

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Asset Pool

Nordea Bank Abp
14 October 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">Green Bonds, Green Covered Bonds and Green Deposits
Relevant standards	<ul style="list-style-type: none">Green Bond Principles, as administered by the International Capital Market Association (June 2021)EU Taxonomy Delegated Act (June 2021)
Scope of verification	<ul style="list-style-type: none">Nordea Green Funding Framework (as of August 31,2022)Nordea Green Bond portfolio (as of June 30, 2022)Nordea Green Covered Bond portfolio (as of June 30, 2022)
Lifecycle	<ul style="list-style-type: none">Post-issuance verification
Validity	<ul style="list-style-type: none">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 2023) or (b) December 31, 2023.

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Scope of work

Nordea Bank Abp (“the issuer”, or “Nordea”) commissioned ICS to assist with its Green Bond, Green Covered Bond and Green Deposits by assessing four core elements to determine the sustainability quality of the instrument:

1. Nordea’s Green Funding Framework (August 31, 2022 version) – benchmarked against the Green Bond Principles (June 2022), as administered by ICMA, and EU Taxonomy Delegated Act (June 2021).
2. The Selection Criteria and Asset Pool – whether the nominated project categories and asset pool contribute positively to the UN SDGs and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. The alignment with the EU Taxonomy on a best-efforts basis¹ – whether the nominated project categories are aligned with the EU Taxonomy Technical Screening Criteria (including the Climate Change Mitigation Criteria and Do No Significant Harm Criteria) and Minimum Social Safeguards requirements as included in the EU Taxonomy Climate Delegated Act (June 2021).
4. Green Bonds, Green Covered Bond and Green Deposits link to Nordea’s sustainability strategy – drawing on Nordea’s overall sustainability profile and issuance-specific Use of Proceeds categories.

NORDEA BANK ABP BUSINESS OVERVIEW

Nordea Bank Abp engages in the provision of banking and financial services. It operates through the following segments: Personal Banking, Business Banking, Large Corporates and Institutions, Asset and Wealth Management, and Other Operating Entities. 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.

¹ Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, 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”.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ²
<p>Part 1:</p> <p>Alignment with ICMA GBP</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 Kredit, 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>Aligned</p>
<p>Part 2:</p> <p>Sustainability quality of the Selection Criteria</p>	<p>The Green Bonds will (re-)finance eligible asset categories which include: Renewable Energy (wind, solar, hydro, hydrogen), Green Buildings, Pollution Prevention and Control, Clean Transportation, Energy Efficiency and Sustainable Management of Living Resources.</p> <p>These use of proceeds categories have a significant contribution to SDG 2 “Zero Hunger”, SDG 6 “Clean Water and Sanitation”, SDG 7 “Affordable and Clean Energy”, SDG 11 “Sustainable Cities and Communities”, SDG 12 “Responsible Consumption and Production” and SDG 13 “Climate Action”, and SDG 15 “Life on Land”, a limited contribution to SDG 3 “Good Health and Well-Being”. Green Buildings (RTS “2 Star” Certification) and Sustainable Management of Living Natural Resources (Sustainable aquaculture in the Nordic countries) use of proceeds categories have a no net impact.</p> <p>The remaining use of proceed categories improve the company’s operational impacts and mitigate potential negative externalities of the issuer’s sector on SDG 3 “Good Health and Well-Being”, SDG 6 “Clean Water and Sanitation”, SDG 7 “Affordable and Clean Energy”, SDG 12 “Responsible Consumption and Production” and SDG 13 “Climate Action”.</p> <p>The Green Covered Bonds will (re-)finance eligible asset categories which include: Energy Efficiency and Green Buildings.</p> <p>These use of proceeds categories have a significant contribution to SDG 7 “Affordable and Clean Energy”, SDG 11 “Sustainable Cities and Communities” and SDG 13 “Climate Action”.</p> <p>The remaining use of proceed categories improve the company’s operational impacts and mitigate potential negative externalities of the issuer’s sector on SDG 7 “Affordable and Clean Energy” and SDG 13 “Climate Action”.</p> <p>The environmental and social risks associated with those use of proceeds categories are well managed.</p>	<p>Positive</p>

² The evaluation is based on the Nordea’s Green Funding Framework (dated 31.08.2022) on the analysed Selection Criteria as received on the October 2021, and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the October 14, 2022).

<p>Part Alignment with Taxonomy</p>	<p>3: EU The alignment of Nordea’s project characteristics, due diligence processes and policies against the requirements of the EU Taxonomy (Climate Delegated Act of June 2021) has been assessed on a best-efforts basis³. Based on robust processes for selection, the nominated project categories are considered to be:</p> <ul style="list-style-type: none"> • Aligned with the Climate Change Mitigation Criteria • Some Do No Significant Harm Criteria have not been met due to a lack of available information • Aligned with the Minimum Social Safeguards requirements 	
<p>Part 4: Green Bonds link to issuer’s sustainability strategy</p>	<p>The Use of Proceeds financed through the Green Bonds and Green Covered Bonds are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing Green Bonds and Green Covered Bonds is clearly described by the issuer.</p> <p>At the date of publication of the report, the issuer is not exposed to controversies.</p>	<p>Consistent with issuer’s sustainability strategy</p>

³ Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, 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 August 31, 2022) with the ICMA Green Bond Principles.

ICMA GBP	ALIGNMENT	OPINION
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided for Green Bonds in Nordea’s Green Funding Framework is aligned 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, and environmental benefits are described.</p> <p>A detailed analysis of the Green Bond asset pool is available in Part III of this SPO.</p>
2. Process for Project Evaluation and Selection	✓	<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 aligned 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>
3. Management of Proceeds	✓	<p>The Management of Proceeds proposed for Green Bonds, Green Covered Bonds and Green Deposits in Nordea’s Green Funding Framework is aligned with the ICMA Green Bond Principles. The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The proceeds are tracked in an appropriate manner and attested in a formal internal process.</p>

<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting proposed for Green Bonds, Green Covered Bonds and Green Deposits in Nordea 's Green Funding Framework is aligned with the ICMA Green Bond Principles. The issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. Nordea explains the level of expected reporting and the type of information that will be reported. Moreover, the issuer commits to report annually, until the bonds mature.</p> <p>The issuer is also transparent on the level, frequency, scope, duration and information reported, for impact reporting.</p>
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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 August 31, 2022) with the ICMA Green Bond Principles.

ICMA GBP	ALIGNMENT	OPINION
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided for Green Covered Bonds in Nordea’s Green Funding Framework is aligned 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, and environmental benefits are described.</p> <p>A detailed analysis of Nordea Kredit’s Green Covered Bond asset pool is available in Part III of this SPO.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided for Green Covered Bonds in Nordea ’s Green Funding Framework is aligned 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, and legal. However, the financing criteria could be more transparent.</p>
3. Management of Proceeds	✓	<p>The Management of Proceeds proposed for Green Covered Bonds in Nordea’s Green Funding Framework is aligned 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 proceeds are tracked in an appropriate manner and attested in a formal internal process.</p>
<p>4. Reporting</p>	<p style="text-align: center;">✓</p>	<p>The allocation and impact reporting proposed for Green Covered Bonds in Nordea’s Green Funding Framework is aligned 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. Nordea explains the level of expected reporting 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 June 30, 2022

Note: the following table documents all Use of Proceeds categories outlined in Nordea's Green Funding Framework (August 2022), and the volume and share of assets included in its asset pool as of June 30, 2022.

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
Renewable Energy Generation and transmission of energy from renewable sources and manufacturing of the related equipment for relevant subcategories.	Wind power	Yes	EUR 188.3m (3.5%)	Yes	EUR 85m (5.1%)
	Solar power	Yes	EUR 1.6m (0.03%)	No	EUR 0m (0%)
	Hydro power	Yes	EUR 654.4m (12%)	No	EUR 0m (0%)
	Integration of renewable energy into the transmission network	No	EUR 0m (0%)	No	EUR 0m (0%)
	Hydrogen production	No	EUR 0m (0%)	No	EUR 0m (0%)
Energy Efficiency Infrastructure, equipment, technology and processes related to energy transmission, energy storage, district heating and heat pumps	Renewable energy transmission	No	EUR 25.8m (0.47%)	No	EUR 0m (0%)
	Renewable energy storage	No	EUR 0m (0%)	No	EUR 0m (0%)
	District heating and heat pumps	Yes	EUR 21m (0.38%)	Yes	EUR 611m (36.5%)
Green Buildings Commercial or residential buildings with at least any of the selected certifications⁴	Commercial and residential real estate	Yes	EUR 3,156.3m (58.8%)	Yes	EUR 718m (42.9%)

⁴ The LEED "gold" certification, the BREEAM "very good" certification, the Miljöbyggnad "Silver" certification (Sweden), Nordic Swan Ecolabel, the RTS "2 stars" certification, or renovations and refurbishments of commercial or residential buildings leading to reduced, or existing buildings having an annual energy use on a m² basis that is at least 25% lower than the applicable national regulations in the relevant Nordic country, or that lead to an annual reduction of energy use on a m² basis of at least 25%. 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%.

Pollution Prevention and Control <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 255.5m (4.7%)	Yes	EUR 89m (5.3%)
	Waste management	No			
	Waste-to-energy	Yes	EUR 490.3m (9.02%)	Yes	EUR 128m (7.6%)
Clean Transportation <i>Projects, activities and related equipment, technology and processes towards clean transportation infrastructure, including expansion and improvements of train and metro networks, stations and rolling stock for passenger or freight transportation, such as the relevant subcategories.</i>	Electric cars	Yes	EUR 230.1m (4.23%)	No	EUR 0m (0%)
	Public transportation (electric trains)	Yes	EUR 363.7m (6.69%)	No	EUR 0m (0%)
	Public transportation (electric ferries)	No	EUR 0m (0%)	No	EUR 0m (0%)
	Forests certified by Forest Stewardship Council ("FSC") or Programme for the Endorsement of Forest Certification ("PEFC") (Sweden)	No	EUR 0m (0%)	No	EUR 0m (0%)
Sustainable Management of Living Natural Resources <i>Projects or activities related to sustainable forestry or agriculture in the Nordic countries, including acquisition, maintenance and management of relevant subcategories.</i>	Sustainable agriculture in the Nordic countries comprised of organic farming as certified in compliance with the EU and national regulation	No	EUR 0m (0%)	Yes	EUR 42m (2.5%)
	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 47.4m (0.87%)	No	EUR 0m (0%)
Total asset pool volume		Nordea Bank: EUR 5,434m		Nordea Kredit: EUR 1,674m	

PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN BONDS TO THE UN SDGs⁵

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 in 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 in specific products and services is displayed on 5-point scale (see Annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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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 CATEGORY	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS	
Renewable energy: <i>Wind power</i>	Significant contribution		
Renewable energy: <i>Solar power</i>	Significant contribution		
Renewable energy: <i>Small-scale Hydro power (<10MW)</i>	Significant contribution		
Renewable energy:	Limited Contribution		

⁵ The impact of the UoP categories on UN Social Development Goals is assessed with proprietary methodology and may therefore differ from the issuer's description in the framework.

<p><i>Medium to large scale Hydro power (+10 to 1000MW)</i></p>		
<p>Renewable energy:</p> <p><i>The production of hydrogen where</i></p> <ul style="list-style-type: none"> ▪ <i>the process results in lifecycle GHG emissions less than 3tCO₂e/tH₂ and the electricity used for production emits less than 100g CO₂e per kWh</i> ▪ <i>the GHG savings from the use of hydrogen-based synthetic fuels amount to at least 70%, as per Article 25(2) and Annex V of Directive (EU) 2018/2001 (the Renewable Energy Directive)</i> <p><i>If CO₂ is captured and stored in order to achieve less than 3tCO₂e/tH₂</i></p> <ul style="list-style-type: none"> ▪ <i>CO₂ transport from the capture point to the injection point does not lead to a leakage of more than 0.5% of the mass of CO₂ transported</i> ▪ <i>a leakage detection system is in place and complies with national regulations for the underground permanent geological storage of CO₂.</i> 	<p>Significant contribution</p>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>
<p>Energy efficiency</p> <p><i>Infrastructure, equipment, and technology related to renewable energy transmission⁶</i></p>	<p>Significant contribution</p>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>
<p>Energy efficiency</p> <p><i>Infrastructure, equipment, and technology related to renewable energy storage⁷</i></p>	<p>Significant contribution</p>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>

⁶ 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 CO₂e per kWh or the average system grid emissions factor is below 100g CO₂e per kWh.
⁷ The issuer confirms that the sources of the energy will be renewables.

<p>Energy efficiency</p> <p><i>Infrastructure, equipment, and technology related district heating and heat pumps</i></p>	<p>Limited contribution</p>	 
<p>Green buildings: <i>Commercial or residential buildings certified with:</i></p> <ul style="list-style-type: none"> ▪ LEED "Gold" certification ▪ BREEAM "Very good" certification ▪ Miljöbyggnad "Silver" certification (Sweden) ▪ Nordic Swan Ecolabel ▪ - DGNB "Gold" certification 	<p>Significant contribution</p>	
<p>Green buildings:</p> <p><i>Existing buildings with an annual energy use on a square metre basis at least 25% below the amount stipulated in the relevant Nordic country's applicable national regulations.</i></p>	<p>Limited contribution</p>	 
<p>Green buildings:</p> <p><i>Renovations and refurbishments of commercial or residential buildings resulting in an annual reduction in primary energy demand on a square metre basis of at least 30%.</i></p>	<p>Significant contribution</p> <p>Limited contribution</p>	 
<p>Green buildings: Residential buildings certified with RTS "2 star" certification</p>	<p>No Net Impact</p>	
<p>Pollution prevention and control: <i>Projects or activities and any related infrastructure, equipment, and technology for</i></p> <ul style="list-style-type: none"> ▪ water and wastewater management 	<p>Significant contribution</p> <p>Limited contribution</p>	 

<p>Pollution prevention and control: <i>Projects or activities and any related infrastructure, equipment, and technology for</i></p> <ul style="list-style-type: none"> waste management, including waste prevention, reduction, collection, treatment, recycling and processing (excluding hazardous waste) 	<p>Significant contribution</p>	
<p>Pollution prevention and control: <i>Projects or activities and any related infrastructure, equipment, and technology for</i></p> <ul style="list-style-type: none"> Waste-to-energy (from biogenic waste) 	<p>Limited contribution</p>	 
<p>Clean transportation: <i>Electric cars</i></p>	<p>Limited contribution</p>	 
<p>Clean transportation: <i>Electric trains (public)</i></p>	<p>Limited contribution</p>	 
<p>Clean transportation: <i>Electric ferries (public)</i></p>	<p>Limited contribution</p>	 
<p>Clean transportation: <i>Hydrogen fuel cell vehicles with zero direct (tailpipe) CO2 emissions</i></p>	<p>Limited contribution</p>	 
<p>Sustainable Management of Living Natural Resources: <i>Forests certified by the Forest Stewardship Council (the FSC) or the Programme for the Endorsement of Forest Certification (the PEFC)</i></p>	<p>Limited contribution</p>	
<p>Sustainable Management of Living Natural Resources: <i>Sustainable agriculture in the Nordic countries comprising organic farming certified as compliant with EU and national regulation</i></p>	<p>Significant contribution</p>	 

**Sustainable Management of Living
Natural Resources⁸**

*Sustainable aquaculture in the Nordic
countries comprised of:*

*operation, construction, maintenance
and development of land-based fish
farming facilities with waste water
treatment*

No Net Impact

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.

Nordea finances operations/processes in third-party sectors which are not listed in the issuer’s Framework. As such, the exposure to negative externalities linked to the sector of the operations/processes financed has not been displayed. This 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.

⁸ The energy efficiency projects financed under this framework could improve the energy efficiency of both manufacturing and/or non manufacturing sites

USE OF PROCEEDS (Processes)	OPERATIONAL IMPACT IMPROVEMENT ⁹	SUSTAINABLE DEVELOPMENT GOALS
<p>Energy Efficiency:</p> <p><i>processes related to energy transmission, energy storage, district heating and heat pumps, including:</i></p> <ul style="list-style-type: none"> automation and intelligence in the power transmission network, distribution and related systems the transmission of electricity produced by renewable sources from the production site to the system grid 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 	<p>✓</p>	 
<p>Pollution prevention and control:</p> <p><i>processes for water and wastewater management</i></p>	<p>✓</p>	 
<p>Pollution prevention and control:</p> <p><i>processes for waste management, including waste prevention, reduction, collection, treatment, recycling and processing (excluding hazardous waste)</i></p>	<p>✓</p>	
<p>Pollution prevention and control:</p> <p><i>processes for the conversion of waste to energy</i></p>	<p>✓</p>	 

⁹Limited 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 in specific products and services is displayed on 5-point scale (see Annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the Green Covered Bonds' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS CATEGORY	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green residential buildings</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"> ▪ <i>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 type of national or regional building stock in operational primary energy demand (PED) terms</i> ▪ <i>if built after 31 December 2020, meet the criteria specified under "Construction of new buildings" above.</i> 	<p>Significant contribution</p>	 
<p>Energy efficiency</p> <p><i>Renovation of existing buildings where</i></p>	<p>Significant contribution</p>	

- *the renovation meets the applicable requirements for major renovations, or*
- *the renovation leads to a Primary Energy Demand reduction of at least 30%.*

Limited contribution



3. 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.

Nordea Kredit finances operations/processes in third-party sectors which are not listed in the issuer’s Framework. As such, the exposure to negative externalities linked to the sector of the operations/processes financed are not displayed. This 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 ¹⁰	SUSTAINABLE DEVELOPMENT GOALS
<p>Energy Efficiency:</p> <p><i>Investments, installations and repairs of equipment resulting in improved energy efficiency. These include investments in</i></p> <ul style="list-style-type: none"> ▪ <i>renewable energy sources</i> ▪ <i>energy efficiency improvements</i> ▪ <i>overall quality improvement</i> <p><i>Such investments may encompass geothermal heating, water meters, windows, doors, light sources, etc.</i></p>		

¹⁰ Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ASSET POOL

Methodology of assessment of the sustainability of the assets

An evaluation has been carried out to assess whether the underlying assets included or to be included in the asset pool match the eligible project category and criteria of the issuance-specific KPIs. This evaluation is based on legislation frameworks applicable, policies and lending guidelines applied at Nordea and on asset specific information provided by the issuer (e.g. Technical Due Diligence reports, Environmental Impact Assessment report, Buildings labels and certificates reports, location).

In subsequent years, Nordea undertakes a commitment for ICS to re-assess the sustainability quality of the assets to which proceeds of the issuances have been, or future issuances will be allocated.

The environmental and social risks assessment is divided by asset pool, one sub-section for the green bonds asset pool and one sub-section for Nordea Kredit's green covered bonds asset pool.

B. 1 Evaluation of the Nordea Green Bonds assets

Wind energy

The table below evaluates the assessment of the assets (re-)financed against issuance-specific KPIs. The assets are located in Norway, Finland, Denmark and Sweden.

ASSESSMENT AGAINST KPI

Site selection

- ✓ 100% of the projects in value are not located in key biodiversity areas (Ramsar sites, UNESCO World Heritage, IUCN protected areas I-IV).
- ✓ 90% of underlying assets in value comply with local regulations which provide for minimum standards regarding the assessment of possible environmental impacts of wind power plants (i.e. environmental impact assessment compulsory for large scale plants, basic environmental screenings).

Community dialogue

- ✓ 100% of the assets in value feature community dialogue as an integral part of the planning process (e.g. sound information of communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes).

Environmental aspects of construction and operation

- ✓ 99% of underlying assets in value comply with local regulations and have measures in place that ensure high environmental standards during the construction phase (e.g. noise mitigation, minimization of environmental impact during construction work).
- ✓ 100% of underlying assets in value comply with local regulations and have measures to protect habitat and wildlife during operation of the power plant (e.g. avifauna monitoring, regulations on noise and shadows).

- ✓ 100% of the assets in value provide for high labor and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

Controversy assessment

A controversy assessment on the included projects did not reveal any controversial activities or practices that could be attributed to the issuer.

Solar

The table below evaluates the assessment of the assets (re-)financed against issuance-specific KPIs. The assets are located in Norway, Finland, Denmark and Sweden.

ASSESSMENT AGAINST KPI

Conservation and biodiversity management

- 19% of the assets in value underwent environmental impact assessments at the planning stage. For the remaining assets, no information is available.

Supply chain standards

- No information is available on high labour and health and safety standards in the supply chain of the deployed solar modules (e.g. ILO core conventions).

Environmental aspects of construction and operation

- ✓ 100% of underlying assets in value provide for high environmental standards regarding takeback and recycling of solar modules at end-of-life stage (e.g. in line with WEEE requirements).
- ✓ 100% of underlying assets in value provide for high standards regarding the reduction or elimination of toxic substances within solar panels (e.g. in line with RoHS requirements or other relevant standards).

Working conditions during construction and maintenance work

- ✓ 100% of underlying assets in value provide for high labor and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

Controversy assessment

A controversy assessment on the included projects did not reveal any controversial activities or practices that could be attributed to the issuer.

Hydro energy

The table below evaluates the assessment of the assets (re-)financed against issuance-specific KPIs. The assets are located in Norway, Finland, Denmark and Sweden.

ASSESSMENT AGAINST KPI

Site selection

- ✓ 100% of underlying assets in value are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- ✓ 95% of underlying assets in value underwent environmental impact assessments at the planning stage.

Community dialogue

- ✓ 100% of underlying assets in value comply with local regulations which provide for good standards regarding the consideration of local residents' interests during the planning phase (e.g. public dialogue schemes).

Environmental aspects of construction and operation

- ✓ 79% of underlying assets in value comply with local regulations that generally require the mitigation of negative environmental impacts during the construction phase.
- Specific measures and/or standards during the construction phase were not disclosed (e.g. renaturation after construction work).
- ✓ 79% of underlying assets in value comply with local regulations that generally require the mitigation of negative environmental impacts during operation phase. Six assets have no environmental impact assessments available given its all old hydro power station or for the remaining 2 assets no information is available.
- Specific measures and/or standards to protect habitat and wildlife were not disclosed (e.g. provision of fish passes, fish-friendly turbines, provision for sediment transport, management of erosion risks).

Working conditions during construction and maintenance work and dam safety

- ✓ 100% of underlying assets in value provide for high labor and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

Controversy assessment

A controversy assessment on the included projects did not reveal any controversial activities or practices that could be attributed to the issuer. Except for one asset for which during the winter of 1964, seven people lost their lives in a snow avalanche in Hornindalsfjella while they were involved in construction work for the company. Four others lost their lives in other accidents during the hydro plant development in the years 1958-1964.

Green buildings

The table below evaluates the assessment of the assets (re-)financed against issuance-specific KPIs. The assets are located in Norway, Finland, Denmark and Sweden.

ASSESSMENT AGAINST KPI

Site selection

- ✓ 97% of relevant underlying assets in value are located in metropolitan areas. For the remaining assets, no information is available.
- ✓ 95% of relevant underlying assets in value are located within 1 km from one or more modalities of public transport. For the remaining assets, no information is available.

Construction standards

- ✓ 97% of the assets in value are located where high labor and health and safety standards are in place for construction and maintenance work (e.g. ILO core conventions).
- ✓ 88% of relevant underlying assets in value provide for sustainable procurement regarding building materials (e.g. recycled materials).

Water use minimization in buildings

- ✓ 83% of assets in value provide for measures to reduce water consumption (e.g. water metering, high-efficiency fixtures and fittings, rainwater harvesting).

Safety of buildings users

- ✓ 97% of assets in value provide for measures to ensure operational safety (e.g. emergency exits, fire sprinklers, fire alarm systems).

Sustainability labels / Certificates

- ✓ 83% of underlying assets in value are certified to a strict Green Building standard. Less than 50% of the asset pool, obtained a (or an equivalent of a) BREEAM “Very Good”, while the majority of the portfolio obtained a slightly less detailed certification such as the Swedish Miljöbyggnad “Silver” label or a Nordic Swan Ecolabel. For the remaining assets, no information is available.

Controversy assessment

A controversy assessment on the included projects did not reveal any controversial activities or practices that could be attributed to the issuer.

Wastewater treatment

The table below evaluates the assessment of the assets (re-)financed against issuance-specific KPIs. The assets are located in Norway, Finland, Denmark and Sweden.

ASSESSMENT AGAINST KPI

Site selection

- ✓ 100% of underlying assets in value are not located in key biodiversity areas (e.g. exclusion of Ramsar sites, UNESCO Natural World Heritage, IUCN protected areas I-IV).
- ✓ 100% of underlying assets in value underwent environmental impact assessments at the planning stage.

Community dialogue

- ✓ 100% of underlying assets in value comply with local regulations which provide for good standards regarding the consideration of local residents' interests during the planning phase (e.g. information meetings).

Environmental aspects of construction and operation

- ✓ 100% of underlying assets in value feature measures to prevent leakage of sewerage systems (e.g. monitoring).
- ✓ 100% of underlying assets in value use sewage sludge for energy generation and apply strict environmental standards for agricultural use of and landfill of sewage sludge. For one asset, no information is available on a strategy to reduce environmental impacts of sewage sludge disposal (e.g. regarding the reduction of agricultural use and landfill disposal).
- ✓ 100% of underlying assets in value provide for high standards regarding the quality of treated water.

Working conditions during construction and operation

- ✓ 100% of underlying assets in value provide for high labor and health and safety standards for construction and operation work (e.g. ILO core conventions).

Controversy assessment

A controversy assessment on the included projects did not reveal any controversial activities or practices that could be attributed to the issuer.

Waste-to-energy (biomass)

The table below evaluates the assessment of the assets (re-)financed against issuance-specific KPIs. The assets are located in Norway, Finland, Denmark and Sweden.

ASSESSMENT AGAINST ISS- ESG KPI

- ✓ 97% of underlying assets in value underwent environmental impact assessments at the planning stage.
- ✓ 100% of underlying assets in value are not located in key biodiversity areas (e.g. exclusion of Ramsar sites, UNESCO Natural World Heritage, IUCN protected areas I-IV).
- ✓ 99% of underlying assets in value are required to have minimum environmental mitigation measures during the construction phase, according to legislation
- No specific information is available on projects that meet high environmental standards and requirements during the construction phase (e.g. noise mitigation, minimization of environmental impact during construction work).

Environmental aspects of waste-to-energy plants

- 41% of underlying assets in value provide for high standards concerning environmentally safe operation of plants (e.g. strict control of air emissions, measures to prevent the release of residues).
- ✓ 82% of underlying assets in value apply cogeneration technology.

Safety aspects of waste-to-energy plants

- ✓ 100% of underlying assets in value provide for high safety standards (e.g. regarding fire, explosions).

Community dialogue

- ✓ 100% of underlying assets in value feature community dialogue as an integral part of the planning process and construction phase (e.g. sound information of communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes).

Working conditions during construction and operation

- ✓ 100% of underlying assets in value provide for high labor and health and safety standards for construction and operation work (e.g. ILO core conventions).

Controversy assessment

A controversy assessment on the included projects did not reveal any controversial activities or practices that could be attributed to the issuer.

Electric cars

The table below evaluates the assessment of the assets (re-)financed against issuance-specific KPIs. The assets are located in Norway, Finland, Denmark and Sweden.

ASSESSMENT AGAINST ISS- ESG KPI

Production standards

- ✓ 100% of underlying assets in value provide for a comprehensive environmental management system at the car manufacturing sites.
- ✓ 88% of underlying assets in value provide for high labor and health and safety standards at the car manufacturing sites (e.g. ILO core conventions).

Environmental aspects of cars

- ✓ 88% of underlying assets in value have comprehensive life-cycle-assessments conducted. No information is available for the remaining assets.
- ✓ 44% of underlying assets in value have optimized energy efficiency during operation.

Social aspects of cars

- ✓ 99% of underlying assets in value ensure product safety (minimum 3 Stars rating on NCAP crash test). One crane undergoes quality management according to ISO9001:2015, including fulfilling of regulatory requirements.

Controversy assessment

Due to the nature of the assets, a controversy assessment is not deemed necessary

Electric trains

The table below evaluates the assessment of the assets (re-)financed against issuance-specific KPIs. The assets are located in Norway, Finland, Denmark and Sweden.

ASSESSMENT AGAINST KPI

Production standards

- ✓ 100% of underlying assets in value provide for a comprehensive environmental management system at the manufacturing sites of trains.
- ✓ 100% of underlying assets in value provide for high labor and health and safety standards at the manufacturing sites of trains (e.g. ILO core conventions).

Environmental aspects of trains

- No information is available on whether assets have conducted comprehensive life-cycle assessments.
- ✓ 100% of underlying assets in value have energy efficiency during operation optimized (e.g. through energy recovery systems for trains).

Social aspects of trains

- ✓ 100% of underlying assets in value ensure health and safety for both passengers and operators (e.g. vigilance control, minimization of noise exposure, accessibility).

Controversy assessment

A controversy assessment on the included projects did not reveal any controversial activities or practices that could be attributed to the issuer.

Heat Pumps

ASSESSMENT AGAINST ISS- ESG KPI

Energy efficiency

- No information has been provided regarding whether heat pumps will achieve an adequate level of energy efficiency (i.e. energy efficiency certifications, such as ENERGY STAR certified geothermal heat pumps).

Life cycles and design

- No information has been provided regarding whether sustainable life cycle assessments are considered when heat pumps are purchased as well as sustainable design (i.e. used raw materials, refrigerants and maintenance of these, recyclability, repairability, upgradability, durability).

Waste

- No information has been provided regarding whether heat pump waste and refrigerant emissions are being recycled (i.e. end-of-life recovery of refrigerants, recycling programs or avoiding refrigerants from escaping into the atmosphere during their disposal).

Transmission lines and reinforcement of the grid

The table below evaluates the assessment of the assets (re-)financed against issuance-specific KPIs. The assets are located in Norway.

ASSESSMENT AGAINST ISS- ESG KPI

Standards for decommissioning and recycling

- No information is available regarding whether environmental impacts at end-of-life will be minimized (e.g. recycling and reuse of parts, sound treatment of waste).

Safety of transmission networks and equipment

- ✓ 100% of the assets in value are located in Norway and are thus required to comply with Norwegian regulations, which provides for the operational safety of power supply. A general duty to protect the operational control system is prescribed.¹¹

Energy efficiency

- No information is available regarding whether high standards for energy efficiency in transmission networks (e.g. state-of-the-art technology) will be ensured

District heating network

The table below evaluates the assessment of the assets (re-)financed against issuance-specific KPIs. The assets are located in Norway.

ASSESSMENT AGAINST ISS- ESG KPI

¹¹ Regulations relating to safety and emergency preparedness in the power supply (Power Preparedness Regulations), <https://lovdata.no/dokument/LTI/forskrift/2012-12-07-1157>

Sources for heat generation

- ✓ 100% of the district heating network asset in value are located in Norway where 98% of electricity is generated from renewable sources.

Energy efficiency of the network

- No information is available on whether the assets meet high standards regarding energy efficiency and heat insulation (e.g. state-of-art technologies).

Social aspects of heat distribution

- No information is available regarding whether the assets provide for responsible treatment of disadvantaged customers (e.g. regarding disconnection).

Aquaculture

The table below evaluates the assessment of the assets (re-)financed against issuance-specific KPIs. The assets are located in Norway, Finland, Denmark and Sweden.

ASSESSMENT AGAINST ISS- ESG KPI

Impact of aquaculture and fisheries on aquatic ecosystems

- ✓ 100% of underlying assets in value provide for certifications according to the criteria of schemes such as the Aquaculture Stewardship Council (ASC) or the Marine Stewardship Council (MSC), which for example reduce antibiotic use and can ban certain fishing practices.

B.2 Evaluation of the Nordea Kredit Green Covered Bonds assets

Wind energy

The table below evaluates the assessment of the assets (re-)financed against issuance-specific KPIs. The assets are located in Denmark.

ASSESSMENT AGAINST KPI

Site selection

- ✓ 100% of the projects in value are not located in key biodiversity areas (Ramsar sites, UNESCO World Heritage, IUCN protected areas I-IV).
- ✓ 100% of underlying assets in value comply with local regulations which provide for minimum standards regarding the assessment of possible environmental impacts of wind power plants (i.e. environmental impact assessment compulsory for large scale plants, basic environmental screenings).

Community dialogue

- ✓ 100% of the assets in value feature community dialogue as an integral part of the planning process (e.g. sound information of communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes).

Environmental aspects of construction and operation

- ✓ 100% of underlying assets in value comply with local regulations and have measures in place that ensure high environmental standards during the construction phase (e.g. noise mitigation, minimization of environmental impact during construction work).
- ✓ 100% of underlying assets in value comply with local regulations and have measures to protect habitat and wildlife during operation of the power plant (e.g. avifauna monitoring, regulations on noise and shadows).
- ✓ 100% of the assets in value provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

Controversy assessment

A controversy assessment on the included projects did not reveal any controversial activities or practices that could be attributed to the issuer.

Green buildings

The table below evaluates the assessment of the assets (re-)financed against issuance-specific KPIs. The assets are located in Denmark.

ASSESSMENT AGAINST KPI

Site selection

- ✓ 100% of relevant underlying assets in value are located in metropolitan areas.
- ✓ 100% of relevant underlying assets in value are located within 1 km from one or more modalities of public transport.

Construction standards

- ✓ 100% of the assets in value are located where high labour and health and safety standards are in place for construction and maintenance work (e.g. ILO core conventions).
- No information is available on measures for sustainable procurement regarding building materials (e.g. recycled materials). 100% of the assets are located in Denmark, where a national strategy for sustainable construction is under discussion¹².

Water use minimization in buildings

- No information is available on measures to reduce water consumption (e.g. water metering, high-efficiency fixtures and fittings, rainwater harvesting).

Safety of buildings users

- ✓ 100% of assets in value provide for measures to ensure operational safety (e.g. emergency exits, fire sprinklers, fire alarm systems).

Sustainability labels / Certificates

- The assets are not certified with strict Green Buildings Standards (i.e. BREEAM) but 100% of the assets received an EPC label from A to BB.

Controversy assessment

A controversy assessment on the included projects reveals that on September 26, 21, Akelius announced the sale of its entire portfolio in Germany, Sweden and Denmark to the real estate group Heimstaden. Tenants from Heimstaden in Berlin and from Akelius in Berlin and Hamburg criticize the mega-deal because it creates another large corporation on the Berlin real estate market.

Wastewater treatment

The table below evaluates the assessment of the assets (re-)financed against issuance-specific KPIs. The assets are located in Denmark.

ASSESSMENT AGAINST KPI

Site selection

- ✓ 100% of underlying assets in value are not located in key biodiversity areas (e.g. exclusion of Ramsar sites, UNESCO Natural World Heritage, IUCN protected areas I-IV).

¹² Denmark National Strategy for Sustainable Construction, April 2021, [National Strategy for Sustainable Konstruktion.pdf \(im.dk\)](#)

- No information is available on whether the assets underwent an environmental impact assessment at the planning stage.

Community dialogue

- ✓ 100% of underlying assets in value comply with local regulations which provide for good standards regarding the consideration of local residents' interests during the planning phase (e.g. information meetings).

Environmental aspects of construction and operation

- No information is available on measures to prevent leakage of sewerage systems (e.g. monitoring).
- No information is available on a strategy to reduce environmental impacts of sewage sludge disposal (e.g. regarding the reduction of agricultural use and landfill disposal).
- ✓ 100% of the assets in value provide for high standards regarding the quality of treated water.

Working conditions during construction and operation

- ✓ 100% of assets in value provide for high labor and health and safety standards for construction and operation work (e.g. ILO core conventions).

Controversy assessment

A controversy assessment on the included projects did not reveal any controversial activities or practices that could be attributed to the issuer.

Waste-to-energy (biomass)

The table below evaluates the assessment of the assets (re-)financed against issuance-specific KPIs. The assets are located in Denmark.

ASSESSMENT AGAINST ISS- ESG KPI

Consideration or environmental aspects during planning and construction

- ✓ 100% of the assets in value underwent environmental impact assessments at the planning stage.
- ✓ 100% of the assets in value are not located in key biodiversity areas (e.g. exclusion of Ramsar sites, UNESCO Natural World Heritage, IUCN protected areas I-IV).
- ✓ 100% of underlying assets in value are required to have minimum environmental mitigation measures during the construction phase, according to legislation.

- No specific information is available on projects that meet high environmental standards and requirements during the construction phase (e.g. noise mitigation, minimization of environmental impact during construction work).

Environmental aspects of waste-to-energy plants

- No specific information is available on standards concerning environmentally safe operation of plants (e.g. strict control of air emissions, measures to prevent the release of residues).
- No specific information is available on cogeneration technology.

Safety aspects of waste-to-energy plants

- ✓ 100% of the assets in value provide for high safety standards (e.g. regarding fire, explosions).

Controversy assessment

A controversy assessment on the included projects did not reveal any controversial activities or practices that could be attributed to the issuer.

Energy efficiency

The table below evaluates the assessment of the assets (re-)financed against issuance-specific KPIs. The assets are located in Denmark.

ASSESSMENT AGAINST ISS- ESG KPI

Improvement in energy efficiency

- ✓ Over 50% of relevant underlying assets in value underwent an energy efficiency improvement of 20% or more. For the remaining assets, no specific information or calculation are available on energy efficiency improvement.

Environmental aspects

- ✓ 90% of relevant underlying assets in value do not contain substances of concern, have set up recycling measures for the end of life and good and bidding environmental standards within their supply chain.

Safety measures

- ✓ 100% of the assets in value provide for high operational safety standards (e.g. regarding control center, electrical flow and consumption monitoring).

Working conditions during construction and operation

- ✓ 100% of underlying assets in value provide for high labor and health and safety standards for construction and operation work (e.g. ILO core conventions).

Controversy assessment

A controversy assessment on the included projects did not reveal any controversial activities or practices that could be attributed to the issuer.

Sustainable Agriculture

The table below evaluates the assessment of the assets (re-)financed against issuance-specific KPIs. The assets are located in Denmark.

ASSESSMENT AGAINST ISS- ESG KPI

Soil and Biodiversity management in agricultural production

- ✓ 96% of the assets in value have been certified organic farming from the Danish Agricultural agency and therefore provide for sustainable soil and biodiversity management along the value chain. The certification provides guidance on pesticides and chemical fertiliser use, crop management and soil degradation. However, no information is available on deforestation avoidance.
- ✓ 96% of the assets in value have been certified 'Organic Farming' by the Danish Agricultural Agency and therefore do not use genetically modified organisms, including feed.

Water conservation in agricultural production

- ✓ 100% of the assets in value are located in Denmark, a country exposed to moderate water stress. However, no specific information is available on whether the assets underwent a water impact assessment.
- No specific information is available on whether assets are subject to freshwater use reduction targets or provide for appropriate measures.

Climate impact of agricultural production

- None of the assets are subject to greenhouse gas emissions reduction measures (e.g. crop selection, reduced energy consumption, no use of energy-intensive synthetic fertilizers). However, no information is available on deforestation avoidance.

Animal Welfare in livestock and poultry farming

- ✓ 96% of the assets in value have been certified 'Organic Farming' by the Danish Agricultural Agency and therefore provide for high standards regarding animal welfare, living environment, mutilations, feed, transportation and slaughter. Indeed, the Danish Board of Agriculture has set up some measures for animal welfare (disease prevention, husbandry practices, high-quality feed, exercise, appropriate stocking density and housing in sufficiently good and hygienic conditions). The final asset (4% of the assets in value) in this category is a bio-gas plant which has received ISCC EU certification, and therefore provide for high standards regarding animal welfare.

Impact of Aquaculture and fisheries on aquatic ecosystems

N/A Not applicable – No assets are included in the pool.

Food safety management system

- ✓ 100% of the assets in value provide for high food safety management system standards.

Working conditions

100% of assets provide for high labour and health and safety standards for construction and operation work (e.g. ILO core conventions).

Controversy assessment

A controversy assessment on the included projects did not reveal any controversial activities or practices that could be attributed to the issuer.

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

The alignment of Nordea 's project characteristics, due diligence processes and policies for the nominated Use of Proceeds project categories has been assessed with the relevant Climate Change Mitigation, Do Not Significant Harm Criteria (DNSH) and Minimum Social Safeguards requirements of the EU Taxonomy Climate Delegated Act¹³ (June 2021), based on information provided by Nordea. Where Nordea 's projects and policies fully meets 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
- 7.2 Renovation of existing buildings
- 7.7 Acquisition and ownership

The majority of Nordea's Green Covered Bonds asset portfolio corresponds to activity 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 B.4.

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

¹³European Commission, Implementing and delegated acts - Taxonomy Regulation, https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en

B.1 7.1 Construction of new buildings

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹⁴	ALIGNMENT WITH THE EU TAXONOMY
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA	
<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"> 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). 	✓
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See B.4	✓
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	
<p>The construction of buildings is strictly regulated by local legislation and are therefore excluded from protected and natural areas.</p> <p>Both legislation and internal policies by the Issuer ensure compliance with Environmental Impact Assessment regulations.</p>	✓

B.1 7.2 Renovation of existing buildings

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹⁵	ALIGNMENT WITH THE EU TAXONOMY
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¹⁴ This column is based on input provided by the issuer.

¹⁵ Ibid.

1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA	
Nordea confirms to using both criteria in their project selection process.	✓
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See B.4	✓
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	
N/A: there is no EU Taxonomy criteria for the category	

B.1 7.7 Acquisition and ownership

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹⁶	ALIGNMENT WITH THE EU TAXONOMY
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA	
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/m ² for where the top 15% limit goes. Nordea states that it aims to grow the amount of Taxonomy aligned assets in its portfolios once relevant definitions exist and data availability increases.	✓
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See B.4	✓
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	

¹⁶ Ibid.

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

B.2 Generic Criteria for DNSH to Climate Change Adaptation

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹⁷	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. Description of the ongoing work can be found in the latest AR, see https://www.nordea.com/en/doc/annual-report-nordea-bank-abp-2021.pdf page 32 onwards and page 317 onwards.</p> <p>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 as ok from an environmental perspective, to the extent necessary. Nordea also has a real estate sector guideline in place: https://www.nordea.com/en/doc/nordea-sector-guideline-for-the-real-estate-industry.pdf</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 Social Safeguards

We assessed the alignment of the project characteristics and selection processes in place with the EU Taxonomy Minimum Social Safeguards as described in Article 18 of the Taxonomy Regulation¹⁸. The results of this assessment are applicable for every Project Category financed under this framework and are displayed below:

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹⁹	ALIGNMENT WITH THE EU TAXONOMY REQUIREMENT
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¹⁷ Ibid.

¹⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852>

¹⁹ This column is based on input provided by the Issuer.

OECD GUIDELINES FOR MULTINATIONAL ENTREPRISES AND UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS – MSS REQUIREMENTS

Nordea have endorsed a number of international treaties that help guide them and live up to their overarching commitments. Nordea follows the United Nations’ Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, ILO conventions and the OECD Guidelines for Multinational Enterprises. All our commitments and initiatives we have signed up for can be found on <https://www.nordea.com/en/sustainability/joining-forces>



All policies and sector guideline documents can be found on <https://www.nordea.com/en/sustainability/policies-reports>

INTERNATIONAL LABOUR ORGANIZATION’S (ILO) CORE CONVENTIONS AND THE INTERNATIONAL BILL OF HUMAN RIGHTS – MSS REQUIREMENTS

Nordea have endorsed a number of international treaties that help guide them and live up to their overarching commitments. Nordea follows the United Nations’ Universal Declaration of Human Rights, ILO conventions and the OECD Guidelines for Multinational Enterprises. All our commitments and initiatives we have signed up for can be found on <https://www.nordea.com/en/sustainability/joining-forces>



All policies and sector guideline documents can be found on <https://www.nordea.com/en/sustainability/policies-reports>

PART IV: GREEN BONDS LINK TO NORDEA 'S SUSTAINABILITY STRATEGY

A. NORDEA 'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer's industry

The Issuer is classified in the Commercial Banks & Capital Markets, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Sustainability impacts of lending and other financial services/products
Customer and product responsibility
Sustainable investment criteria
Labour standards and working conditions
Business ethics

ESG performance of the Issuer

Leveraging ISS ESG's Corporate Rating research, further information about the Issuer's ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>.

Please note that the consistency between the issuance subject to this report and the Issuer's sustainability strategy is further detailed in Part III.B of the report.

Sustainability impact of products and services portfolio

Using a proprietary methodology, the contribution of Nordea's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs) has been assessed. This analysis is limited to the evaluation of final product characteristics and does not include practices along the company's production process.

Based on the information provided by the company, its overall business model has no net impact (contribution and/or obstruction) to the UN SDGs

Breaches of international norms and ESG controversies

At Issuer level

At the date of publication, no severe controversy in which the issuer would be involved has been identified.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Commercial Banks and capital markets industry are as follows: Failure to prevent money laundering, failure to mitigate climate change impacts and failure to prevent deforestation/illegal logging. Please note, that this is not a company-specific assessment but areas that can be of particular relevance for companies within that industry.

B. CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH NORDEA'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

In January 2021, Nordea launched an updated plan to fully integrate sustainability into its business strategy and set a long-term objective to become a net zero emissions bank by 2050 at the latest. To reach this goal, Nordea set a mid-term objective to reduce carbon emissions from its lending and investment portfolios by 40-50% by 2030.

Nordea has committed to aligning its business strategy to be consistent with the goals listed in the Sustainable Development Goals and the Paris Climate Agreement. Furthermore, Nordea is equally committed to supporting its customers to reach these goals.

Nordea's sustainability integration is grouped into four strategic pillars: financial strength, climate action, social responsibility and governance and culture. Each of the four areas is linked to targets for 2025. The climate action pillar also has two long-term objectives for 2030. Nordea aims at having a significant impact in all these four areas by reducing the negative impact and increasing the positive impact from its business activities and internal operations.

The Nordea Group 2025 targets include the following:

- facilitate more than EUR 200bn in sustainable financing by the end of 2025
- ensure that 90% of its exposure to large corporate customers in climate-vulnerable sectors is covered by transition plans by the end of 2025
- double the share of net-zero-committed assets under management by 2025
- ensure that 80% of the top 200 emitters in Nordea Asset Management's portfolios are either aligned with the Paris Agreement or else are subject to active engagement to become aligned by 2025

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 of enabling the transition to a sustainable society in general and combating climate change specifically. 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, as well as the contents of the Sustainable Banking Strategy published in February 2021 referenced above.

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. Further details will be provided in the applicable announcements and transaction documentation. 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.

As of the October 2021 update of this Green Funding Framework, Nordea includes specific Green Covered Bond considerations within the various sections of the framework where applicable. They want to enable Green Covered Bond issuances, as the real estate sector represents a domain where a large portion of the energy consumption and emissions arises in the EU, including the Nordics. Nordea's current share of the mortgage market in the Nordic region offers an important opportunity to make a positive environmental impact. With a focus on residential mortgages, they aim at strengthening their role as an intermediary to help improve the energy efficiency and lower the energy consumption of Nordic households while also increasing the awareness about cleaner sources of energy.

This Green Funding Framework sets the basis for the identification, selection, verification and reporting of the sustainable financing that is eligible for being directly or indirectly financed by the proceeds of the Green Bonds issued by Nordea, and the management of such proceeds.

The Green Funding Framework undergoes a yearly review and is updated and expanded as the GBP and market practices evolve, as considered necessary. Nordea is committed to supporting the growth and integrity of the market for sustainable financing.

Contribution of Use of Proceeds categories to sustainability objectives and key ESG industry challenges

The Use of Proceeds categories financed under this Green (Covered) Bonds has been mapped with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Commercial Banks & Capital Markets sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings industry. From this mapping, a level of contribution to the strategy of each Use of Proceeds categories has been derived.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Green Buildings	✓	✓	Contribution to a material objective
Renewable energy (Solar power, wind power, Hydropower, Hydrogen)	✓	✓	Contribution to a material objective
Sustainable management of living natural resources	✓	✓	Contribution to a material objective
Energy efficiency	✓	✓	Contribution to a material objective

Water and Wastewater treatment	✓	✓	Contribution to a material objective
Clean transportation (Electric cars, ferries, trains, hydrogen powered transport)	✓	✓	Contribution to a material objective

Opinion: *The Use of Proceeds financed through this Green Funding Framework are consistent with the Issuer’s sustainability strategy and material ESG topics for the Issuer’s industry. The rationale for issuing Green Bonds, Green Covered Bonds and Green Deposits is clearly described by the Issuer.*

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ANNEX 1: Methodology

EU Taxonomy

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 2021) has been evaluated.

The evaluation shows if Nordea 's project categories are indicatively in line with the requirements listed in the EU Taxonomy Technical Annex.

The evaluation was carried out using information and documents provided to ICS 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.

Environmental and social risks assessment methodology

Whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bonds KPIs has been evaluated.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment "no or limited information is available" either indicates that no information was made available to ICS or that the information provided did not fulfil the requirements of Green Bonds KPIs.

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

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, the extent to which Nordea's Green Bonds, Green Covered Bonds and Green Deposits contribute to related SDGs has been identified.

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 ICS to compile a Green Bond SPO. The Second Party Opinion process includes verifying whether the Green Funding Framework aligns with the Green Bond Principles (June 2022), as administered by ICMA, and EU Taxonomy Delegated Act (June 2021) and to assess the sustainability credentials of its Green Bond, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles (June 2021)
- EU Taxonomy Climate Delegated Act (June 2021)

ISSUER'S RESPONSIBILITY

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

- Framework
- Asset pool / Eligibility criteria
- Documentation of ESG risks management at the asset level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG 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 Bond to be issued by Nordea is based on proprietary methodology and in line with the Green Bond Principles (June 2022), as administered by ICMA, and EU Taxonomy Delegated Act (June 2021).

The engagement with Nordea took place in July – October 2022.

ISS'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS 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

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

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.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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