ASSET POOL..... | 21 |
| PART III: ALIGNMENT OF THE GREEN COVERED BONDS ASSET PORTFOLIOS WITH THE EU TAXONOMY CLIMATE DELEGATED ACT .....                       | 26 |
| PART IV: CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH NORDEA'S SUSTAINABILITY STRATEGY .....                                          | 30 |
| ANNEX 1: METHODOLOGY .....                                                                                                             | 35 |
| ANNEX 2: ISS ESG CORPORATE RATING METHODOLOGY .....                                                                                    | 35 |
| ANNEX 3: QUALITY MANAGEMENT PROCESSES.....                                                                                             | 36 |
| About this SPO.....                                                                                                                    | 37 |

## SCOPE OF WORK

Nordea Bank Abp (“the Issuer”, “the Bank”, or “Nordea”) commissioned ISS Corporate Solutions (ISS-Corporate) to assist with its Green Bonds, Green Covered Bonds and Green Deposits by assessing four core elements to determine the sustainability quality of the instruments:

1. Nordea’s Green Funding Framework (as of December 21, 2023) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP).
2. The Selection Criteria and Asset Pool – whether the project categories contribute positively to the United Nations Sustainable Development Goals (UN SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. The alignment of the Green Covered Bond asset portfolios with the EU Taxonomy on a best-efforts basis – whether the nominated project categories are aligned with the EU Taxonomy Technical Screening Criteria (including Substantial Contribution to Climate Change Mitigation/Adaptation Criteria and Do No Significant Harm Criteria) as included in the EU Taxonomy Climate Delegated Act (June 2023).<sup>1</sup>
4. Consistency of the Green Bonds, Green Covered Bonds and Green Deposits issuance with Nordea’s Sustainability Strategy - drawing on the key sustainability objectives and priorities defined by the Issuer.

<sup>1</sup> According to the Platform on Sustainable Finance, Final Report on Minimum Safeguards (October 2022), banks do not need to consider MSS with regards to household mortgages.

## NORDEA BANK OVERVIEW

Nordea Bank engages in the provision of banking and financial services. It operates through the following segments: Personal Banking, Business Banking, Large Corporates and Institutions, and Asset and Wealth Management. The Personal Banking segment offers the household customers financial services and solutions through internet and mobile bank, 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 pertains to the provision of financial solutions to large Nordic and international corporate and institutional customers. The Asset and Wealth Management segment is composed of investment, savings, and risk management solutions for individuals and institutional investors. The company was founded in 1820 and is headquartered in Helsinki, Finland.

### *ESG risks associated with the Issuer Industry*


Nordea is classified in the Commercial Banks & Capital Markets industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies<sup>2</sup> in this industry are: Business ethics, Labour standards and working conditions, Sustainability impacts of lending and other financial services/ products, Customer and product responsibility, and 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.

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<sup>2</sup> Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.



## ASSESSMENT SUMMARY

| SPO SECTION                                                                           | SUMMARY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | EVALUATION <sup>3</sup> |
|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <p><b>Part IA:</b></p> <p><b>Alignment with ICMA GBP</b></p>                          | <p>The Issuer has defined a formal concept for its Green Bonds and Green Covered Bonds, regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA Green Bond Principles. This SPO covers the assets of Nordea Bank and Nordea’s wholly owned subsidiaries Nordea Kredit Realkreditaktieselskab, Nordea Mortgage Bank Plc, Nordea Eiendomskreditt AS and Nordea Hypotek AB (publ) (the “Nordea MCIs”).</p>                                                                                                                                                                                                                                                                | <p><b>Aligned</b></p>   |
| <p><b>Part II:</b></p> <p><b>Sustainability quality of the Selection Criteria</b></p> | <p>The Green Bonds will (re)finance eligible asset categories which include: Renewable Energy (Wind, Solar, hydropower), Green Buildings, Pollution Prevention and Control, Clean Transportation, Energy Efficiency and Sustainable Management of Living Resources.</p> <p>Product and/or service-related use of proceeds categories<sup>4</sup> individually contribute to one or more of the following SDGs:</p>  <p>Process-related use of proceeds categories<sup>5</sup> individually improve (i) the Issuer’s/Borrower’s operational impacts and (ii) mitigate potential negative externalities of the Issuer’s/Borrower’s sector on one or more of the following SDGs:</p> | <p><b>Positive</b></p>  |

<sup>3</sup> The evaluation is based on the Nordea’s Green Funding Framework (December 2023 version), on the analysed Asset Pool as received on November 28, 2023, and on the ISS ESG Corporate Rating updated on the September 8, 2023 and applicable at the SPO delivery date.

<sup>4</sup> Renewable Energy, Energy Efficiency, Green Buildings, Pollution Prevention and Control, Clean Transportation, Sustainable Management of Living Natural Resources

<sup>5</sup> Energy Efficiency, Pollution Prevention and Control

|                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
|                                                                                                                    |   <p>The environmental and social risks associated with those use of proceeds categories are managed.</p>                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                |
| <p><b>Part III:</b></p> <p><b>Alignment with EU Taxonomy</b></p>                                                   | <p>Nordea’s project characteristics, due diligence processes and policies have been assessed against the requirements of the EU Taxonomy (Climate Delegated Act of June 2023), on a best-efforts basis.<sup>6</sup> The nominated Green Covered Bonds are considered to be:</p> <ul style="list-style-type: none"> <li>▪ Aligned with the Climate Change Mitigation Criteria.</li> <li>▪ Some Do No Significant Harm Criteria have not been met due to a lack of available information</li> </ul> <p>According to the Platform on Sustainable Finance, Final Report on Minimum Safeguards (October 2022), banks do not need to consider MSS with regards to household mortgages.</p> |                                                                |
| <p><b>Part IV:</b></p> <p><b>Consistency of Green Finance Instrument with Nordea’s Sustainability Strategy</b></p> | <p>The key sustainability objectives and the rationale for issuing Green Finance Instrument are clearly described by the Issuer. The majority of the project categories considered are in line with the sustainability objectives of the Issuer.</p> <p>At the date of publication of the report and leveraging ISS ESG Research, no severe controversies have been identified.</p>                                                                                                                                                                                                                                                                                                  | <p><b>Consistent with Issuer’s sustainability strategy</b></p> |

<sup>6</sup> Whilst the Final Delegated Act for Mitigation and Adaptation was published in June 2023, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage, the alignment with the EU Taxonomy has been evaluated on a "best efforts basis".

## SPO ASSESSMENT

### PART IA: ALIGNMENT OF GREEN BONDS WITH ICMA GREEN BOND PRINCIPLES

This section evaluates the alignment of the Green Bond section of Nordea’s Green Funding Framework (dated December 21, 2023) with the ICMA Green Bond Principles.

| ICMA GBP                                                      | ALIGNMENT | OPINION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>1. Use of Proceeds</b></p>                              | <p>✓</p>  | <p>The Use of Proceeds description provided for Green Bonds in Nordea’s Green Funding Framework is <b>aligned</b> with the ICMA Green Bond Principles.</p> <p>The Issuer’s green categories align with the project categories as proposed by the ICMA Green Bond Principles. Criteria are defined in a clear and transparent manner. Disclosure of an allocation period and commitment to report by project category has been provided, and environmental benefits are described and quantified.</p> <p>The Issuer defines exclusion criteria for harmful projects categories, in line with best market practice.</p>                                                                                                     |
| <p><b>2. Process for Project Evaluation and Selection</b></p> | <p>✓</p>  | <p>The Process for Project Evaluation and Selection description provided for Green Bonds, Green Covered Bonds and Green Deposits in Nordea’s Green Funding Framework is <b>aligned</b> with the ICMA Green Bond Principles.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer. In addition, the issuer also engages internal experts from a range of business units in the project selection and evaluation process, such as sustainability, treasury, various business</p> |

|                                         |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                         |          | <p>units, legal and investor relations. However, the financing criteria could be more transparent.</p> <p>The Issuer identify alignment of their Green Funding Framework and their green projects with official or market-wide taxonomies and to reference any green standards or certifications used, in line with best market practice.</p>                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p><b>3. Management of Proceeds</b></p> | <p>✓</p> | <p>The Management of Proceeds provided for Green Bonds, Green Covered Bonds and Green Deposits in Nordea’s Green Funding Framework is <b>aligned</b> with the ICMA Green Bond Principles.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner and attested in a formal internal process. The net proceeds are managed on an aggregated basis for multiple Green Bonds (portfolio approach).</p>                                                                                                                                                                                                                                   |
| <p><b>4. Reporting</b></p>              | <p>✓</p> | <p>The allocation and impact reporting provided for Green Bonds, Green Covered Bonds and Green Deposits in Nordea ’s Green Funding Framework is <b>aligned</b> with the ICMA Green Bond Principles.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer’s website. Nordea explains that the level of expected reporting will be at project category level and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the bond matures.</p> <p>The issuer is also transparent on the level, frequency, scope, duration and information reported, for impact reporting.</p> |



## PART IB: ALIGNMENT OF GREEN COVERED BONDS WITH ICMA GREEN BOND PRINCIPLES

This section evaluates the alignment of the Green Covered Bond section of Nordea’s Green Funding Framework (dated Decemeber 21, 2023) for assets located in Denmark with the ICMA Green Bond Principles.

| ICMA GBP                                                      | ALIGNMENT | OPINION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>1. Use of Proceeds</b></p>                              | <p>✓</p>  | <p>The Use of Proceeds description provided for Green Bonds in Nordea’s Green Funding Framework is <b>aligned</b> with the ICMA Green Bond Principles.</p> <p>The Issuer’s green categories align with the project categories as proposed by the ICMA Green Bond Principles. Criteria are defined in a clear and transparent manner. Disclosure of an allocation period and commitment to report by project category has been provided, and environmental benefits are described and quantified.</p> <p>The Issuer defines exclusion criteria for harmful projects categories, in line with best market practice.</p>                                                                                                                                                                     |
| <p><b>2. Process for Project Evaluation and Selection</b></p> | <p>✓</p>  | <p>The Process for Project Evaluation and Selection description provided for Green Covered Bonds in Nordea’s Green Funding Framework is <b>aligned</b> with the ICMA Green Bond Principles.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer. In addition, the issuer also engages internal experts from a range of business units in the project selection and evaluation process, such as sustainability, treasury, various business units, legal and investor relations. However, the financing criteria could be more transparent.</p> |

|                                         |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                         |          | <p>The Issuer identify alignment of their Green Funding Framework and their green projects with official or market-wide taxonomies and to reference any green standards or certifications used, in line with best market practice.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p><b>3. Management of Proceeds</b></p> | <p>✓</p> | <p>The Management of Proceeds provided for Green Covered Bonds in Nordea’s Green Funding Framework is <b>aligned</b> with the ICMA Green Bond Principles.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner and attested in a formal internal process. The net proceeds are managed on an aggregated basis for multiple Green Bonds (portfolio approach).</p>                                                                                                                                                                                                                                  |
| <p><b>4. Reporting</b></p>              | <p>✓</p> | <p>The allocation and impact reporting provided for Green Covered Bonds in Nordea’s Green Funding Framework is <b>aligned</b> with the ICMA Green Bond Principles.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer’s website. Nordea explains that the level of expected reporting will be at project category level and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the bond matures.</p> <p>The issuer is also transparent on the level, frequency, scope, duration and information reported, for impact reporting.</p> |

## Nordea Asset Allocation as of December 31, 2023

Note: the following table documents all Use of Proceeds categories outlined in Nordea’s Green Funding Framework (December 21, 2023), and the volume and share of assets included in its asset pool from July 1, 2022 to December 31, 2023. For the calculation on previous asset pool until June 30, 2022 please refer to the [link](#).<sup>7</sup>

| GREEN ASSET CATEGORY                                                                                                                                                   | SUBCATEGORIES                                                 | NORDEA BANK ASSET POOL (GREEN BONDS) |                          | NORDEA KREDIT ASSET POOL (GREEN COVERED BONDS) |                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|--------------------------------------|--------------------------|------------------------------------------------|--------------------------|
|                                                                                                                                                                        |                                                               | Assets included in Portfolio         | Share of Asset Portfolio | Assets included in Portfolio                   | Share of Asset Portfolio |
| <b>Renewable Energy</b><br><i>Generation and transmission of energy from renewable sources and manufacturing of the related equipment for relevant subcategories.</i>  | Wind power                                                    | Yes                                  | EUR 297.49m (10.90%)     | No                                             | DKK 0m (0%)              |
|                                                                                                                                                                        | Solar power                                                   | Yes                                  | EUR 6.24m (0.23%)        | No                                             | DKK 0m (0%)              |
|                                                                                                                                                                        | Hydro power                                                   | Yes                                  | EUR 78.04m (2.86%)       | No                                             | DKK 0m (0%)              |
|                                                                                                                                                                        | Integration of renewable energy into the transmission network | Yes                                  | EUR 13.30m (0.49%)       | No                                             | DKK 0m (0%)              |
| <b>Energy Efficiency</b><br><i>Infrastructure, equipment, technology and processes related to energy transmission, energy storage, district heating and heat pumps</i> | Renewable energy transmission                                 | Yes                                  | EUR 57.90m (2.12%)       | No                                             | DKK 0m (0%)              |
| <b>Green Buildings</b><br><i>Commercial or residential buildings</i>                                                                                                   | Commercial and residential real estate                        | Yes                                  | EUR 1,972.20m (72.24%)   | Yes                                            | DKK 4,078.56m (84.96%)   |

<sup>7</sup> Total asset pool volume as of June 30, 2022 for Nordea Bank: EUR 5,434m and Nordea Kredit: EUR 1,674m. It should be noted that the current asset pool volume may not equate to the sum of total asset pool as of June 30, 2022 and the total asset pool as of December 31, 2023 as some loans may have matured and been amortized.

|                                                                                                                                                                                                                                                 |                                                                                                                                    |     |                     |     |                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|-----|---------------------|-----|---------------------|
| <i>with at least any of the selected certifications<sup>8</sup></i>                                                                                                                                                                             |                                                                                                                                    |     |                     |     |                     |
| <b>Pollution Prevention and Control</b><br><i>Projects or activities and any related infrastructure, equipment, technology and processes toward the relevant subcategories.</i>                                                                 | Water management (water supply) and wastewater management                                                                          | Yes | EUR 4.68m (0.17%)   | Yes | DKK 456.81m (9.52%) |
|                                                                                                                                                                                                                                                 | Waste-to-energy                                                                                                                    | Yes | EUR 21.67m (0.79%)  | No  | DKK 0m (0%)         |
| <b>Clean Transportation</b><br><i>Projects or activities and related equipment, technology and processes for producing, maintaining and improving clean transport infrastructure.</i>                                                           | Electric cars                                                                                                                      | Yes | EUR 232.26m (8.51%) | No  | DKK 0m (0 %)        |
| <b>Sustainable Management of Living Natural Resources</b><br><i>Projects or activities related to sustainable forestry or agriculture in the Nordic countries, including acquisition, maintenance and management of relevant subcategories.</i> | Forests certified by Forest Stewardship Council ("FSC") or Programme for the Endorsement of Forest Certification ("PEFC") (Sweden) | Yes | EUR 9.86m (0.36%)   | No  | DKK 0 (0%)          |
|                                                                                                                                                                                                                                                 | Sustainable agriculture in the Nordic countries comprised of organic farming as certified in compliance with                       | No  | EUR 0m (0%)         | Yes | DKK 265.10m (5.52%) |

<sup>8</sup> The LEED "gold" certification, the BREEAM "very good" and "excellent" certification, the Miljöbyggnad "Silver" certification (Sweden), DGNB "Gold" certification, Nordic Swan Ecolabel, or Construction of new buildings with a primary energy demand at least 10% below the threshold set for the nearly zero-energy building (NZEB) requirements, or Acquisition and ownership of buildings which if built before December 31, 2020, have at least a class A EPC or are adequately demonstrated to be within the top 15% of the relevant type of national or regional building stock in operational primary energy demand (PED) terms and if built after December 31, 2020, meet the criteria specified under "Construction of new buildings".. Renovations and refurbishments of commercial or residential buildings resulting in an annual reduction in primary energy demand on a square meter basis of at least 30%.

## SECOND PARTY OPINION

Sustainability Quality of the Issuer  
and Green Funding Framework

|                                            |                                                                                                                                                                                                         |                                   |                       |                                    |             |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------|------------------------------------|-------------|
|                                            | the EU and national regulation                                                                                                                                                                          |                                   |                       |                                    |             |
|                                            | Sustainable aquaculture in the Nordic countries comprising land-based fish farming facilities with waste water treatment operating in accordance with limits set in relevant national operating permits | Yes                               | EUR 36.58m<br>(1.34%) | No                                 | DKK 0m (0%) |
| <b>Total asset pool volume<sup>9</sup></b> |                                                                                                                                                                                                         | <b>Nordea Bank: EUR 2,730.22m</b> |                       | <b>Nordea Kredit: DKK 4800.47m</b> |             |

<sup>9</sup> The total asset pool volume represents the value of assets financed between July 1, 2022 and December 31, 2023.

## PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

### A. CONTRIBUTION OF THE GREEN BONDS TO THE UN SDGs<sup>10</sup>

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.


#### 1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).



The assessment of UoP categories for (re)financing specific products and services is displayed on a 3-point scale (see Annex 1 for methodology):



Each of the Green Bond's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

| USE OF PROCEEDS (PRODUCTS/SERVICES)                                                                                                                               | CONTRIBUTION OR OBSTRUCTION | SUSTAINABLE DEVELOPMENT GOALS                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------|
| <p><b>Renewable Energy</b></p> <ul style="list-style-type: none"> <li>▪ Solar Power</li> <li>▪ Wind Power</li> <li>▪ Small-scale Hydropower (&lt;10MW)</li> </ul> | <p><b>Contribution</b></p>  |  |

<sup>10</sup> The impact of the UoP categories on UN Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

|                                                                                                                                                                                                                                                                                                                                                                                                          |                                                        |                                                                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>▪ <i>Medium to large scale Hydropower (+10 to 1000MW)<sup>11</sup></i></li> <li>▪ <i>Integrating renewable energy sources in the transmission network</i></li> </ul>                                                                                                                                                                                              | <p style="text-align: center;"><b>Contribution</b></p> |                                                                                                                                             |
| <p><b>Energy Efficiency</b></p> <p><i>Infrastructure, equipment, and technology related to renewable:</i></p> <ul style="list-style-type: none"> <li>▪ <i>energy transmission<sup>12</sup></i></li> </ul>                                                                                                                                                                                                |                                                        |                                                          |
| <p><b>Green Buildings</b></p> <p><i>Commercial or residential buildings certified with:</i></p> <ul style="list-style-type: none"> <li>▪ <i>LEED "Gold" certification</i></li> <li>▪ <i>BREEAM "Very good" certification<sup>1314</sup></i></li> <li>▪ <i>Miljöbyggnad "Silver" certification (Sweden)</i></li> <li>▪ <i>DGNB "Gold" certification</i></li> <li>▪ <i>Nordic Swan Ecolabel</i></li> </ul> |                                                        | <p style="text-align: center;"><b>Contribution</b></p>  |
| <p><b>Green Buildings</b></p> <p><i>Construction of new buildings with a primary energy demand at least 10% below the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as-built Energy Performance Certificate (EPC).</i></p>    | <p style="text-align: center;"><b>Contribution</b></p> |                                                        |

<sup>11</sup> Hydropower must be generated in the Nordic countries by small scale plants, run-of-river plants, or refurbished larger hydropower plants where, if financing a refurbishment, the refurbishment does not entail any increase in the size of the impoundment facility.

<sup>12</sup> The Issuer has set specific criteria for this category: over a rolling five-year period, 67% of new connected generation capacity in the grid is below 100g CO<sub>2e</sub> per kWh or the average system grid emissions factor is below 100g CO<sub>2e</sub> per kWh.

<sup>13</sup> BREEAM "Very good" certification does not meet the requirements defined in the latest Framework, however, it is assessed positively based on grandfathering clause.

<sup>14</sup> One asset in this category is yet to earn a BREEAM "Very good" accreditation and is in the process of obtaining a certificate. The Issuer confirms that if this asset does not fulfil the eligibility criteria, its green eligibility would be revoked and the asset will be removed from the pool.

**Green Buildings**

*Acquisition and ownership of buildings which*

- *If built before December 31, 2020, have at least a class A EPC or are adequately demonstrated to be within the top 15% of the relevant type of national or regional building stock in operational primary energy demand (PED) terms*
- *If built after December 31, 2020, meet the criteria specified under "Construction of new buildings" above.*

**Contribution**



**Green Buildings**

*Renovations and refurbishments of commercial or residential buildings resulting in an annual reduction in primary energy demand on a square meter basis of at least 30%.*

**Contribution**



**Pollution Prevention and Control**

*Projects or activities and any related infrastructure, equipment, for:*

- *Water and wastewater management (i.e., sewage treatment plant)*

**Contribution**



**Pollution Prevention and Control**

*Project or activities and any related infrastructure, equipment, technology for:*

- *The conversion of waste to energy (from biogenic waste)*

**Contribution**



**Clean Transportation**

*Projects or activities and related equipment, technology and processes for producing, maintaining and improving clean transport infrastructure, such as:*

- *Electric vehicles, for example cars.*

**Contribution**





**Sustainable Management of Living Natural Resources**

*Projects or activities related to sustainable forestry, agriculture or aquaculture in the Nordic countries. These include the acquisition, maintenance and management of:*<sup>15</sup>

- *forests certified by the Programme for the Endorsement of Forest Certification (the PEFC)*
- *Sustainable agriculture in the Nordic countries comprising organic farming certified as compliant with EU and national regulation*

**Contribution**



**Sustainable Management of Living Natural Resources**

- *Sustainable aquaculture in the Nordic countries comprising land-based fish farming facilities with wastewater treatment operating in accordance with limits set in relevant national operating permits*<sup>16</sup>

**Contribution**<sup>17</sup>



<sup>15</sup> Criteria related to the sourcing of feed: soy must be sustainable and deforestation free as evidenced by a Proterra or equivalent certification.

<sup>16</sup> The Issuer informs that marine-based ingredients must comply with the standards of the Marine Stewardship Council, the Marine Trust Standard, or equivalent certifications.



<sup>17</sup> This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer's product and service portfolio on the SDGs.

**2. Improvements of operational performance (processes)**

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer’s client.

Nordea finances operations/processes in third-party sectors which are not listed in the Issuer’s Framework. As such, ISS-Corporate is not in a position to display the exposure to negative externalities linked to the sector of the operations/processes financed. Negative externalities, if present, could have an impact on the overall sustainability quality of the issuance.

The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

| USE OF PROCEEDS (PROCESSES)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | OPERATIONAL IMPACT IMPROVEMENT <sup>18</sup>                                        | SUSTAINABLE DEVELOPMENT GOALS                                                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| <p><b>Energy Efficiency</b></p> <p><i>Processes related to energy transmission, district heating and heat pumps, including:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Automation and intelligence in the power transmission network, distribution and related systems</i></li> <li>▪ <i>The transmission of electricity produced by renewable sources from the production site to the system grid</i></li> <li>▪ <i>System grids for electricity where, over rolling five-year periods, 67% of newly connected generation capacity in the grid is below 100g CO2e per kWh or the average system grid emissions factor is below 100g CO2e per kWh</i></li> </ul> |  |  |




<sup>18</sup> Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

**B. CONTRIBUTION OF THE GREEN COVERED BONDS TO THE UN SDGs**

The assessment of UoP categories for (re)financing specific products and services is displayed on a 3-point scale (see Annex 1 for methodology):

|                    |                      |                     |
|--------------------|----------------------|---------------------|
| <b>Obstruction</b> | <b>No Net Impact</b> | <b>Contribution</b> |
|--------------------|----------------------|---------------------|

Each of the Green Covered Bond's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

| USE OF PROCEEDS (PRODUCTS/SERVICES)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | CONTRIBUTION OR OBSTRUCTION | SUSTAINABLE DEVELOPMENT GOALS                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Green Residential Buildings</b></p> <p><i>Construction of new buildings with a primary energy demand at least 10% below the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as-built Energy Performance Certificate (EPC).</i></p> <p><i>Acquisition and ownership of buildings which</i></p> <ul style="list-style-type: none"> <li>▪ <i>if built before December 31, 2020, have at least a class A EPC or are adequately demonstrated to be within the top 15% of the relevant type of national or regional building stock in operational primary energy demand (PED) terms</i></li> <li>▪ <i>If built after December 31, 2020, meet the criteria specified under "Construction of new buildings" above.</i></li> </ul> | <b>Contribution</b>         |   |
| <p><b>Pollution Prevention and Control</b></p> <p><i>Projects or activities and any related infrastructure, equipment, for:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Water and wastewater management (i.e., sewage treatment plant)</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Contribution</b>         |                                                                                        |

### Clean Transportation

Projects or activities and related equipment, technology and processes for producing, maintaining and improving clean transport infrastructure, such as:

- Electric vehicles, for example cars

### Sustainable Management of Living Natural Resources

Projects or activities related to sustainable forestry, agriculture or aquaculture in the Nordic countries. These include the acquisition, maintenance and management of:<sup>19</sup>

- Sustainable agriculture in the Nordic countries comprising organic farming certified as compliant with EU and national regulation

Contribution



Contribution



<sup>19</sup> Criteria related to the sourcing of feed: soy must be sustainable and deforestation free as evidenced by a Proterra or equivalent certification.

## C. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE SELECTION CRITERIA AND ASSET POOL

The table below evaluates the Selection Criteria and Asset Pool against issuance-specific KPIs. The entirety of the assets are located in Norway, Sweden, Finland and Denmark.

### ASSESSMENT AGAINST KPIs

#### ESG guidelines into financing process

Nordea has a Risk Management Framework in place which ensures that ESG risks related to assets financed under this Framework were identified and mitigated.<sup>20</sup> The Bank confirms that ESG assessments are performed for both lending and investment portfolios of Nordea's balance sheet to identify, evaluate and monitor material ESG-related risks.

In case of corporate borrowers, the Bank conducted ESG assessments according to the size and type of the transaction and the customer's internal segmentation. ESG-related risks identified qualitatively as material at customer level provide input to the credit risk assessment to reach conclusions on the customer group's risk level included in the credit memorandum. Approvals are made according to the established credit decision-making process. For customers associated with a high level of ESG-related risks, decisions are escalated to higher-level credit committees where relevant.<sup>21</sup>

ESG factors driving risk categories were assessed following a three step approach:<sup>22</sup>

- Qualitative assessment and ranking of the potential impact of each factor to sub risk by low, medium or high within each relevant risk's Common Risk Taxonomy to identify potential material impacts and transmission channels
- Quantitative risk identification and impact assessment methodology applied to relevant risk areas as part of annual risk materiality assessment in the Internal Capital adequacy Assessment Process (ICAAP), Internal Liquidity adequacy Assessment Process (ILAAP) or related pilot exercise
- Where the impact to the risk profile was assessed as material, inclusion in the risk area framework and correspondingly the risk appetite framework was considered to ensure ESG related risks were prudently managed

The Bank further assess exposure to any vulnerable economic activities and steers their balance sheet according to related aspects of our business strategy.<sup>23</sup>

<sup>20</sup> [Nordea Group Capital and Risk Management Report, Page 46, Risk Management Framework.](#)

<sup>21</sup> [Nordea Annual Report, 2022, Page 322-323, ESG related risk strategy and management.](#)

<sup>22</sup> [Nordea Group Capital and Risk Management Report, Page 46, Risk Management Framework.](#)

<sup>23</sup> [Nordea Position statements and sector guidelines](#)

**ESG Guidelines into financing process for most sensitive sectors<sup>24</sup> financed under the Framework****ESG Guidelines into financing process for Forestry**

Nordea has a Sector Guideline for the Forestry Industry in place forest sector clients and portfolio companies to, in addition to the adherence to applicable national laws and regulations, such as the EU Timber Regulation, follow and respect internationally recognized norms and standards in all areas of their operations. The Bank confirms to adhering to the the Sector Guideline for the Forest Industry for the Sustainable Forestry asset assessed under this SPO.<sup>25</sup>

For the forest industry this includes;

- Having a Code of Conduct and a Supplier Code of Conduct ensuring ethical business practices and striving for best practices as well as a compliance function including whistle blower and grievance mechanisms
- Having environmental, health, and safety (EHS) management systems meeting standards such as the ISO 14001, OHSAS 18001 or ISO 45001. Preventing the pollution of air, water and soil by applying the best available techniques Reporting regularly on material sustainability matters in line with established standards, such as the GRI Standards, (applied to companies required to report according to Directive 2014/95/EU)
- Managing forests and wood supply chains in a sustainable way and certify in accordance with the standards of the Forest Stewardship Council (FSC), the Programme for the Endorsement of Forest Certification (PEFC) or other similar certification systems
- Managing forests and wood supply chains in a sustainable way including refraining operations that negatively affect High Conservation Value Forests (HCVF)<sup>5</sup>
- Reporting to CDP's Forest Program (if requested by CDP)
- Include clauses on the compliance with social, economic and environmental criteria in their contracts with subcontractors and suppliers

**ESG Guidelines into financing process for Agriculture and Aquaculture**

Nordea has sector guideline for the Agricultural and Aquaculture Industry, which encourages companies in these sectors to invest in and work towards sustainable land and water use and integrating ESG criteria in their businesses.<sup>26</sup> This sector guideline provides direction on best practice as well as on the international conventions and standards that Nordea encourages

<sup>24</sup> The categorization of a sector as 'most sensitive' follows an evaluation of the number of controversies prevalent in the context of the financing operations of a financial institution.

<sup>25</sup> [Nordea's Sector Guideline for the Forestry Industry](#)

<sup>26</sup> [Nordea Sector Guideline for the Agricultural Industry](#)

and expects companies to follow, relevant to the nature and size of their operations. In addition to adherence to applicable national laws and regulations, the Bank expects companies to follow and respect internationally recognized and frequently applied norms and standards in all relevant areas and jurisdictions of their operations. Examples of such standards for the agriculture and aquaculture industries may include:

Including clauses on the compliance with social, economic and environmental criteria in their contracts with subcontractors and suppliers,

- Having environmental, health, and safety (EHS) and quality and food safety management systems meeting standards such as ISO 9001, 14001, 18001, 50001 or FSSC 22000,
- Following applicable certifications or standards, such as "Arlagården" or "Klimakontrolleret Gris,"
- Preventing the pollution of air, water and soil by applying the best available techniques, such as multi-year crop rotation, carbon sequestration, irrigation improvements and water conservation,
- Reporting regularly on material sustainability matters, in line with established standards, such as the GRI Standards or SASB, (applied to companies required to report according to Directive 2014/95/EU),
- Reporting to CDP's Program (if requested by CDP),
- If relevant having a Code of Conduct and a Supplier Code of Conduct ensuring ethical business practices and striving for best practices as well as a compliance function including whistleblower and grievance mechanisms,
- Conventions such as the European Council Regulations (EC) No 1/2005 of 22 December 2004, No 1099/2009 of 24 September 2009 and the UN convention on the Law of the Sea,
- Applicable regional fisheries management organizations' conventions as well as set fishing quotas,
- Fish farms and fisheries are certified according to the criteria of certification schemes such as the Aquaculture Stewardship Council (ASC) or the Marine Stewardship Council (MSC).

### **Labor, Health and Safety**



As all assets financed are located in Norway, Sweden, Finland and Denmark, high health & safety and labor standards are ensured by the relevant national legislation and the European Union mandatory social standards.

### **Biodiversity and Community dialogue**



All assets financed are located in Norway, Sweden, Finland and Denmark. Thus, the Issuer ensures that its environmental impacts and impact on communities

have been mitigated and reduced as it aligns to the European Union standards in terms of Environmental and Social Impact Assessment. The Issuer confirms that EIAs or environmental permits to ensure a thorough assessment of project related impacts has been made and adverse effects are not present/have been mitigated for all assets financed. Additionally, the assets financed are in Equator Principles designated countries ensuring that biodiversity and community dialogue as an integral part of the planning process.

### **Data protection and information security**



Nordea has elements of information security management system for their internal data processing, including risk assessment, structure and responsibilities, target and objectives, training and awareness raising, physical and technical safeguards, information security incident management, and audits. The Bank implements some elements of third-party due diligence, such as risk assessments, checks on integrity, examination of track record, identification of red flags or definition of requirements such as ISO 27001 certification in outsourced data processing. The Bank monitors and reviews third party data processors as well.

### **Responsible treatment of customers with debt repayment problems**

The Issuer has implemented various measures to deal responsibly with clients having debt repayment problems. For example, Forbearance measures such as eased terms are changed to amortization profile, repayment schedule and customer margin, or eased financial covenants for a limited tenure for customers facing debt repayment problems. The company offers internal debt counselling and support for external debt counselling.



However, limited information is available on further services offered such as pre-emptive actions taken by the company to prevent client debt repayment problems, such as educational programmes for clients, covenants limiting indebtedness, pro-actively approaching customers potentially at risk, or use of responsible lending performance indicators and targets to reduce the number of clients with debt repayment problems, access to an ombudsperson for clients with debt repayment problems. There is also a lack of visibility on long term debt restructuring options with regard to interest rates, contractual terms and additional costs. Additionally during mortgage sale and foreclosure, there is lack of information whether the Bank has measures such as: requiring customer consent in case of mortgage sale, only selling mortgages under conditions that are not detrimental to clients, guaranteeing that all alternative options are examined before undertaking foreclosure as a last resort, providing support to clients in finding adequate housing prior to foreclosure.



### Sales practices

The Issuer takes ethical considerations to some extent in the calculation of bonus payments (e.g. ethical sales, quality of service, customer satisfaction). Additionally, the Bank implements some measures to monitor responsible sales practices, including monitoring and assessment of complaints received.



However, there is no information on any on further monitoring measures (e.g. designation of clear responsibilities, evaluation of agents' competences and sales practices, mystery shopping and audits assessing responsible sales practices, regular screening of client risk profiles against the risk profile of the investment, and customer surveys focusing on their post-sale understanding of products and services). Neither is there information available on whether any staff training regarding responsible sales practices is provided.

### Responsible marketing



Nordea has a Responsible Marketing Policy in place ensuring that assets financed under this framework followed responsible marketing practices.<sup>27</sup> The Issuer is committed to being transparent in its marketing activities and product risk. It has guidelines in place on clear and correct pricing, and the provision of providing product information that is easily understandable, not misleading, comprehensive, and balanced.

### Exclusion criteria

The Issuer has excluded finance or refinance nuclear or fossil fuel energy operations or operations deemed to fall within the sectors weapons and defence, coal mining or tobacco under the Green Funding Framework. In 2022 Nordea updated its sector guidelines for the fossil fuel-based industries where it implemented new exclusions and established phase-out policies. The Bank implemented several exclusions such as not providing project financing dedicated to expanding exploration of new oil and gas fields. For own managed assets in NLP, Nordea has excluded investments in issuers that base any exploration and production volumes on unconventional oil and gas.<sup>28</sup>

<sup>27</sup> [The Nordea Responsible Marketing Policy Summary, March 2023](#)

<sup>28</sup> [Policies and Sector Guidelines, Nordea.](#)

## PART III: ALIGNMENT OF THE GREEN COVERED BONDS ASSET PORTFOLIOS WITH THE EU TAXONOMY CLIMATE DELEGATED ACT

The alignment of Nordea's project characteristics, due diligence processes and policies for the nominated Use of Proceeds project categories have been assessed against the relevant Climate Change Mitigation and Do Not Significant Harm Criteria (DNSH) Technical Screening Criteria, and against the Minimum Safeguards requirements of the EU Taxonomy Climate Delegated Act<sup>29</sup> (June 2023), based on information provided by Nordea. Where Nordea's project characteristics, due diligence processes and policies meet the EU Taxonomy Criteria requirements, a tick is shown in the table below.

Nordea's project selection criteria overlap with the following economic activities in the EU Taxonomy:

7.1 Construction of new buildings







7.7 Acquisition and ownership

Note: In order to avoid repetition, the evaluation of the alignment of Nordea's assets to the Do No Significant Harm Criteria to Climate Change Adaptation is provided in Section c).

Furthermore, this analysis only displays how the EU Taxonomy criteria are fulfilled/not fulfilled. For ease of reading, the original text of the EU Taxonomy criteria is not shown. Readers can recover the original criteria at the following [link](#).

<sup>29</sup> Commission Delegated Regulation (EU) 2020/852, [URL https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts\\_en](https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en)

a) 7.1 Construction of new buildings

| PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>30</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                       |
| <p>Nordea follow the first bullet point of the technical screening criteria for substantial contribution to climate change.</p> <ul style="list-style-type: none"> <li>The primary energy demand, defining the energy performance of the building resulting from the construction, is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as built Energy Performance Certificate (EPC).</li> </ul> |    |
| 2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                       |
| See c)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |
| 3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                       |
| No information available on residential households.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |
| 4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                       |
| No information available on residential households.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |
| 5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                       |
| No information available on residential households.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |
| 6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                       |
| The construction of buildings is strictly regulated by local legislation and are therefore excluded from protected and natural areas.                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |

<sup>30</sup> This column is based on input provided by the Issuer.


|                                                                                                                          |  |
|--------------------------------------------------------------------------------------------------------------------------|--|
| Both legislation and internal policies by the Issuer ensure compliance with Environmental Impact Assessment regulations. |  |
|--------------------------------------------------------------------------------------------------------------------------|--|

b) 7.7 Construction of new buildings

| PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>31</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| 1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                               |
| Nordea confirms to using both criteria in their project selection process. In the green covered bond portfolios the issuer has set up for the different countries, the issuer currently only includes apartments holding an EPC A or B. This is a conservative approach as the issuer knows that the 15% threshold is most often somewhere in the C category (dependent on housing type etc.) in each of the Nordic countries. However, data is scarce, and no national bodies have yet defined the exact kWh/m2 for where the top 15% limit goes. | ✓                                                             |
| 2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                               |
| See c)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | ✓                                                             |
| 3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                               |
| N/A: there is no EU Taxonomy criteria for the category                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                               |
| 4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                               |
| N/A: there is no EU Taxonomy criteria for the category                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                               |
| 5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                               |
| N/A: there is no EU Taxonomy criteria for the category                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                               |
| 6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                               |
| N/A: there is no EU Taxonomy criteria for the category                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                               |

<sup>31</sup> This column is based on input provided by the Issuer.

c) Generic Criteria for DNSH to Climate Change Adaptation

| PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>32</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | ALIGNMENT WITH THE EU TAXONOMY                                                      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                     |
| <p>Climate risk assessment are done on a portfolio level for selected parts of the Nordic countries in order to identify climate and physical risks. Before financing new home's for household clients or hypothetically, if offering Taxonomy aligned renovation financing for household clients, this is embedded in the credit process to acquire required documentation, building permits from the borrowers. This ensures that authorities have deemed potential new constructions acceptable from an environmental perspective, to the extent necessary. Nordea also has a real estate sector guideline in place: <a href="https://www.nordea.com/en/doc/nordea-sector-guideline-for-the-real-estate-industry.pdf">https://www.nordea.com/en/doc/nordea-sector-guideline-for-the-real-estate-industry.pdf</a></p> <p>Additionally, Nordea confirms to have assessed its exposures to climate-related physical risks in three Representative Concentration Pathway (RCP) scenarios RCP2.6, RCP4.5 and RCP8.5.</p> <p>The Green Projects do not increase the risks of adverse climate impact on other stakeholders and align with national and international adaptation efforts.</p> |  |

Minimum Safeguards

Banks do not have to enquire households on minimum safeguards when providing mortgages or other types of financing.<sup>33</sup>

<sup>32</sup> Ibid.

<sup>33</sup> [Platform on Sustainable Finance Final Report on Minimum Safeguards](#)

## PART IV: CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH NORDEA’S SUSTAINABILITY STRATEGY

*Key sustainability objectives and priorities defined by the Issuer*

| TOPIC                              | ISSUER APPROACH                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strategic ESG Topics</b>        | The Issuer focuses on four pillars: 1) financial strength, 2) climate action, 3) social responsibility, and 4) governance and culture.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>ESG Goals/ Targets</b>          | To achieve its strategic ESG topics, the Issuer has set medium- and long-term objectives and 2023-2025 targets. Nordea aims to become net-zero by 2050 by reducing the carbon emissions from its lending and investment portfolio by 40-50% by 2030, from its internal operations, and offset remaining emissions. The targets are monitored on a quarterly basis and reported to the Group Leadership Team and the Board Operations and Sustainability Committee. Nonetheless, these targets are not verified by the Science Based Targets Initiative (SBTi). Regarding social responsibility, Nordea has for objective that each gender has at least 40% representation at the top three leadership levels combined by the end of 2025. Finally, for governance and culture, Nordea’s goal is that 100% of new suppliers screening for sustainability issues |
| <b>Action plan</b>                 | To reach its net-zero target, the Issuer has put in place some internal measures to reduce the emissions coming from its own operations. Nordea has introduced a Car Policy which restrict its employees to only drive company electric and plug-in hybrid cars, a Travel Guide to reduce business travel, a Paperless Banking program to reduce its paper consumption. Nordea also aims to reduce the energy consumption from its offices by implementing some energy efficiency measures.                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Climate Transition Strategy</b> | The Bank has published on its website in December 2023, a report which provides an overview of Nordea Group’s climate targets and actions with respect to its lending portfolio. <sup>34</sup> Nordea’s targets are set using benchmark scenarios from the Intergovernmental Panel on Climate Change (IPCC) Special Report on global warming 1.5°C and the Emission Gap Report by the United National                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

<sup>34</sup> Nordea’s Climate targets and actions for the lending portfolio, December 2023, <https://www.nordea.com/en/doc/climate-targets-and-actions-for-the-lending-portfolio.pdf>

|                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                              | Environment Programs (UNEP). The Issuer has set science-based targets across seven different sectors from its lending portfolio (residential real estate, shipping, agriculture, Power production, Oil & Gas, Offshore, and Mining).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Top three areas of breaches of international norms and ESG controversies in the industry<sup>35</sup></b> | Financial market irregularities, Accounting/ disclosure standards and Business ties with human rights offenders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Breaches of international norms and ESG controversies by the Issuer</b>                                   | At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Sustainability Reporting</b>                                                                              | The Issuer reports on its ESG performance and initiatives on a yearly basis. The report is prepared according to the Global Reporting Initiatives (GRI) guidelines, the Responsible Banking Reporting and the TCFD.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Industry associations, Collective commitments</b>                                                         | The Issuer is signatory to multiple industry alliance/collective commitment: UN Environment Program Finance Initiative (signed 2001), UN Global Compact (signed 2002), UN Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, ILO conventions, OECD Guidelines for Multinational Enterprises, Equator Principles (signed 2007), Paris Pledge for Action in support of COP 21 (signed 2015), UN Convention against Corruption, Rio Declaration on Environment and Development, UN Principles for Responsible Investments (signed 2007), Responsible Ship Recycling Standards (RSRS), Montreal Carbon Pledge (signed 2014), Investor Alliance for Human Rights (signed 2016), Collective Commitment to Climate Action (signed 2019), Principles for Responsible Banking (PRB) (signed 2019), The Partnership for Carbon Accounting Financials (PCAF) (signed 2020), Net-Zero Banking Alliance (NZBA) (signed 2021), Finance for Biodiversity Pledge (signed 2021), and The Poseidon Principles. |
| <b>Previous sustainable/sustainability-</b>                                                                  | Nordea has published since 2020, three green finance frameworks on its website. Nordea’s green bond asset                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

<sup>35</sup> 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

**linked issuances or transactions and publication of sustainable financing framework**

portfolio amounted to EUR 807m in 2017 to EUR 3.76bn in late 2021 and 5.43bn as of 2022.<sup>36</sup> In 2021, Nordea has introduced green covered bonds from all its mortgage credit institutions. The activities that are financed are: green buildings, renewable energy projects, pollution prevention & control, clean transportation, energy efficiency, sustainable management of living natural resources. Nordea has calculated that as a result of financing these activities, 840 712 tCO<sub>2</sub> has been avoided.

Nordea regularly monitors its green funding framework; green bond asset portfolio and sustainability performance and verifies the sustainability quality of it by involving external party's opinion (ISS ESG).

*Rationale for issuance*

The categories Nordea has chosen as eligible for use of proceeds from its Green Bonds are presented in section 2 of the Green Funding Framework. The categories have been chosen based on Nordea's overall goal objective to reduce the carbon emissions from its lending and investment portfolio by 40-50% by 2030.

It is in these categories that Nordea sees it has the greatest potential to make an impact by generating environmental benefits through their financing efforts. The alignment is further enhanced through their materiality analysis, where climate action was defined as Nordea's top priority for their strategic direction and sustainability focus. The Green Funding Framework is intended to accommodate transactions in any format (for example covered, unsecured, subordinated debt), size (for example benchmark, public transactions, private placement) and currencies. Where the Green Bond process for Green Covered Bond issuances diverges from Nordea's regular Green Bond process, it is described in the applicable section of the framework.

**Opinion:** *The key sustainability objectives and the rationale for issuing Green Bonds are clearly described by the Issuer. The majority of the project categories financed are in line with the sustainability objectives of the Issuer.*

<sup>36</sup> Nordea's sustainable funding report 2022, <https://www.nordea.com/en/doc/nordea-sustainable-funding-report-2022-0.pdf>



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1. Validity of the Second Party Opinion ("SPO"): This SPO is valid for Nordea's outstanding Green Bond and Green Covered Bond issuances and as long as the asset portfolio does not change, until the first to occur of (a) the release of the next annual verification of these issuances (expected in 2024) or (b) December 31, 2024.
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## ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labelled transactions against international standards using ISS-Corporate proprietary methodology. For more information, please visit: <https://www.issgovernance.com/file/publications/SPO-Use-of-Proceeds-Bonds-and-Loans.pdf>

### EU Taxonomy

The assessment evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the Green Funding Framework meet the criteria listed in relevant Activities in the EU Taxonomy Climate Delegated Act (June 2023).

The evaluation shows if Nordea's project categories are indicatively in line with the entirety (or some of) the requirements listed in the EU Taxonomy Technical Annex.

The evaluation was carried out using information and documents provided on a confidential basis by Nordea (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the Issuer.

## ANNEX 2: 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 3: QUALITY MANAGEMENT PROCESSES

### SCOPE

Nordea commissioned ISS-Corporate to compile a Green Bonds, Green Covered Bonds and Green Deposits SPO. The Second Party Opinion process includes verifying whether the Green Funding Framework aligns with the ICMA Green Bond Principles and EU Taxonomy Delegated Act (June 2023) and to assess the sustainability credentials of its Green Bonds, Green Covered Bonds and Green Deposits, as well as the Issuer's sustainability strategy.

### CRITERIA

Relevant Standards for this Second Party Opinion:

- ICMA Green Bond Principles
- EU Taxonomy Delegated Act

### ISSUER'S RESPONSIBILITY

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

- Framework
- Asset 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 Second Party Opinion of the Green Bonds, Green Covered Bonds and Green Deposits to be issued by Nordea Bank has been conducted based on a proprietary methodology and in line with the ICMA Green Bond Principles and EU Taxonomy Delegated Act (June 2023).

The engagement with Nordea Bank took place from November 2023 to January 2024.

### ISS-CORPORATE'S BUSINESS PRACTICES

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 Solutions (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 Green / Social Bond Principles), analyse 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 / loan from a sustainability perspective.

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

For more information on SPO services, please contact: [SPOsales@iss-corporate.com](mailto:SPOsales@iss-corporate.com)

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