

**Nordea**

# **Nordea green funding framework**

**March 2025**



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# 1 Introduction

## 1.1 Supporting the sustainability transition

Nordea Bank Abp is the largest financial services group in the Nordics and one of the biggest banks in Europe.

Being a sustainable bank is part of our business strategy. At the global level, the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement set the general sustainability agenda as well as the more specific climate agenda. Nordea have a key role to play in reaching society's goals through redirecting investments and financing towards more sustainable technologies and business, and contributing to the creation of a low-carbon, climate resilient and circular economy.

Our work rests on four strategic pillars: financial strength, climate and environmental action, social responsibility, and governance and culture. We aim to create a significant impact in all four areas by reducing the negative impact and increasing the positive impact of our business activities and internal operations.

To achieve this, we have fully integrated sustainability into our business strategy. Our focus will be on the sustainability topics in which we can have a significant impact – and setting targets and objectives in line with that.





## 1.2 Sustainability targets and commitments

Nordea has set a clear direction to become a net-zero emissions bank by 2050 at the latest. To achieve this objective, Nordea is committed to a just transition towards a low-carbon economy across the value chain. Nordea contributes to the transition through its investment and lending decisions, its engagement with customers and portfolio companies in reducing their climate impact, and its actions to reduce emissions from internal operations.

### Nordea's climate objective and targets<sup>1</sup>

Become a <b>net-zero</b> emissions bank by 2050 at the latest	
2024–2025 targets	Status
Bank: Ensure that 90% of the exposures to large corporate customers in climate-vulnerable sectors is covered by transition plans by the end of 2025	86%
Nordea Life & Pension: Reduce the carbon footprint (intensity) from NLP's listed equity, corporate bond and directly held real estate portfolios by 25% by the end of 2024 compared with 2019	43%
Nordea Life & Pension: By the end of 2024, ensure that all asset managers managing assets on behalf of Nordea Life & Pension commit to transitioning their assets under management to net zero by 2050	61% <sup>2</sup>
Nordea Asset Management: Double the share of net-zero-committed AuM by the end of 2025 compared with 2021	On track
Nordea Asset Management: Ensure 80% of the top 200 emission contributors in Nordea Asset Management's portfolios are either aligned with the Paris Agreement or are subject to active engagement to become aligned by the end of 2025	81%
Operations and supply chain: Reduce the carbon emissions from internal operations by 40% by the end of 2025 compared with 2019	53%
Operations and supply chain: Suppliers covering 80% of spend are either aligned with the Paris Agreement or else subject to active engagement to become aligned by the end of 2025	76%
2030 targets	Status
Bank: Reduce financed emissions in the lending portfolio by 40–50% by the end of 2030 compared with 2019	36%
Nordea Life & Pension: Reduce the carbon footprint (intensity) of listed equities, corporate bonds and directly held real estate portfolios by 40–50% by the end of 2029 compared with 2019	New target
Nordea Life & Pension: Engage annually with the top 30 emitters on net zero alignment during the period 2025–2029	New target
Nordea Life & Pension: Increase the share of AuM supporting nature and the climate transition by 20% by the end of 2029, compared with 2023	New target
Nordea Asset Management: Reduce the weighted average carbon intensity (WACI) of listed equities and corporate bonds by 50% before the end of 2030 compared with 2019	44%
Operations and supply chain: Reduce the carbon emissions from our internal operations by more than 50% by the end of 2030 compared with 2019 and achieve a net positive carbon contribution (through offsetting)	53%

<sup>1</sup> Details on the explanation and scope of the targets can be found in "Targets related to climate change mitigation and adaptation" on pages 149–155.  
<sup>2</sup> Representing 99,6% of in-scope AuM.

Nordea have also set sector targets that cover a majority of our financed emissions in the lending portfolio. These targets were set using scenarios and modelled pathways that align with the long-term trajectory to limit global warming according to the Paris Agreement.

For full list of sector targets and latest updates, please see [nordea.com/en/sustainability/our-sustainability-targets#sector-targets](https://nordea.com/en/sustainability/our-sustainability-targets#sector-targets)

In 2020, Nordea Life & Pension (NLP) joined the Net-Zero Asset Owner Alliance and Nordea Asset Management (NAM) joined the Net-Zero Asset Managers Initiative. In 2021, Nordea became a member of the Net Zero Banking Alliance.

As an emerging theme, Nordea also work with biodiversity in multiple ways across the business, for example in investee company engagements and stakeholder dialogues. Nordea has been part of the working group for United Nations Environment Programme Finance Initiative (UNEP FI) first industry guidance on biodiversity to help the signatory banks to align their portfolios with the Global Biodiversity Framework (GBF). In November 2023, Nordea published a thematic guideline on biodiversity which defines our position and describes our current work and commitments.

### **1.3 Managing ESG risks**

At Nordea, we have a long-term perspective and believe that companies with sustainable business models carry lower financial and reputational risk. As ESG factors can have both a negative and a positive impact on Nordea, our customers and business environment, they can be used to identify sustainability risk as well as product offering and investment opportunities. Therefore, Nordea integrate ESG factors into risk management processes and develop and offer financial products supporting sustainable practices.

Nordea have ESG credit risk definitions in place which form the basis for identifying ESG risks in the credit process. The ambition is to screen corporate customers for whom individual ESG risks could materially impact their credit risk. This will be accomplished by a semi-automated tool supplemented by human oversight, to flag customers that require enhanced ESG assessments by dedicated ESG analysts with focus on identifying and assessing their vulnerability and resilience towards material ESG issues. To support these analyses, external databases are used to assess performance on specific ESG-related risks and to assess if the company has been, or is, involved in ESG-related controversies.

For further details, see our Sustainability Notes S2 and Capital and Risk Management report available at [Nordea.com](https://www.nordea.com)

### **1.4 Nordea green funding framework**

Supporting our customers' sustainable transition is central to our strategy. We engage with our customers to understand their challenges and opportunities and provide the right sustainable financing solutions and advice. Our sustainable finance franchise allows us to offer capital markets financing such as green, social, sustainable and sustainability-linked bonds and loans. These offerings allow us to connect our financing to our customers' ESG objectives and align with relevant sustainable financing criteria. We believe that sustainable bond financing creates transparency regarding the funds allocated to climate change mitigation and other environmentally beneficial uses.

The categories deemed eligible for the use of proceeds from our green bonds are presented in section 2 of this green funding framework. We select them based on our overall goal to enable the transition to a sustainable society in general and combat climate change in particular. These are the

categories in which we think our financing efforts have the greatest potential to generate environmental benefits.

This framework applies to transactions in any format (including covered, unsecured, subordinated and structured debt, and deposits<sup>1</sup>), size (including benchmark transactions, public transactions and private placements) and currency. Further details will be provided in the applicable announcements and transaction documentation. The process for green covered bonds diverges slightly from our regular green bond process. This is described in the applicable section of the framework.

In this framework's 2025 update, we have strengthened our inclusion of biodiversity and nature by adding biodiversity and sustainable land and sea use to the framework's sustainable management of living natural resources category. We have for instance included terrestrial and aquatic biodiversity conservation to create biodiversity credits, restoration of degraded and damaged ecosystems and habitats as well as preservation and restoration of biodiversity and natural ecosystems. In other green asset categories, we have added wave and tidal power and bioenergy to the renewable energy category and removed waste to energy from our pollution prevention and control category. We also made a minor adjustment to hydrogen production, limiting the use of proceeds to green hydrogen. All updates are available in section 2 of this framework.

This framework establishes how we identify, select, verify and report the sustainable financing directly or indirectly financed by the proceeds of our green funding. It also establishes how we manage such proceeds.

The framework is based on the Green Bond Principles (GBP) published by the International Capital Markets Association. We review it annually and, where necessary, update and expand it as the GBP and market practices evolve. Should we make any criteria stricter in an update, we do not remove assets from the green bond asset portfolio but include them until maturity of the loan. Updated criteria apply for new inclusions from publication of the updated framework. We are committed to supporting the growth and integrity of the market for sustainable financing.

In case of a European Green Bond (a "European Green Bond" or, an "EUGB"), Nordea will comply at least with the minimum requirements of the EUGB Regulation. We will provide pre- and post-issuance disclosures and will request an external review of both disclosures from an external reviewer, as laid down in the Annex 1 of the European Green Bond Standard Regulation. Relevant issuance documentation will also be completed. For more information on our sustainability work, please see our latest Annual Report and particularly the Sustainability Statement.

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<sup>1</sup> The deposits included under the framework correspond to fixed-term deposits, which intends to finance an equivalent amount of our green bond asset portfolio.

## 2 Use of proceeds

An amount equal to the net proceeds of Nordea-issued green bonds or similar instruments is intended to be used, directly or indirectly, to finance or refinance green bond assets evaluated and selected pursuant to this framework.<sup>2</sup> The green bond assets comprise financing within the green bond asset categories originated by various Nordea business units, in the Nordic countries.

We will not use the net proceeds of any Nordea-issued green bond or similar instrument to finance or refinance nuclear or fossil fuel energy operations or operations that we deem to fall within the sectors weapons and defence, coal mining or tobacco. Nordea's green funding instruments respect the EU Paris Aligned Benchmark (EU PAB) exclusions<sup>3</sup>.

It should be noted that green bonds, like all other notes we issue, must adhere to the eligibility criteria of the Capital Requirements Regulation and the requirements for own funds and eligible liabilities specified in the Bank Recovery and Resolution Directive. As such, any net proceeds of green bonds qualifying as own funds or eligible liabilities will be fully available to cover losses arising on the balance sheet of the issuer, regardless of their "green" or similar label.

The net proceeds of the green covered bonds issued by Nordea's mortgage credit institutions that are wholly owned subsidiaries – Nordea Kredit Realkreditaktieselskab, Nordea Mortgage Bank Plc, Nordea Eiendomskreditt AS and Nordea Hypotek AB (publ) (the "Nordea MCIs") – are intended to be used, directly or indirectly, to finance or refinance assets that

- are eligible for being included in the general cover pool of the respective Nordea MCI
- satisfy certain eligibility requirements that promote climate-friendly and other environmental purposes.

We evaluate and select these assets pursuant to this framework, where they are referred to as green covered bond assets.

### 2.1 Green bond asset categories and green bond asset portfolio

The green bond asset categories listed in the table below are those we have identified as relevant to increase positive impact or reduce negative impact on the environment.



We have opted for asset-level verification, which means that any new addition to the green bond asset portfolio must be verified by our external second party opinion provider. We aim to acquire a second party opinion on both the portfolio and updates made to this framework on an regular basis.

The framework's criteria for green bond asset categories are aligned with the EU Taxonomy's "Substantial contribution to climate change mitigation" criteria for corresponding economic activities for all categories, except Pollution Prevention and Control and Sustainable Management of Living Natural Resources and Land Use where the criteria aligns with ICMA Green Bond Principles.

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<sup>2</sup> The final terms of a green bond issue will specify how the proceeds of that issue are to be used.

<sup>3</sup> In May 2024, the ESMA released guidelines on fund names, outlining specific requirements for using ESG or sustainability-related terms in funds' names. In December 2024, the ESMA has provided further clarification on the application of the guidelines for use of proceeds instruments. These guidelines apply to investors who may invest in Nordea's green funding instruments offering.

Renewable Energy	Project types
<p><b>UN SDG</b></p> <div>   </div> <p><b>EU Taxonomy Activity</b></p> <p>3.1 Manufacture of renewable energy technologies</p> <p>3.10 Manufacture of hydrogen</p> <p>3.11 Manufacture of equipment for the production of hydrogen</p> <p>Electricity generation:</p> <p>4.1 using solar photovoltaic technology</p> <p>4.3 from wind power</p> <p>4.4 from ocean energy technologies</p> <p>4.5 from hydropower</p> <p>4.9 Transmission and distribution of electricity</p> <p>4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids</p> <p>4.14 Transmission and distribution networks for renewable and low-carbon gases</p> <p>4.20 Cogeneration of heat/cool and power from bioenergy</p> <p>4.24 Production of heat/cool from bioenergy</p>	<p>The generation and transmission of energy from renewable sources and the manufacturing of related equipment for</p> <p><b>Renewable energy</b></p> <ul style="list-style-type: none"> <li>▪ Solar power</li> <li>▪ Wind power</li> <li>▪ Wave and tidal power</li> <li>▪ Hydropower<sup>4</sup></li> <li>▪ Bioenergy (heat and heat &amp; power (co)generation, production of biogas and biofuels)<sup>5</sup></li> </ul> <p><b>Electricity transmission and distribution</b></p> <ul style="list-style-type: none"> <li>▪ Transmission of electricity produced by renewable sources from the production site to the system grid</li> <li>▪ System grids interconnected with the European system</li> <li>▪ Automation and intelligence in the power transmission and distribution systems</li> </ul> <p><b>Hydrogen production</b></p> <ul style="list-style-type: none"> <li>▪ Production of green hydrogen and hydrogen-based renewable fuels of non-biological origin (RFNBOs)<sup>6</sup></li> <li>▪ Construction or operation of new transmission and distribution networks dedicated to hydrogen and conversion/repurposing of existing natural gas networks to 100 % hydrogen</li> <li>▪ Manufacturing of equipment for green hydrogen production<sup>7</sup></li> </ul>




<sup>4</sup> Hydropower must be generated in the Nordic countries by small-scale plants, run-of-river plants, or refurbished larger hydropower plants (<1000MW) where, if financing a refurbishment, the refurbishment does not entail any increase in the size of the impoundment facility

<sup>5</sup> Based on feedstock as defined in Annex IX of the EU Renewable Energy Directive (EU) 2018/2001, but excluding (a) cultivated algae, (b) mixed municipal waste, (i) crude glycerine and (q) other ligno-cellulosic material except saw logs and veneer logs (Part A). Food-and feed crops are not used for the manufacture of biofuels. In the Nordics, feedstocks for biogas production typically include sewage, separately collected bio-waste and animal manure and for heat and power co-generation wood biomass wastes and residues from forestry and forest-based industries. Supply chain sustainability is verified through certification systems such as the International Sustainability & Carbon Certification (ISCC), Sustainable Biomass Program (SBP), Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) on a best effort basis.




<sup>6</sup> As defined in the Delegated Regulation (EU) 2023/1184 supplementing Directive (EU) 2018/2001. Hydrogen production based on fossil fuels utilising carbon capture and storage (CCS) is not eligible.




<sup>7</sup> Only manufacturing of equipment for the production of green hydrogen such as electrolyzers is eligible.




Green Buildings	Project types
<p><b>UN SDGs</b></p> <div data-bbox="201 293 520 394">    </div> <p><b>EU Taxonomy Activity</b>  7.1 Construction of new buildings  7.2 Renovation of existing buildings  7.7 Acquisition and ownership of buildings</p>	<p><b>New buildings</b>  Residential or commercial real estate that meets criteria 1 or 2 and if larger than 5000m<sup>2</sup> also criteria 3, subject to data availability:</p> <ol style="list-style-type: none"> <li>1. 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. The energy performance is certified using an as-built Energy Performance Certificate (EPC)</li> <li>2. Commercial or residential buildings with at least one of the following certifications: <ul style="list-style-type: none"> <li>○ the LEED "Gold" certification</li> <li>○ the BREEAM "Excellent" certification</li> <li>○ the Miljöbyggnad "Silver" certification (Sweden)</li> <li>○ the Nordic Swan Ecolabel</li> <li>○ the DGNB "Gold" certification</li> <li>○ the RTS "3 stars" certification</li> </ul> </li> <li>3. Buildings larger than 5000m<sup>2</sup> must have a demonstrated life-cycle Global Warming Potential and upon completion the buildings undergo testing for airtightness and thermal control</li> </ol> <p><b>Existing buildings</b>  Ownership or acquisition of buildings, either residential or commercial real estate built before 2021, that meet either criteria 1 or 2 and if output over 290kW also criteria 3, subject to data availability:</p> <ol style="list-style-type: none"> <li>1. An Energy Performance Certificate (EPC) class A or 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</li> <li>2. Meet the criteria specified under "New buildings" above</li> <li>3. A large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290kW) efficiently operated through energy performance monitoring and assessment</li> </ol> <p><b>Renovations</b></p> <ul style="list-style-type: none"> <li>■ The building renovation complies with the applicable requirements for major renovations<sup>8</sup></li> <li>■ The building renovation leads to a reduction of primary energy demand (PED) of at least 30 %</li> </ul>



<sup>8</sup> As set in the applicable national and regional building regulations for 'major renovation' implementing Directive 2010/31/EU. The energy performance of the building or the renovated part upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.

Energy Efficiency	Project types
<p><b>UN SDGs</b></p>    <p><b>EU Taxonomy Activity</b>  3.4 Manufacture of batteries  4.10 Storage of electricity  4.11 Storage of thermal energy  4.12 Storage of hydrogen  4.15 District heating/cooling distribution  4.16 Installation and operation of electric heat pumps  4.25 Production of heat/cool using waste heat</p>	<p>Infrastructure, equipment, technology and processes improving energy efficiency, including</p> <p><b>Heat pumps and energy storage</b></p> <ul style="list-style-type: none"> <li>Heat pumps and utilisation of waste heat for heat generation</li> <li>Energy storage (including batteries, hydrogen storage, thermal energy storage, and pumped hydro)</li> </ul> <p><b>District heating/cooling</b></p> <ul style="list-style-type: none"> <li>District heating and cooling networks, where the system is using at least 50% renewable energy, 50% waste heat, 75% cogenerated heat or 50% of a combination of such energy and heat</li> </ul>

Clean Transportation	Project types
<p><b>UN SDGs</b></p>    <p><b>EU Taxonomy Activity</b>  3.3 Manufacture of low carbon technologies for transport  6.1, 6.2 Passenger interurban and freight rail transport  6.3 Urban and suburban transport, road passenger transport  6.5 Transport by motorbikes, passenger cars and light commercial vehicles  6.6 Freight transport services by road  6.7, 6.8 Inland passenger and freight water transport  6.10, 6.11 Sea and coastal freight and passenger water transport  6.14 Infrastructure for rail transport  6.15, 6.16 Infrastructure enabling low-carbon road and water transport and public transport</p>	<p>Projects or activities and related equipment, technology and processes for constructing, manufacturing, maintaining and improving clean transport infrastructure</p> <p><b>Passenger and public transport</b></p> <ul style="list-style-type: none"> <li>Passenger or commercial electric vehicles or mopeds and motorbikes with zero tailpipe emissions (electric or hydrogen fuel cell)</li> <li>Public passenger transport for example buses, train and ferries) with zero tailpipe emissions (electric or hydrogen fuel cell)</li> </ul> <p><b>Freight transport<sup>9</sup></b></p> <ul style="list-style-type: none"> <li>Rail, road or water transport vehicles with zero direct (tailpipe) carbon emissions</li> </ul> <p><b>Transport infrastructure</b></p> <ul style="list-style-type: none"> <li>Infrastructure for zero direct (tailpipe) CO2 emissions vehicles, for example train, metro and tram networks</li> <li>Electric charging and hydrogen fuelling stations</li> </ul>

<sup>9</sup> Freight transport vehicles dedicated to the transport of fossil fuels are not eligible.

Pollution Prevention and Control	Project types
<b>UN SDGs</b>      	<p>Projects or activities and any related infrastructure, equipment, technology and processes for</p> <p><b>Sustainable water and wastewater management</b></p> <ul style="list-style-type: none"> <li>Water treatment facilities including water saving systems, water metering</li> <li>Wastewater treatment facilities including activities and technologies to improve effluent water quality and discharge infrastructure</li> <li>Water and/or wastewater network including pipelines, pumping stations and control devices</li> <li>Upgrades to any of the above</li> </ul> <p><b>Sustainable waste management</b></p> <ul style="list-style-type: none"> <li>Waste management, including waste prevention, reduction, collection, material treatment, recycling and processing (excluding hazardous waste)</li> </ul>

Sustainable Management of Living Natural Resources and Land Use	Project types
<b>UN SDGs</b>   	<p>Projects or activities related to sustainable forestry, agriculture or aquaculture in the Nordic countries. These include the acquisition, maintenance and management of</p> <p><b>Sustainable forestry, agriculture or aquaculture</b></p> <ul style="list-style-type: none"> <li>Forests certified by the Forest Stewardship Council (the FSC) or the Programme for the Endorsement of Forest Certification (the PEFC)</li> <li>Sustainable agriculture in the Nordic countries comprising organic farming certified as compliant with EU and national regulation and third-party certified conventional farming with a focused action programme for biodiversity, e.g. IP Sigill</li> <li>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<sup>10</sup></li> </ul> <p><b>Biodiversity and sustainable land and sea use<sup>11</sup></b></p> <ul style="list-style-type: none"> <li>Terrestrial and aquatic biodiversity conservation to create biodiversity credits including forest conservation and mangrove restoration</li> <li>Restoration of degraded and damaged ecosystems and habitats including forests and woodlands, reforestation with native or naturalised species, restoration of disused</li> </ul>

<sup>10</sup> Criteria related to the sourcing of feed: soy must be sustainable and deforestation free as evidenced by a ProTerra or equivalent certification. Marine-based feed ingredients must comply with the standards of the Marine Stewardship Council, the MarineTrust Standard or equivalent certifications.

<sup>11</sup> The projects are not used to remedy any ecological disaster directly caused by Nordeas lending counterparty

	<p>production areas and retrofitting infrastructure such as green roofs, green walls and wildlife passage</p> <ul style="list-style-type: none"> <li>▪ Protection and preservation of biodiversity and natural ecosystems including R&amp;D and technology dedicated to monitor, report and verify biodiversity impacts such as drones, satellite monitoring, platforms for nature based solutions</li> <li>▪ Remedying terrestrial and aquatic biodiversity loss drivers such as invasive alien species including water and wastewater treatment<sup>12</sup>, noise pollution in shipping<sup>13</sup> and land use change such as integrated pest management<sup>14</sup></li> </ul>
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## 2.2 Green covered bond asset categories and green covered bond asset portfolio

The green covered bond asset categories listed in the table below are those we have identified as relevant to increase the positive impact or reduce the negative impact of residential buildings on the environment, while encouraging energy efficiency in buildings and reducing household energy consumption. Although this framework is based on the GBP, the project types and their criteria refer to the technical screening criteria defined by the EU Taxonomy delegated acts and associated annexes (for climate change mitigation). For clarity, the volume of green covered bond assets differ from the household lending volumes presented in Nordea's Capital and Risk Management Report, due to some methodological variations.

Assets that we deem to meet the criteria stated below and to be eligible for inclusion in cover pools will be recorded as assets that qualify for financing or refinancing, whether directly or indirectly, with the net proceeds of green covered bond issues. These assets (referred to as green covered bond assets) are subsequently included in the general cover pool of the respective Nordea MCI. No separate cover pools comprising green covered bond assets only will be created. However, all Nordea issuing entities use this framework, including the process descriptions, green asset categories and associated criteria. We aim to optimise portfolio selection locally in the four different covered bond pools. Local variations in identifying eligible green assets exist.

Green covered bonds can also rely on the definitions for green bond asset categories set out in section 2.1 of this framework. However, for green buildings and building-related energy efficiency measures, the green covered bond asset categories are as stated below.

GBP category	Project types
Green residential buildings	<p>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).</p> <p>Acquisition and ownership of buildings which</p> <ul style="list-style-type: none"> <li>▪ If built before 31 December 2020, have at least a class A EPC or are adequately demonstrated to be within the top 15% of the relevant</li> </ul>

<sup>12</sup> For example ballast water treatment, membrane bioreactor water treatment or bilge water treatment

<sup>13</sup> For example technology on ships to reduce noise pollution and dynamic route planning systems

<sup>14</sup> Reduction in pesticide use by at least 20% on project implementation and promotion of biosolutions

	<p>type of national or regional building stock in operational primary energy demand (PED) terms</p> <ul style="list-style-type: none"> <li>▪ If built after 31 December 2020, meet the criteria specified under "Construction of new buildings" above</li> </ul>
Energy efficiency	<p>Renovation of existing buildings where</p> <ul style="list-style-type: none"> <li>▪ The renovation meets the applicable requirements for major renovations, or</li> <li>▪ The renovation leads to a PED reduction of at least 30%</li> </ul> <p>Investments, installations and repairs of equipment resulting in improved energy efficiency. These include investments in</p> <ul style="list-style-type: none"> <li>▪ Renewable energy sources</li> <li>▪ Energy efficiency improvements</li> <li>▪ Overall quality improvement <ul style="list-style-type: none"> <li>- Such investments may encompass geothermal heating, water meters, windows, doors, light sources, etc.</li> </ul> </li> </ul>

## 2.3 Nordea green bond asset categories and EU Taxonomy alignment

The EU Taxonomy requires companies subject to a sustainability reporting obligation under the Accounting Directive (Directive 2013/34/EU) to disclose information about their exposure to Taxonomy-eligible and Taxonomy-aligned economic activities in accordance with the provisions of the Disclosures Delegated Act (Commission Delegated Regulation (EU) 2021/2178).

We perform an assessment of the green bond asset categories in our Green funding framework (GFF) on an annual basis, comparing the framework's criteria for green bond asset categories with the EU Taxonomy's "Substantial contribution to climate change mitigation" criteria for corresponding economic activities. We did not assess the "Do no significant harm" aspects and "Minimum Safeguards".

The assessment was made according to the scale below:

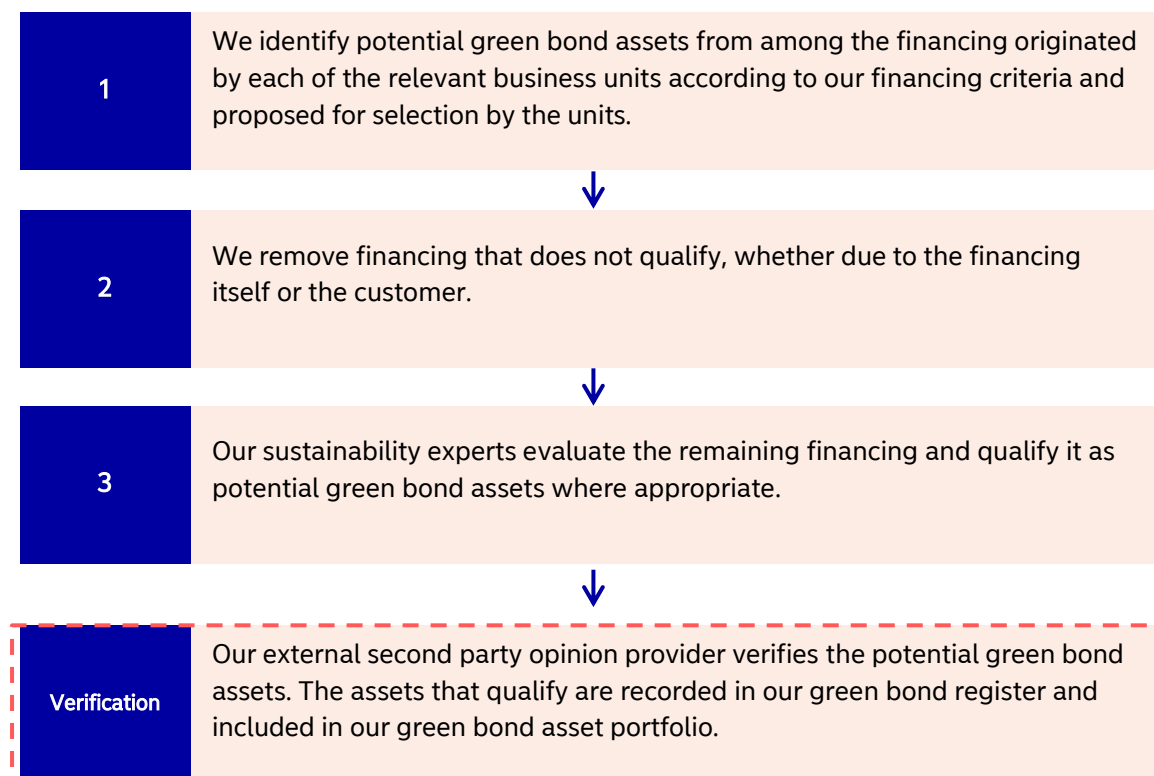
<b>Aligned</b>	<b>All or most of the criteria included in the substantial contribution criteria</b>
<b>Partially aligned</b>	<b>Some of the criteria included in the substantial contribution criteria</b>
<b>Not aligned</b>	<b>Criteria not included in the substantial contribution criteria</b>



GB asset category	Alignment	Comments
Renewable energy	Aligned	Solar, wind, hydrogen production, electric grids and renewable energy-related activities align with the Taxonomy substantial contribution criteria for climate change mitigation. For hydropower, we lack the specific emissions threshold described in the Taxonomy.
Energy efficiency	Aligned	District heating and cooling, heat pumps, utilisation of waste heat for heat generation and energy storage related activities align with the Taxonomy TSC.
Green buildings	Partially	The eligibility of existing buildings is based on the Taxonomy substantial contribution criteria for climate change mitigation. Some of the certificates that we consider eligible include sufficient energy performance requirements, but an asset-level assessment is needed to determine the exact level of alignment with the Taxonomy TSC.
Pollution prevention and control	Partially	The Use of Proceeds types in our Pollution prevention and control category does not specifically reference Taxonomy criteria, however they correspond to some Taxonomy activities.
Clean transportation	Aligned	We only see electric or hydrogen cell based means of transportation as eligible for green bond financing, which is stricter than the Taxonomy substantial contribution criteria.
Sustainable management of living natural resources	Partially	For sustainable forestry, we have Programme for the Endorsement of Forest Certification and Forest Stewardship Council certification that cover the sustainable forest management practices described in the Taxonomy TSC. Carbon sinks are excluded from our criteria. For sustainable farming activities, we use a different set of criteria than the Taxonomy. Sustainable aquaculture is not included in the Taxonomy.
Green residential buildings	Aligned	This green covered bond asset category is based on the Taxonomy substantial contribution criteria for climate change mitigation. As per the Second Party Opinion obtained from ISS Corporate in 2024, full alignment with the criteria is reached.
Energy efficiency	Aligned	This green covered bond asset category is based on the Taxonomy substantial contribution criteria for climate change mitigation. As per the Second Party Opinion obtained from ISS Corporate in 2024, full alignment with the criteria is reached.

### 3 Selection and evaluation of green bond assets

We use the following process to determine which financing within the green bond asset categories qualifies for inclusion in our green bond asset portfolio.



Our Sustainable Funding Committee (SFC) subsequently confirms the assessments made by our staff in relation to the green bond asset categories.

The SFC is the governance and executive committee for discussions and decisions regarding our Green funding framework and green bond asset portfolio. It is a subcommittee of the Asset & Liability Committee (ALCO) and was established and endorsed by the Head of Group Treasury. Its members review the Committee's membership composition on an annual basis.

The SFC is responsible for our green bond process and for ensuring that the relevant units adhere to it. It is also responsible for ensuring that our Green funding framework is up to date and complete which also includes monitoring market practices and regulatory developments related to green bonds (such as the EU Taxonomy and its Delegated Acts and the EU Green Bond Standard)". The SFC decides on how assets in the green bond asset portfolio are used and proposes to the ALCO the principles for allocating the green bond asset portfolio between different units in the bank. It also manages the practical allocation of the portfolio to relevant business projects related to wholesale funding and deposits.

The SFC reviews the green bond asset portfolio on a semi-annual basis. The proceeds of green bond issues or deposits are allocated to green bond assets at the portfolio level. They are thus allocated to all assets in the green bond asset portfolio in equal shares.

The SFC has representatives from the following:

- Relevant Treasury functions [Group Treasury including Long Term Funding]
- Relevant unit within Group Sustainability
- Relevant business unit in Large Corporates & Institutions
- Relevant business unit in Business Banking
- Relevant unit in Group Risk
- Relevant unit in Group Legal
- Relevant unit in the Investor Relations function
- Relevant unit in Group Compliance

### 3.1 Selection and evaluation of green assets for green covered bonds

The Nordea MCIs (excl. Nordea Kredit) use the following process to determine which financing within the green covered bond asset categories qualifies for inclusion in our green covered bond asset portfolios.



The Green Covered Bond Committee is a subcommittee of the SFC. It meets to review potential green assets on a quarterly basis.

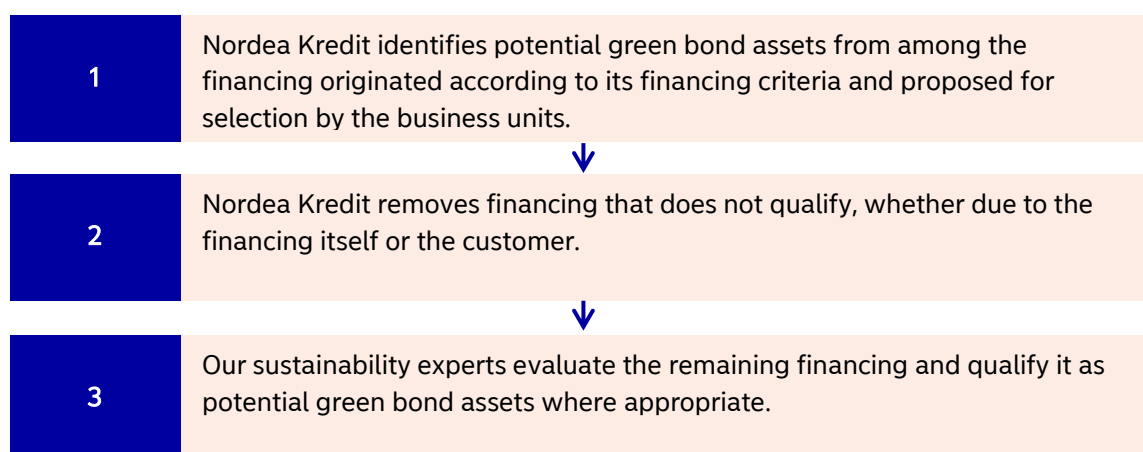
The proceeds of green covered bond issues are allocated to green covered bond assets at the portfolio level. They are thus intended to be allocated, directly or indirectly, to all assets in the green covered bond asset portfolio in equal shares.

The Green Covered Bond Committee has representatives from the following:

- the Nordea MCIs
- Group Treasury
- Group Sustainability
- relevant units within the business risk organisation
- relevant units within the legal functions.

As Nordea Kredit complies with the match funding principle in Denmark, its selection and evaluation process and management of proceeds are handled slightly differently. Assets for Nordea Kredit's separate green bond asset portfolio need to be approved on a continuous basis.

Nordea Kredit's process for determining which financing within the green bond asset categories qualifies for inclusion in its green bond asset portfolio is described below.



Nordea Kredit's Green Bond Committee subsequently approves the assessments made by Nordea Kredit's staff in relation to the green bond asset categories. The Committee also reviews Nordea Kredit's green bond asset portfolio and confirms the allocation of the proceeds of green bond issues to green bond assets.

Our second party opinion provider has verified Nordea Kredit's asset selection framework on an annual basis since 2020. This also includes a detailed screening of the sustainability quality of the Nordea Kredit mortgages financed through the bond(s) and of their underlying assets.

## 4 Management of proceeds

We have established a green bond register, where we record the composition of our green bond asset portfolio and state how we intend to allocate the net proceeds of our green bonds and deposits to green bond assets.

An amount equal to the net proceeds of our green bonds and deposits is placed in our general funding accounts but can be identified in the green bond register. We intend to allocate, directly or indirectly, an amount equal to such proceeds in accordance with this framework.

The outstanding volume of deposits are monitored on a daily basis. Each deposit is capped by a certain amount and tenor in order to track and control the outstanding volume of deposits.

The composition and volume of our green bond assets are reviewed on a quarterly basis by the Financial Reporting and Control unit within Group Finance.

We intend to maintain an aggregate amount of assets in the green bond asset portfolio at least equal to the aggregate net proceeds of all our outstanding green bonds and deposits. In practice, this means that whenever we issue a new green bond or launch a new green deposit, we aim to simultaneously allocate the proceeds of that bond or deposit to the green bond asset portfolio. However, there may be periods when the aggregate amount of green bond assets recorded in the green bond register does not fully cover the proceeds of our green bonds and deposits. This may be due to changes in the composition of the green bond assets or the issuance/launch of additional green bonds or deposits. Any portion of the net proceeds of green bonds or deposits not recorded in the register as allocated to green bond assets is held in accordance with our normal liquidity management policy.

The green bond register contains information on each green bond and the green bond assets relating to it. This includes the category, sub-category and volume of the green bond assets and the country in which they are located. The register forms the basis of our impact reporting.

### 4.1 Management of proceeds of green covered bonds

We have also established green covered bond registers, where we record the composition of the green covered bond asset portfolios and state how we intend to allocate the net proceeds of green covered bonds issued by the Nordea MCIs to green covered bond assets.<sup>15</sup> However, we do not have and will not create any separate cover pool with green assets only.

The net proceeds of the green covered bonds issued by the Nordea MCIs are deposited in our general funding accounts but can be identified in the green covered bond registers. The issuers intend to allocate, directly or indirectly, an amount equal to the net proceeds in accordance with this framework. In practice, this means that whenever we issue a new green covered bond, we aim to simultaneously allocate the proceeds of that bond to the green covered bond asset portfolio for respectively MCI. Any portion of the net proceeds of green covered bonds not recorded in the registers as allocated to green covered bond assets is held in accordance with our normal liquidity management policy.

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<sup>15</sup> The green covered bond registers are separate from the other registers kept by the Nordea MCIs for regulatory, governance, monitoring and other purposes related to the covered bonds and specifically the cover pools.



The Nordea MCIs review the composition and volume of the green covered bond assets on a quarterly basis.

The green covered bond registers contain information on each green covered bond and the green covered bond assets relating to it. This includes the category, sub-category and volume of the green assets, and the country in which they are located. The registers form the basis of our impact reporting.

## 5 Reporting

Each year, provided that we have green bonds outstanding, we publish on our website a Sustainable funding report that specifies

- the amount of net proceeds allocated within each green bond asset category and, when possible and relevant, information on the type, number and location of green bond assets included in each category
- the remaining balance of net proceeds not yet allocated to green bond assets
- where appropriate and subject to confidentiality arrangements, examples of green bond assets financed or refinanced by the net proceeds of green bonds.

In each report, we also include information on the environmental impacts of the green bond assets or green bond asset portfolio for each green bond asset category. In addition, we aim to include the indicators outlined in the table below, subject to the availability of information and baseline data.

The impact reporting includes a description of the methodology applied. The reporting is intended to follow the guidelines of the Green Bond Principles, as amended from time to time, and the reference guidance of the International Capital Market Association, "Harmonized Framework for Impact Reporting" dated June 2023.

We provide information on our green bonds assets, green covered bonds assets and deposits in the Sustainable funding report. Allocation and impact reporting are presented at the individual issuer entity.

GBP category	Nordea subcategory	Impact measurement indicators	
Renewable energy	Wind, hydro, solar and hydrogen production	Installed renewable energy production capacity (MW)	Estimated CO2e emissions avoided relative to baseline
Energy efficiency	Energy transmission, energy storage, district heating	Amount of energy saved (MWh)	Estimated CO2e emissions avoided
Green buildings	Green buildings	Amount of energy saved (MWh)	Estimated CO2e emissions avoided
Pollution prevention and control	Water and waste water management, waste management	Water withdrawal or treatment capacity (m3/day or t/day)	
	Conversion of waste to energy	Production capacity (MW)	Estimated CO2e emissions avoided relative to baseline
Clean transportation	Public transport / freight transport	Estimated CO2e emissions avoided	
Sustainable management of living natural resources and land use	Sustainable forestry, agriculture and aquaculture	Land area certified or under management practices targeting improved ecosystem services provision	CO2e emissions per kilo produced  Maintenance/safeguarding/increase of protected area/OECM/habitat in km² and in % for increase
Green buildings	Construction of new buildings  Acquisition and ownership of buildings	Amount of energy saved (MWh)	Estimated CO2e emissions avoided
Energy efficiency	Energy-efficient households	Amount of energy saved (MWh)	Estimated CO2e emissions avoided

## 6 External review

We have engaged the external provider ISS-Corporate to verify this framework and our green bond assets. As described in section 3, our green bond assets are reviewed at the asset level before being included in the green bond asset portfolio. Both the green assets recorded in the green covered bond registers and the green covered bond process follow a separate track in terms of verification. The second party opinion is publicly available on our website.

Assets verified by the external provider as consistent with the GBP, this framework and the provider's own criteria, as evidenced by a "Second Party Opinion" published on our website, are included in our green bond asset portfolio.

## 7 Appendix

We have signed and, as applicable, publicly stated our adherence and commitment to the following:

- UN Environment Programme 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)
- The Poseidon Principles

In addition, we follow the guidelines listed below.

- Nordea Code of Conduct
- Nordea Sustainability Policy
- Nordea Responsible Investment Policy
- Nordea Supplier Code of Conduct
- Position statements and internal industry guidelines

The above lists detail the commitments most relevant for green bonds. For a full list of our external commitments, guidelines and policy documents, visit

<https://www.nordea.com/en/sustainability/commitments-and-policies/>  
<https://www.nordea.com/en/sustainability/policies>

## Disclaimer

Any decision to purchase a green bond should be made solely on the basis of the information contained in the offering document produced in connection with the offering of the bond. Prospective investors are required to make their own independent investment decisions and seek advice from an independent financial adviser or other professional adviser before deciding to invest. They should carefully consider and review the terms and conditions applicable to the bond.

No assurance is or can be given by Nordea that any green bond or green asset will meet investor expectations or requirements regarding such "green" or similar labels. These include requirements under Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the EU Taxonomy) and Regulation (EU) 2020/852. Moreover, no assurance is or can be given by Nordea that adverse environmental and/or other impacts will not occur through the implementation of the projects or uses related to any green bond or green asset.

No assurance or representation is given by Nordea or any other person as to the suitability or reliability for any purpose whatsoever of any third party's opinion or certification (whether or not solicited by Nordea) made available in connection with the issue of any green bond. This applies in particular to the ability of any green asset to fulfil any environmental and/or other criteria. Any such opinion or certification is not a recommendation by Nordea or any other person to buy, sell or hold any green bond.

While Nordea's intention is to allocate, directly or indirectly, green bond proceeds to green assets as set out in its Green funding framework, there can be no assurance that this will be done within a certain time frame or at all. Any failure to apply green bond proceeds for the intended purpose or to adhere to the Green funding framework will not constitute an event of default or a breach of any other contractual obligation under the terms and conditions applicable to the relevant bond.

No assurance is given by Nordea that the use of proceeds of any green bond will satisfy any present or future investor expectations or requirements regarding investment criteria or guidelines with which the investor or their investments are required to comply – in particular with regard to the direct or indirect environmental impact of the uses of the green assets. Such criteria or guidelines may correspond to any present or future applicable law or regulations, or to the investor's own bylaws or other governing rules or investment portfolio mandates.

This Green funding framework is subject to change and is not intended nor can be relied on to create any legal rights or contractual obligations. Any green bond issued is subject to the terms and conditions of that bond only. It does not constitute or form part of, and should not be construed as, an offer to sell or issue, or the solicitation of an offer to buy or acquire, any green bond. The framework is not intended to be distributed to, or used by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. Nordea does not assume any duty or liability whatsoever, whether arising in tort, contract or otherwise, as a result of any failure to adhere to or comply with the framework.

With respect to green covered bonds, any prospective investor should be aware that the cover pool to which a green covered bond relates does not consist of green assets only. Hence, a green covered bond is not secured by green assets only.