Sustainable funding
Disclaimer

This presentation contains forward-looking statements that reflect management’s current views with respect to certain future events and potential financial performance. Although Nordea believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.

Important factors that may cause such a difference for Nordea include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.

This presentation does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.
Sustainability at Nordea
Sustainability at the core

**Our long-term sustainability objectives supported by short term targets**

**Our sustainability objectives**

- Become a **net-zero** emissions bank by 2050 at the latest
- 40-50% reduction in emissions across investment and lending portfolios by 2030\(^1\)
- 50% reduction in emissions from internal operations by 2030\(^1\)

**Supported by our 2025 sustainability targets\(^2\):**

- **€ EUR >200bn** Sustainable financing facilitation 2022-2025
- 90% of exposure to large corporates in climate-vulnerable sectors to be covered by transition plans
- 80% of the top 200 financed emissions contributors in Nordea Asset Management’s portfolios are either aligned with the Paris Agreement or subject to active engagement
- **Double** the share of net-zero committed AUM
- **At least 40%** representation of each gender at the top three leadership levels\(^3\) combined

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\(^1\) compared to 2019 baseline
\(^2\) Selection of our medium-term targets – [link](#) to full list of targets
\(^3\) Group Leadership Team (GLT), GLT-1 and GLT-2
Sustainability at the core

Further strengthened climate targets in our lending portfolio

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sub-sector</th>
<th>Emissions scope</th>
<th>Metric</th>
<th>Base year</th>
<th>Baseline</th>
<th>Target year</th>
<th>Target</th>
<th>Current status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential real estate</td>
<td>Households and tenant-owner associations</td>
<td>1 and 2</td>
<td>kgCO2e/m²</td>
<td>2019</td>
<td>17.6</td>
<td>2030</td>
<td>-40–50%</td>
<td>16.6 kgCO2e/m² (2023)</td>
</tr>
<tr>
<td>Shipping</td>
<td>Vessels</td>
<td>1</td>
<td>AER, gCO2/dwt-nm</td>
<td>2019</td>
<td>8.3</td>
<td>2030</td>
<td>-30%</td>
<td>8.1 AER (2022)</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>Cars and vans</td>
<td>1</td>
<td>gCO2e/km</td>
<td>2022</td>
<td>117</td>
<td>2030</td>
<td>-40%</td>
<td>116 gCO2e/km (2023)</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Crops, plantation and hunting, and animal</td>
<td>1 and 2</td>
<td>tCO2e/EURm</td>
<td>2021</td>
<td>738</td>
<td>2030</td>
<td>-40–50%</td>
<td>681 tCO2e/EURm (2023)</td>
</tr>
<tr>
<td>Power production</td>
<td>Electricity generation</td>
<td>1 and 2</td>
<td>gCO2e/kWh</td>
<td>2021</td>
<td>220</td>
<td>2030</td>
<td>-70%</td>
<td>117 gCO2e/kWh (2022)</td>
</tr>
<tr>
<td>Oil &amp; gas</td>
<td>Exploration and production</td>
<td>1, 2 and 3</td>
<td>MtCO2e</td>
<td>2019</td>
<td>3.0</td>
<td>2030</td>
<td>-55%</td>
<td>0.4 MtCO2e (2023)</td>
</tr>
<tr>
<td>Offshore</td>
<td>Drilling rigs and offshore service vessels</td>
<td>-</td>
<td>EURm</td>
<td>2019</td>
<td>1,885</td>
<td>2025</td>
<td>-100%</td>
<td>127 EURm (2023)</td>
</tr>
<tr>
<td>Mining</td>
<td>Thermal peat</td>
<td>-</td>
<td>EURm</td>
<td>2022</td>
<td>52</td>
<td>2025</td>
<td>-100%</td>
<td>51 EURm (2023)</td>
</tr>
<tr>
<td></td>
<td>Thermal coal</td>
<td>-</td>
<td>EURm</td>
<td></td>
<td></td>
<td></td>
<td>Restrictive policy, full phase-out achieved in 2021</td>
<td></td>
</tr>
</tbody>
</table>

1) compared to 2019 baseline and covering lending to corporates and households for business loans, motor vehicles, commercial and residential real estate and shipping
Sustainability at the core
Actively engaging to drive transition and capture growth

Green and sustainability-linked loans
Total volumes, EURbn

Nordea Asset Management
Assets under management, EURbn

- Facilitated EUR 144bn in sustainable financing
  Compared to target EUR >200bn by 2025
- #1 Best bank in the world for sustainability-linked bonds (Global Finance)
- #1 Nordic corporate sustainable bonds and loans
- #1 in active ownership in the Nordics (ShareAction)
- Included in the S&P Global Sustainability Yearbook for second year running

Transition plan for large corporates
Leadership gender diversity

2025 target: 90%
70%* covered by transition plans

2025 target
At least 40% leadership gender diversity**

*) Q4 2023  **) Group Leadership Team (GLT), GLT-1 and GLT-2 combined
*** Based on league tables by Bloomberg and Dialogic
Sustainability at the core

**Externally validated sustainability commitment**

**MSCI**
- ESG rating: AA (AAA to CCC)

**SUSTAINALYTICS**
- ESG score: 15.8 (0 to 100)\(^1\)

**ISS ESG**
- Company rating: C (A+ to D-)\(^2\)

**S&P Global**
- CSA score: 66 (0 to 100)\(^3\)

**Other commitments**
- Co-founders of UNEP FI principles for responsible banking
- Founding members of collective commitment to climate action
- Founding member net-zero asset owner alliance (Life & Pension)
- Founding member net-zero asset manager initiative
- Joined partnership for carbon accounting financials (PCAF)
- Founding member of the Poseidon principles for the shipping industry
- Joined net-zero banking alliance

**Signatories to international conventions**
- UNEP Finance Initiative
- Principles for Responsible Investment
- Equator Principles
- United Nations Global Compact

Nordea also follows the United Nations’ Universal Declaration of Human Rights, ILO-conventions and the OECD Guidelines for Multinational Enterprises in our operations and business.
Sustainability at the core

Nordea’s sustainability ambitions reflected in capital markets milestones

- Expanding Nordea’s green issuance into four new currencies CHF, GBP, SEK and NOK, and SLL into EUR and Tier 2 in EUR in 2023
- Broadening Nordea’s footprint with sustainable investors
- Issued above EUR 5 bn Green/SLL across six currencies during 2023, now over EUR 10bn outstanding in sustainable bonds
Green funding framework
Green funding – Nordea Bank

**Green asset categories in the framework**

**Percentages of the total green bond assets**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable energy</td>
<td>15%</td>
<td>- Wind power</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Solar power</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Hydro power</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Integration of renewable energy into the transmission network</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Production of hydrogen</td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>2%</td>
<td>- Energy storage and transmission, district heating</td>
</tr>
<tr>
<td>Green buildings</td>
<td>65%</td>
<td>- Certified green buildings</td>
</tr>
<tr>
<td>Pollution prevention and control</td>
<td>9%</td>
<td>- Water and waste water management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Waste management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Waste-to-energy</td>
</tr>
<tr>
<td>Sustainable management of living natural resources</td>
<td>1%</td>
<td>- Energy storage and transmission, district heating</td>
</tr>
<tr>
<td>Clean transportation</td>
<td>9%</td>
<td>- Electric cars</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Electric vehicles/Hydrogen fuel cell vehicles</td>
</tr>
</tbody>
</table>

**Use of proceeds**

- Nordea's green funding framework adheres to the latest edition of the green bond principles and is reviewed annually, most recently in December 2023.
- Net proceeds of green bonds issued will be used for (re)financing of assets within the eligible green asset categories.
- Green bond asset categories have been identified by Nordea to increase positive or reduce negative impact on the environment.
- Net proceeds of any Nordea green bond shall **NOT** be used towards financing of:
  - Nuclear or fossil fuel energy operations
  - Weapons and defence
  - Coal mining
  - Tobacco
- ISS Corporate provides a second party opinion (SPO) of the sustainability quality of the bonds including Nordea’s green funding framework, the selection criteria and asset pool. The alignment of the green covered bond asset portfolios with the EU Taxonomy on a best-efforts basis and consistency of the instruments with Nordea’s sustainability strategy.
Green funding – Nordea Bank

A robust decision-making process

Defines how green bond assets are approved

1. We identify potential green bond assets from among the financing originated by each of the relevant business units according to our financing criteria and proposed for selection by the units.

2. We remove financing that does not qualify, whether due to the financing itself or the customer.

3. We remove financing deemed ineligible according to our ESG assessment process, whether due to the financing itself or the customer.

4. Our sustainability experts evaluate the remaining financing and qualify it as potential green bond assets where appropriate.

- The sustainable funding committee – a subcommittee for ALCO (asset & liability committee) - governs the green funding framework
- The composition and amount of green bond assets is internally reviewed on a quarterly basis to account for repayments and drawings
Outstanding green bonds vs assets

EURbn

- 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 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 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.

- 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.

Data from 31 November 2023
Green funding – Nordea Bank

**Green bond assets – Nordea Bank**

Green bond assets – breakdown by category

- Sustainable management of living natural resources
- Energy efficiency
- Clean transportation
- Pollution prevention and control
- Green buildings
- Renewable energy

Green bond assets – breakdown by subcategory

- Wind
- Water and waste water management
- Waste to energy
- Transmission
- Sustainable forestry
- Sustainable aquaculture
- Solar
- Hydro
- Green buildings
- Energy efficiency
- Electric trains
- Electric cars
- Aquaculture
Green funding – covered bonds

Green asset categories in the framework

- The net proceeds of the green covered bonds issued by either Nordea Eiendomskreditt AS, Nordea Hypotek AB (publ), Nordea Kredit Realkreditaktieselskab, or Nordea Mortgage Bank Plc (the "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, and
  - satisfy certain eligibility requirements that promote climate-friendly and other environmental purposes

Construction of new buildings
- Energy performance certificate (EPC) is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB)

For buildings built before 31 December 2020
- EPC class A or alternatively within the top 15% of the national or regional building stock

Renovations
- Major renovations or leading to a reduction of primary energy demand (PED) of at least 30%
Green funding – covered bonds

A robust decision-making process

Defines how green covered bond assets are approved

1. The Nordea MCIs identify potential green covered bond assets from among the financing originated according to their financing criteria (including the regulatory cover pool eligibility criteria) and proposed for selection by the business units.

2. The MCIs remove financing that does not qualify, whether due to the financing itself or the customer.

3. Our sustainability experts evaluate the remaining financing and qualify it as potential green covered bond assets where appropriate.

4. Our green covered bond committee reviews the potential green covered bond assets. The assets that qualify are recorded in the relevant green covered bond register and included in the relevant green covered bond asset portfolio.

- 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.

- The proceeds are thus intended to be allocated, directly or indirectly, to all assets in the green covered bond asset portfolio in equal shares.
Green funding – covered bonds

**Outstanding green covered bonds vs assets**

**EURbn**

- We have established green covered bond registers recording 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.

- 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 the covered pools.

Data from 31 December 2023
Sustainability-linked loan funding framework
Sustainability-linked loan funding

Sustainability-linked loan criteria

Climate change mitigation is currently the only asset KPI

-Alignment with the vintage of the original SLL Principles (LMA, APLMA, LSTA) corresponding to the facility’s year of signing

KPIs and SPTs
- Key performance indicators (KPIs) and targets (SPTs) that are considered “material” and “ambitious”, as assessed by an external reviewer.

Positive contribution to at least one of the climate change KPIs:
- Climate change mitigation covers activities focused on action to combat climate change and its impacts. KPIs considered may include, but are not limited to:
  - Reduction of GHG Scope emissions
  - Reduction of energy consumption
  - Reduction of direct or use-phase GHG emissions
  - Reduction of activities with significant indirect GHG emissions
  - Increase in products or services with significant substitution effects
- Standards and methodologies considered may include, but are not limited to:
  - Science based targets initiative
  - Transition pathway initiative
  - International Maritime Organisation

- The SLL funding framework allows Nordea Bank Abp to issue bonds with reference to the impact of the SLLs on Nordea’s balance sheet in a use-of-proceeds format
- The assets in scope initially target corporates with KPIs and sustainability performance targets (SPTs) related to climate change mitigation
- The framework has been reviewed by ISS ESG, which includes an asset review of eligible SLLs
- The framework is not to be considered green or linked to green issuance
- The framework has been developed to cater for the transition assets not included in our green bond asset portfolio, but that still hold strong ESG target alignment
- Issuance under the framework do not include sustainable KPIs and SPTs linked to Nordea Bank Abp or have any variable coupons/redemptions

1) ISS ESG is also providing the Second Party Opinion for Nordea’s green funding framework
**Sustainability-linked loan funding**

**Operational overview of SLL asset selection**

Innovation based on knowledge and strong governance

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nordea selects potential sustainability-linked loans according to its financing criteria</td>
</tr>
<tr>
<td>2</td>
<td>Nordea removes loans that does not qualify (or where the client of such financing does not qualify) as SLL funding assets</td>
</tr>
<tr>
<td>3</td>
<td>Nordea further removes loans deemed ineligible) in reference to Nordea's ESG assessment process</td>
</tr>
<tr>
<td>4</td>
<td>The remaining loans are evaluated by Nordea’s sustainability experts, the qualifying financing is deemed as potential SLL funding assets</td>
</tr>
</tbody>
</table>

**Review**

Review of the potential SLL funding assets is then performed by the external provider. The qualifying assets are included in the SLL funding register and constitute SLL funding assets.

**Asset review**

- Once suitable assets have been identified, all assets are reviewed by ISS ESG.
- Review process for inclusion of assets in the portfolio:
  - Underlying loan is confirmed by ISS ESG to be aligned with the sustainability linked loan principles
  - Selected KPIs are aligned with the impact objective included in the framework and confirmed by ISS ESG
  - ISS ESG confirms that KPIs and targets in the SLLs selected are material (KPIs) and ambitious (SPTs)
- ISS ESG external review is available [here](#)

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1) As defined by Loan Market Association, Asia Pacific Loan Market Association, Loan Syndications and Trading Association
Sustainability-linked loan funding

**Outstanding bonds vs assets**

<table>
<thead>
<tr>
<th>EURbn</th>
<th>Outstanding amount of SLL bonds</th>
<th>SLL asset portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.4</td>
<td>1.4</td>
</tr>
</tbody>
</table>

- All SLL funding assets are recorded in a register which manages the allocation of the net proceeds from SLL funding to SLL funding assets.
- The net proceeds are deposited in the general funding accounts and earmarked for allocation in the SLL funding register.
- The composition and amount of SLL funding assets is internally reviewed on a quarterly basis to account for repayments and drawings.
- Nordea's intention is to maintain an aggregate amount of SLL funding register that is at least equal to the aggregate amount of all outstanding Nordea SLL funding.
- SLL that fail to meet the agreed targets are removed from the register.

Data from 31 December 2023
External review and reporting
Green funding

Second party opinion by ISS ESG

Highlights from second party opinion by ISS ESG

- 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.

- 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. The nominated green covered bonds are considered to be:
  - **Aligned** with the climate change mitigation criteria.
  - Some do no significant harm criteria have not been met due to a lack of available information.

- 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.

- The second party opinion is available [here](#).
### Green funding

**Nordea Bank sustainable funding report**

<table>
<thead>
<tr>
<th>Category</th>
<th>Subcategory</th>
<th>Impact measurement indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable energy</td>
<td>Wind, hydro, solar and hydrogen production</td>
<td>Installed renewable energy production capacity (MW)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Estimated CO2e emissions avoided relative to baseline</td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>Energy transmission, energy storage, district heating</td>
<td>Amount of energy saved (MWh)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Estimated CO2e emissions avoided</td>
</tr>
<tr>
<td>Green buildings</td>
<td>Green buildings</td>
<td>Amount of energy saved (MWh)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Estimated CO2e emissions avoided</td>
</tr>
<tr>
<td>Pollution prevention and control</td>
<td>Water and waste water management, waste management</td>
<td>Water withdrawal or treatment capacity (m3/day or t/day)</td>
</tr>
<tr>
<td></td>
<td>Conversion of waste to energy</td>
<td>Production capacity (MW)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Estimated CO2e emissions avoided relative to baseline</td>
</tr>
<tr>
<td>Clean transportation</td>
<td>Public transport / freight transport</td>
<td>Estimated CO2e emissions avoided</td>
</tr>
<tr>
<td>Sustainable management of living natural resources</td>
<td>Sustainable forestry, agriculture and aquaculture</td>
<td>Land area certified</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CO2e emissions per kilo produced</td>
</tr>
</tbody>
</table>

### Sustainable funding reporting contents

- 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.

- Information on environmental impacts of the green bond assets.

It is Nordea’s intention to report these figures on an annual basis as long as we have green bonds outstanding.
Sustainability-linked loan funding

External review by ISS ESG

ISS ESG’s external review

- Nordea has engaged ISS ESG to act as an external reviewer of this SLL funding framework and the SLL funding assets

- “ISS ESG developed a tailor-made assessment methodology to provide an opinion on the robustness of this framework referring to broadly accepted market concepts, namely ‘transparency’ relevant for sustainable finance and aims at mitigating climate change (e.g. SLL funding the LMA/LSTA/APLMA Sustainability-Linked Loans Principles, the ICMA Green and Social Bond Principles)”

- ISS ESG finds that the sustainability commitments defined by Nordea are relevant to its sector and business model. The sustainability objectives that the SLL funding framework pursues are clearly stated in line with key market guidelines such as the UN SDGs and Science-Based Targets

- The External review is available [here](#)

ISS ESG’s Nordea corporate rating

- Transparency level: Very high
- Decile rank: 1
- According to ISS ESG Corporate Rating Nordea shows a high sustainability performance against the industry peer group on key ESG issues faced by the Commercial Banks & Capital Market sector. Nordea is rated 27th out of 300 companies within its sector
Sustainability-linked loan funding

SLL funding framework reporting

Annual SLL bond report

SLL bond report is published annually and includes:

- The amount of net proceeds that have been allocated to the impact objectives and, when possible and relevant, further information related to the type, number and location of the SLL funding assets

- The remaining balance of net proceeds which have not yet been allocated to SLL funding assets

- Where appropriate and subject to confidentiality arrangements, examples of SLL funding assets that have been financed or refinanced by the net proceeds of SLL funding

- The Nordea 2023 SLL bond report is available [here](#)
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