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Second Party Opinion

Verification of the Sustainability Quality of the Green Bond Asset Portfolio of Nordea

2 November 18

Aim and Scope of this Second Party Opinion

Nordea commissioned ISS-oekom to assist with confirming the sustainable added value of a Green Bond Asset Portfolio, from which assets for the Green Bond issuance will be chosen. The assessment of the Green Bond Asset Portfolio was conducted using the criteria and indicators of the Green Bond KPIs developed by ISS-oekom.

ISS-oekom's mandate included the following services:

- Definition of Green Bond KPIs ("ISS-oekom Green Bond KPIs") containing a clear description of eligible asset categories and the social and environmental criteria assigned to each category for evaluating the sustainability-related performance of the assets (re-) financed through the proceeds of the bond.
- Analysis of the alignment of the Green Bond Framework against ICMA's Green Bond Principles.
- Evaluation of compliance of the Green Bond Asset Portfolio with the ISS-oekom Green Bond KPIs.
- Review and classification of Nordea's sustainability performance on the basis of the ISS-oekom Corporate Rating

Overall Evaluation of the Green Bond Asset Portfolio

ISS-oekom's overall evaluation of the Green Bond Asset Portfolio of Nordea is positive.

- Nordea has defined a formal concept for its Green Bond Asset Portfolio regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the Green Bond Principles (Part I of this Second Party Opinion).
- The overall sustainability quality in terms of sustainability benefits and risk avoidance and minimisation is good. (Part II of this Second Party Opinion).
- The issuer itself shows a good sustainability performance (Part III of this Second Party Opinion).

Certain minor aspects could still add to the overall quality of the asset pool: more specific selection or performance criteria would be recommended for environmental aspects in categories such as waste-to-energy, electric trains and ferries, or water supply.

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Part I – Green Bond Principles

1) Use of Proceeds

The amount equal to net proceeds of the Green Bonds issued by Nordea will be used to finance or refinance Green Bond Assets that have been evaluated and selected by Nordea pursuant to its Green Bond Framework.

Details regarding the assets included in the Green Bond Asset Portfolio are listed in the following table:

	Green Asset Category	Subcategories	Assets included in Green Bond Asset Portfolio	Share of Green Bond Asset Portfolio
A	Renewable Energy	Wind power	✓ yes	EUR 355m (15.6%)
		Solar power	O no	EUR 0m (0%)
		Hydro power	✓ yes	EUR 541.4m (23.8%)
		Integration of renewable energy into the transmission network	O no	EUR 0m (0%)
B	Energy Efficiency	Smart grids	O no	EUR 0m (0%)
		Energy storage	O no	EUR 0m (0%)
		District heating	O no	EUR 0m (0%)
C	Green Buildings	Commercial and residential real estate	✓ yes	EUR 1.01bn (44.5%)
D	**Pollution Prevention and Control**	Water management (water supply)	✓ yes	EUR 23.9m (1.1%)
		Waste-water	✓ yes	EUR 31m (1.4%)
		Waste-to-energy	✓ yes	EUR 180m (7.9%)
E	Clean Transportation	Electric cars	✓ yes	EUR 18.2m (0.8%)

		Public transportation (electric trains)	✓ yes	EUR 77.9m (4%)
		Public transportation (electric ferries)	✓ yes	EUR 21.8m (1%)
F	Sustainable Management of Living Natural Resources	Sustainable Forestry	O no	EUR 0m (0%)
		Sustainable Agriculture	O no	EUR 0m (0%)
TOTAL				EUR 2.27bn

The eligibility of the assets is described below:

GBP[1] category	Project types
Renewable Energy	"**Renewable Energy**" means generation and transmission of energy from renewable sources and manufacturing of the related equipment for: ▪ wind power ▪ solar power ▪ hydro power ▪ small scale plants, run of river plants or refurbishments of existing larger hydro power plants in the Nordic countries without any increase in the size of its impoundment facility ▪ integrating renewable energy sources into the transmission network
Energy Efficiency	"**Energy Efficiency**" means infrastructure, equipment, technology and processes related to smart grids, energy storage and district heating including: ▪ Automation and intelligence in the power transmission network, distribution and related systems
Green Buildings	"**Green Buildings**" means; Commercial or residential buildings with at least any of the following certifications: ▪ 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 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 %.

1 Green Bond Principles

Pollution Prevention and Control	"**Pollution Prevention and Control**" means projects or activities and any related infrastructure, equipment, technology and processes towards ▪ water and waste water management ▪ waste-to-energy
Clean Transportation	"**Clean Transportation**" means projects or 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: ▪ electric vehicles, eg. trains, busses, cars and ferries
Sustainable Management of Living Natural Resources	"**Sustainable Management of Living Natural Resources**" means Projects or activities and related to sustainable forestry or agriculture in the Nordic countries, including acquisition, maintenance and management of: ▪ forests certified by Forest Stewardship Council ("**FSC**") or Programme for the Endorsement of Forest Certification ("**PEFC**") (Sweden) ▪ sustainable agriculture in the Nordic countries comprised of: ▪ organic farming as certified in compliance with the EU and national regulation

2) Process for Project Evaluation and Selection

Nordea will complete the following process when selecting and evaluating financing within the Green Bond Asset Categories that qualify as assets to be included in the Green Bond Asset Portfolio, and specifically, the Green Bond Assets in relation to Green Bond issuances.

1	Nordea chooses potential Green Assets from each financing that is originated by relevant business units according to Nordea's financing criteria and proposed for selection by the business units.
↓	
2	Nordea removes financing that does not qualify (or where the client of such financing does not qualify) as Green Bond Assets.
↓	
3	Nordea further removes financing that is deemed ineligible (or where the client of such financing is deemed ineligible) in reference to Nordea's ESG assessment process to be included in the Green Bond Assets.
↓	
4	The remaining financing is evaluated by sustainability experts within Nordea, after which the qualifying financing is deemed as potential Green Bond Assets.
Verification	Verification of the potential Green Bond Assets is then performed by the external second opinion provider (i.e. the external verifier). The qualifying assets are included in the Green Bond Register and constitute the Green Bond Asset Portfolio.

Confirmation process is thereafter undertaken by a Green Bond Committee within Nordea in respect of the assessments made by other staff in relation to the Green Bond Asset Categories. The Green Bond Committee will also review the Green Bond Asset Portfolio and confirm the allocation to Green Bond Assets of the proceeds of Green Bond issuances on a semi-annual basis. The Green Bond Committee will further confirm any replacement of repaid Green Bond Assets with assets from the Green Bond Asset Portfolio or, if such are not available, to liquidity funding accounts.

The Green Bond Committee comprise representatives of:

- Relevant unit within the sustainability expert functions (The Sustainable Financing Unit within the Wholesale Banking Business Area)
- Relevant unit within the Group Sustainability functions (Group Sustainable Finance)
- Relevant treasury functions (Group Treasury & Asset Liability Management)
- Relevant business units within the wholesale or commercial banking business areas (Wholesale Banking and/or Commercial and Business Banking Business Areas (for example relevant Industry teams))
- Relevant unit within the business risk organisation (Business Risk Implementation and Support unit within the relevant Business Area)
- Relevant unit within the Legal functions

3) Management of Proceeds

Nordea will establish a Green Bond Register in relation to Green Bonds issued by Nordea for the purpose of recording the Green Bond Asset Portfolio and the allocation of the net proceeds from Green Bonds to Green Bond Assets.

The amount equal to net proceeds of the Green Bonds issued by Nordea will be deposited in the general funding accounts and earmarked for allocation in the Green Bond Register in accordance with this Green Bond Framework.

The composition and amount of Green Bond Assets will be reviewed quarterly by the Capital & Balance Sheet Analytics unit within Group Treasury & Asset Liability Management to account for any repayments and drawings and compare those records with the allocations detailed in the Green Bond Register.

It is Nordea's intention to maintain an aggregate amount of assets in the Green Bond Asset Portfolio that is at least equal to the aggregate net proceeds of all Nordea Green Bonds that are concurrently outstanding. However, there may be periods when a sufficient aggregate amount of Green Bond Assets have not yet been allocated to the Green Bond Register to fully cover the proceeds of each Green Bonds, either as the result of changes in the composition of Green Bond Assets or the issue of additional Green Bonds. Any portion of the net proceeds of Green Bonds that have not been allocated to Green Bond Assets in the Green Bond Register will be held in accordance with Nordea's normal liquidity management policy.

The Green Bond Register will contain relevant information to identify each Green Bond and the Green Bond Assets relating to it, including the country, category and nature of the Green Bond Assets. The Green Bond Register will form the basis for the impact reporting.

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4) Reporting

Nordea will annually publish on its website a Green Bond Report that provides:

- The amount of net proceeds that have been allocated within each Green Bond Asset Category and, when possible and relevant, further information related to the type, number and location of the Green Bond Assets included in each Green Bond Asset Category
- The remaining balance of net proceeds which have not yet been allocated to Green Bond Assets
- Where appropriate and subject to confidentiality arrangements, examples of Green Bond Assets that have been financed or refinanced by the net proceeds of Green Bonds

In each annual Green Bond Report, Nordea will also include information on the environmental impacts of the Green Bond Assets or Green Bond Portfolio as per each Green Bond Asset Category. Nordea aims to include in the reporting the indicators outlined in the table below, subject to the availability of information and baseline data. The impact reporting will include a description of the applied methodology.

Nordea will annually publish a Green Bond Report on its website that provides:

Green Bond Asset Category	Subcategories	Impact indicators	
A Renewable Energy	Wind power Solar power Hydro power	Installed renewable energy production capacity (MW)	Estimation of avoided CO_2e emissions
B Energy Efficiency	Smart grids Energy storage District heating	Amount of energy saved (MW)	Estimation of avoided CO_2e emissions
C Green Buildings	Certified green buildings	Amount of energy saved (MW)	Estimation of avoided CO_2e emissions
D Pollution Prevention and Control	Water management (water supply) and waste-water	Water withdrawals or treatment capacity (m^3/day)[2]	
	Waste-to-energy	Production capacity (MW)	

[2] Nordea might develop further impact indicators for the category Pollution Prevention and Control.

E	Clean Transportation	Public transportation / Freight transportation	Number of passengers or amount of freight shipped
F	Sustainable Management of Living Natural Resources	Sustainable Forestry Sustainable Agriculture	Area certified to organic/sustainability standards

Part II – Sustainability Quality of the Green Bond Asset Portfolio

1) ISS-oekom Green Bond KPIs

The ISS-oekom Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of the Green Bond Asset Portfolio of Nordea. It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the Green Bond Asset Portfolio can be clearly identified and described.
The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the Green Bond and which can also be used for reporting. Details on the individual criteria and indicators for the categories can be found in Annex 1 „ISS-oekom Green Bond KPIs".

2) Evaluation of the assets included in the Green Bond Asset Portfolio

Method

ISS-oekom has evaluated whether the assets included in the Green Bond Asset Portfolio match the categories and criteria listed in the ISS-oekom Green Bond KPIs. The evaluation was carried out using information and documents provided to ISS-oekom on a confidential basis by Nordea (e.g. information on credit guidelines). National legislation and standards were drawn on to complement the information provided by Nordea.

Findings

A. Renewable energy

A.1. Wind Power

- 1. Site selection
  - ✓ All the projects are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
  - ✓ 100% of underlying assets 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).
- 2. Community dialogue
  - ✓ 100% of underlying assets comply with local regulations which provide for good standards regarding the consideration of local residents' interests during the planning phase (e.g. information meetings).
- 3. Environmental aspects of construction and operation
  - ✓ 100% of underlying assets comply with local regulations and have measures in place that ensure high environmental standards during the construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work).
  - ✓ 100% of underlying assets 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).
- 4. Working conditions during construction and maintenance work
  - ✓ 100% of underlying assets 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 assets did not reveal any controversies that can be attributed to Nordea.

A.2. Hydro power

- 1. Site selection
  - ✓ All the projects in the asset pool are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
  - ✓ 100% of underlying assets underwent a full Environmental Impact Assessment.
- 2. Community dialogue
  - ✓ 100% of underlying assets 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).
- 3. Environmental aspects of construction and operation
  - ✓ 100% of underlying assets comply with local regulations that generally require the mitigation of negative environmental impacts during construction and operation of hydro power plants.
  - O Specific measures and/or standards during the construction phase were not disclosed (e.g. renaturation after construction work).
  - O 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).
- 4. Working conditions during construction and maintenance work
  - ✓ All the projects in the asset pool 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 underlying assets did not reveal any controversial activities or practices that could be attributed to Nordea.

B. Green buildings (commercial and residential real estate)

- **Prerequisite for Green Buildings: All projects underwent an appropriate and detailed selection process that ensures good standards regarding energy efficiency, as described in Part I of this Second Party Opinion.**
- 1. Site selection
  - ✓ 100% of relevant underlying assets are located in metropolitan areas.
  - ✓ 100% of relevant underlying assets are located within 1 km from one or more modalities of public transport.
- 2. Construction standards
  - ✓ 100% of relevant underlying assets provide for high labour and health and safety standards (e.g. ILO core conventions).
  - ✓ Over 50% of relevant underlying assets provide for sustainable procurement regarding building materials (e.g. recycled materials).
- 3. Water use minimisation in buildings
  - O Less than 50% of assets provide for measures to reduce water consumption (e.g. water metering, high-efficiency fixtures and fittings, rainwater harvesting).
- 4. Safety of building users
  - ✓ 100% of assets provide for measures to ensure operational safety (e.g. emergency exits, fire sprinklers, fire alarm systems).
- 5. Sustainability labels / Certificates
  - ✓ 100% of underlying assets 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”, DGNB „Silver / Gold“3, LEED “Gold”, HQE „excellent“ certificate or better certification, while the majority of the portfolio obtained a slightly less detailed certification. These assets obtained at least Swedish Miljöbyggnad “Silver” label or a Nordic Swan Ecolabel.

Controversy assessment

A controversy assessment on the underlying assets did not reveal any controversial activities or practices that could be attributed to Nordea.

[3] With effect from 1 July 2015, DGNB updated its certification scheme, now ranging from “Bronze” to “Platinum”: The “Bronze” certificate will be replaced by “Silver”, “Silver” by “Gold” and “Gold” by “Platinum” for new certifications with immediate effect. “Bronze” will only be used for existing buildings in the future. The evaluation system and the assessment methodology remain unchanged.

C. Pollution prevention and control

C.1. Water management (water supply)

- 1. Site selection
  - ✓ For 100% of underlying assets, the location of water supply plants in key biodiversity areas can be excluded.
  - ✓ For the majority of underlying assets (no percentage available), the location of infrastructure for water withdrawal from natural water reservoirs in key biodiversity areas can be excluded. For the minority underlying assets, the location in a Ramsar site cannot be excluded.
  - ✓ 100% of underlying assets underwent environmental impact assessments at the planning stage.
- 2. Environmental aspects of construction and operation
  - ✓ 100% of underlying assets provide for high standards regarding sustainable water withdrawal (e.g. risk assessments, monitoring, pollution prevention).
  - O Only basic information is available regarding the reduction leakages from the water distribution system (e.g. regular inspections, response management).
  - ✓ 100% of underlying assets provide for high standards regarding water quality (e.g. thorough purification process, reporting).
- 3. Social aspects of water treatment
  - O Underlying assets only have single measures in place to encourage different customer groups to save water.
  - ✓ 100% of underlying assets are located in countries in which access to water is regulated and provided for by social welfare.
- 4. Working conditions during construction and operation
  - ✓ 100% of underlying assets are located in countries that provide for high labour and health and safety standards for construction and maintenance work (provided for by national legislation).

Controversy Assessment

A controversy assessment on the underlying assets did not reveal any controversial activities or practices that could be attributed to Nordea.

C.2. Wastewater management

- 1. Site selection
  - ✓ 100% of underlying assets are not located in key biodiversity areas (e.g. exclusion of Ramsar sites, UNESCO Natural Word Heritage, IUCN protected areas I-IV).
  - ✓ 100% of underlying assets underwent environmental impact assessments at the planning stage.
- 3. Community dialogue
  - ✓ 100% of underlying assets comply with local regulations which provide for good standards regarding the consideration of local residents' interests during the planning phase (e.g. information meetings).
- 2. Environmental impacts of construction and operation
  - ✓ 100% of underlying assets feature measures to prevent leakage of sewerage systems (e.g. monitoring).
  - ✓ 100% of underlying assets use sewage sludge for energy generation and apply strict environmental standards for agricultural use of and landfill of sewage sludge. 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 assets feature thorough cleaning processes in order to provide for high quality of treated water.
- 4. Working conditions during construction and operation
  - ✓ 100% of underlying assets are located in countries that provide for high labour and health and safety standards for construction and maintenance work (provided for by national legislation).

Controversy Assessment

A controversy assessment on the underlying assets did not reveal any controversial activities or practices that could be attributed to Nordea.

C.3. Waste-to-energy

- 1. Consideration of environmental aspects during planning and construction
  - ✓ 100% of underlying assets underwent environmental impact assessments at the planning stage.
  - ✓ 100% of underlying assets are not located in key biodiversity areas such as Ramsar sites, UNESCO Natural World Heritage and IUCN protected areas I-IV.
  - ✓ 100% of underlying assets are required to have minimum environmental mitigation measures during the construction phase, according to legislation.
  - O No specific information is available on projects that meet high environmental standards and requirements during the construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work).
- 2. Environmental aspects of waste to energy plants
  - ✓ More than 50% of underlying assets provide for high standards concerning environmentally safe operation of plants (e.g. strict control of air emissions, measures to prevent the release of residues).
  - ✓ 100% of assets apply cogeneration technology.
- 3. Safety aspects of waste to energy plants
  - ✓ 100% of underlying assets provide for high safety standards (e.g. regarding fire and explosion risks).
- 4. Community dialogue
  - ✓ 100% of underlying assets feature community dialogue as an integral part of the planning process and construction stage (e.g. sound information of communities, community advisory panels and committees, online dialogue platforms and grievance mechanisms).
- 5. Working conditions during construction and operation
  - ✓ 100% of underlying 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 underlying assets did not reveal any controversial activities or practices that could be attributed to Nordea.

D. Clean transportation

D.1. Electric vehicles

- 1. Productions standards
  - ✓ 99% of underlying assets provide for a comprehensive environmental management system at the car manufacturing sites. No information is available for the remaining 1% of assets.
  - ✓ Over 50% of underlying assets provide for high labour and health and safety standards at the car manufacturing sites. (e.g. ILO core conventions).
- 2. Environmental aspects of cars
  - ✓ For 71% of underlying assets a comprehensive life-cycle-assessments have been conducted. No information is available for the remaining 29% of assets.
  - ✓ For 100% of assets, energy efficiency during operation is optimised (electric vehicles).
- 3. Social aspects of cars
  - ✓ For 100% of underlying assets, product safety is ensured (minimum of 3 Stars rating on NCAP crash test).

Controversy assessment

Due to the nature of the assets, a controversy assessment is not deemed necessary and attributable to the issuer.

D.2. Public transportation (electric trains)

- 1. Productions standards
  - ✓ 100% of underlying assets provide for a comprehensive environmental management system at the manufacturing sites of trains.
  - ✓ 100% of underlying assets provide for high labour and health and safety standards at the manufacturing sites of trains (e.g. ILO core conventions).
- 2. Environmental aspects of trains
  - O No information is available on whether assets have conducted comprehensive life-cycle-assessments
  - ✓ For 100% of underlying assets energy efficiency during operation is optimised (e.g. through energy recovery systems for trains).
- 3. Social aspects of trains
  - ✓ 100% of underlying assets ensure health and safety for both passengers and operators (e.g. vigilance control, minimisation of noise exposure, accessibility).

Controversy Assessment

A controversy assessment on the underlying assets did not reveal any controversial activities or practices that could be attributed to Nordea.

D.3. Public transportation (electric ferries)

- 1. Productions standards
  - ✓ 100% of underlying assets provide for a comprehensive environmental management system at the manufacturing sites of ferries.
  - ✓ 100% of underlying assets provide measures which ensure high labour and health and safety standards at the manufacturing sites of ferries (e.g. ISO certifications).
  - O However, the assets are manufactured in countries for which implementation of these standards is not always clear.
- 2. Environmental aspects of ferries
  - O No information is available on whether assets have conducted comprehensive life-cycle-assessments
  - ✓ For 100% of underlying assets energy efficiency during operation is optimised (electric ferries).
- 3. Social aspects of ferries
  - O No information is available on measures to ensure health and safety for both passengers and operators (e.g. accessibility, minimisation of noise exposure).

Controversy Assessment

A controversy assessment on the underlying assets did not reveal any controversial activities or practices that could be attributed to Nordea

Part III – Assessment of Nordea's Sustainability Performance

In the ISS-oekom Corporate Rating with a rating scale from A+ (excellent) to D- (poor), Nordea was awarded a score of C and classified as "Prime". This means that the company performed well in terms of sustainability, both compared against others in the industry and in terms of the industry-specific requirements defined by ISS-oekom. In ISS-oekom's view, the securities issued by the company thus all meet the basic requirements for sustainable investments.

As at 2 November 2018, this rating puts Nordea in place 30 out of 246 companies rated by ISS-oekom in the Financials/Commercial Banks and Capital Markets sector.

In this sector, ISS-oekom has identified the following issues as the key challenges facing companies in term of sustainability management:

- Sustainability standards for the lending business
- Customer and product responsibility
- Sustainable investment criteria
- Employee relations and work environment
- Business ethics

In all key issues, Nordea achieved a rating that was above the average for the sector. A very significant outperformance was achieved in "Sustainable investment criteria".

The company has not committed any violations in the areas of controversial business practices or controversial areas of business, and thus does not breach any of the exclusion criteria, which are frequently applied by investors. Overall, the company has only a "minor" controversy level compared to a level of "significant" in the industry's average.

Details on the rating of the issuer can be found in Annex 2 "Issuer rating results".

ISS-oekom AG

Munich, 2 November 2018

Disclaimer

1. ISS-oekom uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition we create a Second Party Opinion (SPO) on bonds based on data from the issuer.

2. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS-oekom in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.

3. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond, but refers exclusively to the social and environmental criteria mentioned above.

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About ISS-oekom

ISS-oekom is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries with regard to their environmental and social performance. ISS-oekom has extensive experience as a partner to institutional investors and financial service providers, identifying issuers of securities and bonds which are distinguished by their responsible management of social and environmental issues. More than 100 asset managers and asset owners routinely draw on the rating agency's research in their investment decision making. ISS-oekom's analyses therefore currently influence the management of assets valued at over 600 billion euros.

As part of our Green 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 verify the compliance with the criteria in the selection of projects and draw up an independent second party opinion so that investors are as well informed as possible about the quality of the loan from a sustainability point of view.

Contact: ISS-oekom, Goethestraße 28, 80336 Munich, Germany, tel: +49 / (0) 89 / 54 41 84-90, e-mail: info@oekom-research.com

Annex

- Annex 1: ISS-oekom Green Bond KPIs
- Annex 2: ISS-oekom Corporate Rating of Nordea Bank AB

Annex 1: ISS-oekom Green Bond KPIs

ISS-oekom Green Bond KPIs

The ISS-oekom Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Nordea's Green Bond. It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the Green Bond can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the Green Bond and which can be used for comprehensive reporting.

Use of Proceeds

Renewable Energy

- Wind power
- Hydro power

Green Buildings

- Commercial and residential real estate

Pollution **Prevention and Control**

- Water management (water supply)
- Waste water management
- Waste-to-energy

Clean Transportation

- Electric vehicles
- Public transportation (electric trains)
- Public transportation (electric ferries)

Sustainability Criteria and Indicators for Use of Proceeds

In order to ensure that the environmental and social risks linked to the underlying assets are prevented and the opportunities clearly fostered, a set of sustainability criteria has been established for the asset categories.

Renewable energy

Wind power

1. Site selection

- Percentage of assets that are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- Percentage of assets that underwent environmental impact assessments at the planning stage.

2. Community dialogue

- Percentage of assets that 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).

3. Environmental aspects of construction and operation

- Percentage of assets that meet high environmental standards during the construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work).
- Percentage of assets that provide for measures to protect habitat and wildlife during operation of the power plant (e.g. measures to protect birds and bats).

4. Working conditions during construction and maintenance work

- Percentage of assets that provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

Controversy Assessment

Assessment of controversial assets (e.g. due to labour rights violations, adverse biodiversity impacts).

Hydro power

1. Site selection

- Percentage of assets that are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- Percentage of assets that underwent environmental impact assessments at the planning stage.

2. Community dialogue

- Percentage of assets that 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).

3. Environmental aspects of construction and operation

- Percentage of assets that meet high environmental standards during the construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work).
- Percentage of assets that provide for measures to protect habitat and wildlife during operation of the power plant (e.g. provision of fish passes, fish-friendly turbines, management of erosion risks).

4. Working conditions during construction and maintenance work

- Percentage of assets that provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

Controversy Assessment

- Assessment of controversial assets (e.g. due to labour rights violations, adverse biodiversity impacts).

Green Buildings (Commercial and residential Real Estate)

Prerequisite for Green Buildings: All projects underwent an appropriate and detailed selection process that ensures good standards regarding energy efficiency.

1. Site selection

- Percentage of assets for which a policy on responsible site selection is in place (e.g. brownfield development, exclusion of protected areas and sites of high environmental value).
- Percentage of assets located within a maximum of 1 km from one or more modalities of public transport.

2. Construction standards

- Percentage of assets that provide for high labour and health and safety standards (e.g. ILO core conventions).
- Percentage of assets that provide for sustainable procurement regarding building materials (e.g. recycled materials).

3. Water use minimisation in buildings

- Percentage of assets that provide for measures to reduce water consumption (e.g. water metering, high-efficiency fixtures and fittings, rainwater harvesting).

4. Safety of building users

- Percentage of assets that provide for measures to ensure operational safety (e.g. emergency exits, fire sprinklers, fire alarm systems).

5. Sustainability labels / Certificates

- Percentage of assets that obtained a (or an equivalent of a) BREEAM "Very Good", DGNB „Silver / Gold"[4], LEED "Gold", HQE „excellent" certificate or better certification.

Controversy Assessment
Assessment of controversial assets (e.g. labour rights violations, insufficient community dialogue).

Pollution prevention and control

Water management (water supply)

1. Site selection

- Percentage of assets that are not located in key biodiversity areas (exclusion of Ramsar sites, IUCN protected areas I-IV).
- Percentage of assets that underwent environmental impact assessments at the planning stage.

2. Environmental aspects of construction and operation

- Percentage of assets that provide for high standards regarding sustainable water withdrawal (e.g. risk assessments, monitoring, pollution prevention).
- Percentage of assets that feature measures to reduce leakages from the water distribution system (e.g. regular inspections, response management).
- Percentage of assets that provide for high standards regarding water quality (i.e. healthiness and purity requirements).

3. Social aspects of water treatment

- Percentage of assets that have measures in place to encourage customers to save water (e.g. water meters, information).
- Percentage of assets provide for responsible treatment of disadvantaged customers (e.g. regarding disconnection).

4. Working conditions during construction and maintenance work

- Percentage of assets that provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

Controversy Assessment

- Assessment of controversies (e.g. due to labour rights violations, adverse biodiversity impacts).

Waste-water

[4] With effect from 1 July 2015, DGNB updated its certification scheme, now ranging from "Bronze" to "Platinum": The "Bronze" certificate will be replaced by "Silver", "Silver" by "Gold" and "Gold" by "Platinum" for new certifications with immediate effect. "Bronze" will only be used for existing buildings in the future. The evaluation system and the assessment methodology remain unchanged.

1. Site selection

- Percentage of assets that are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- Percentage of assets that underwent environmental impact assessments at the planning stage.

2. Community dialogue

- Percentage of assets that 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).

3. Environmental aspects of construction and operation

- Percentage of assets that feature measures to prevent leakage of sewerage systems (e.g. monitoring systems, adequate maintenance and repair).
- Percentage of assets that feature measures to reduce the environmental impacts of sewage sludge disposal (e.g. exclusion of introduction into waterways and landfill, exclusion or standards for agricultural use, utilisation of energy).
- Percentage of assets that provide for high standards regarding the quality of treated water.

4. Working conditions during construction and operation

- Percentage of assets that provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

Controversy Assessment

- Assessment of controversial assets (e.g. due to labour rights violations, adverse biodiversity impacts).

Waste to energy

1. Consideration of environmental aspects during planning and construction

- Percentage of assets that underwent environmental impact assessments at the planning stage.
- Percentage of assets that are not located in key biodiversity areas (e.g. exclusion of Ramsar sites, UNESCO Natural Word Heritage, IUCN protected areas I-IV).
- Percentage of assets that meet high environmental standards and requirements during the construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work).

2. Environmental aspects of waste to energy plants

- Percentage of assets that provide for high standards regarding environmentally safe operation of plants (e.g. air emissions, disposal of residues).
- Percentage of assets that apply cogeneration technology.

3. Safety aspects of waste to energy plants

- Percentage of assets that provide for high safety standards (e.g. regarding fire, explosions).

4. Community dialogue

- Percentage of assets that 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).

5. Working conditions during construction and operation

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

Controversy Assessment

- Assessment of controversial assets (e.g. labour rights violations, insufficient community dialogue).

Clean transportation

Electric vehicles

1. Productions standards

- Percentage of assets that provide for a comprehensive environmental management system at the car manufacturing sites.
- Percentage of assets that provide for high labour and health and safety standards at the car manufacturing sites. (e.g. ILO core conventions).

2. Environmental aspects of cars

- Percentage of assets for which comprehensive life-cycle-assessments have been conducted.
- Percentage of assets for which energy efficiency during operation is optimised.

3. Social aspects of cars

- Percentage of assets where product safety is ensured (minimum of 3 Stars rating on NCAP crash test).

Public transportation (electric trains)

1. Productions standards

- Percentage of assets that provide for a comprehensive environmental management system at the manufacturing sites of trains.
- Percentage of assets that provide for high labour and health and safety standards at the manufacturing sites of trains. (e.g. ILO core conventions).

2. Environmental aspects of trains

- Percentage of assets for which comprehensive life-cycle-assessments have been conducted.

- Percentage of assets for which energy efficiency during operation is optimised (e.g. through energy recovery systems for trains).

3. Social aspects of trains

- Percentage of assets which ensure health and safety for both passengers and operators (e.g. vigilance control, minimisation of noise exposure, accessibility).

Controversy Assessment

- Assessment of controversial assets (e.g. due to labour rights violations, adverse biodiversity impacts).

Public Transportation (electric ferries)

1. Productions standards

- Percentage of assets that provide for a comprehensive environmental management system at the manufacturing sites of ferries.
- Percentage of assets that provide for high labour and health and safety standards at the manufacturing sites of ferries. (e.g. ILO core conventions).

2. Environmental aspects of ferries

- Percentage of assets for which comprehensive life-cycle-assessments have been conducted.
- Percentage of assets for which energy efficiency during operation is optimised.

3. Social aspects of ferries

- Percentage of assets which ensure health and safety for both passengers and operators (e.g. accessibility, minimisation of noise exposure).

Controversy Assessment

- Assessment of controversial assets (e.g. due to labour rights violations, adverse biodiversity impacts).

ISS-oekom Corporate Rating

Nordea Bank Abp

Industry	**Financials/Commercial Banks & Capital Markets**	**Status**	**Prime**
Country	**Finland**	**Rating**	**C**
ISIN	**FI4000297767**	**Prime Threshold**	**C**

Corporate Responsibility Prime rated by ISS-oekom

D-	D	D+	C-	C	C+	B-	B	B+	A-	A	A+
poor			medium			good			excellent		

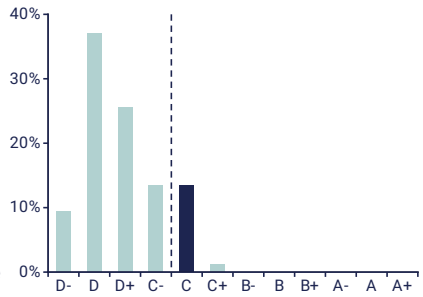
The assessment of a company's sustainability performance is based on approximately 100 criteria, selected specifically for each industry. A company's failure to disclose, or lack of transparency, regarding these matters will impact a company's rating negatively.

Industry Leaders

Company name (in alphabetical order)	Country	Grade
ABN AMRO Group N.V.	NL	C+
NIBC Bank N.V.	NL	C+
Raiffeisen Bank International AG	AT	C+

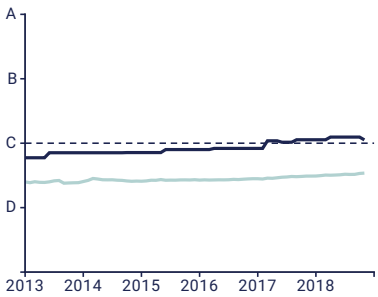
Distribution of Ratings

246 companies in the industry



Legend: Industry Company --- Prime

Rating History



Key Issue Performance

Strengths and Weaknesses

+ implementation of Equator Principles fostering the consideration of environmental and social aspects in project finance
+ approach concerning the integration of sustainability issues into shareholder advocacy activities
+ integration of environmental and social aspects into the asset management business
+ reasonable measures taken to grant access to financial services without discrimination

- inadequate strategy on offshore banking activities and tax compliance
- no strict and comprehensive environmental and social lending and/or investment banking guidelines

Controversy Monitor

Company		Industry	
Controversy Score	-3	Maximum Controversy Score	-37
Controversy Level	Minor	Controversy Risk	Significant

Minor	Moderate	Significant	Severe

Minor	Moderate	Significant	Severe

Disclaimer

Please note that all data in this report relates to the point in time at which the report was generated.

Contact details: ISS-oekom, Munich / Germany. Phone: +49 89 544184 90. Email: info@iss-esg.com

Nordea Bank Abp

Methodology - Overview

ISS-oekom Corporate Rating - The ISS-oekom Universe comprises more than 3,900 companies (mostly companies in important national and international indices, but also small and mid caps drawn from sectors with direct links to sustainability as well as significant non-listed bond issuers).

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance criteria, selected specifically for each industry. All criteria are individually weighted and evaluated and the results are aggregated to yield an overall score (rating), in which the key issues account for at least 50 per cent of the total weight. In case there is no relevant or up-to-date company information available on a certain criterion and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the criterion is graded with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company itself as well as information from independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

An external rating committee assists the analysts at ISS-oekom with the content-related design of industry-specific criteria and carries out a final plausibility check of the rating results at the end of the rating process.

Controversy Monitor - The Controversy Monitor is a tool for assessing and managing reputational and financial risks associated with companies' negative environmental and social impacts.

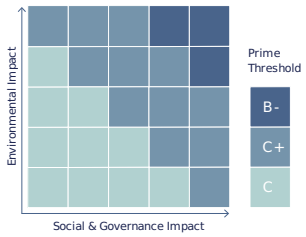
The controversy score is a unit of measurement for the number and severity of a company's current controversies. All controversial business areas and business practices receive a negative score, which can vary depending on the significance, number and severity of the controversies. Both the company's score and the maximum score obtained in the industry are displayed.

For better classification, the scores are assigned different levels: minor, moderate, significant and severe. The industry level relates to the average controversy score.

Only controversies for which reliable information from trustworthy sources is available are recorded. In addition to proven misconduct and activities of companies, alleged misconduct and activities are also assessed when the facts and circumstantial evidence provided by those sources, taking into account the experience of specialised analysts for each topic, is estimated to be sufficiently reliable. It should be noted that large international companies are more often the focus of public and media attention. Thus, the information available on those companies is often more comprehensive than for less prominent companies.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ISS-oekom Universe (company portrayed in this report: dark blue).

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analysed is classified in a Sustainability Matrix.
Depending on this classification, the dimensions of the ISS-oekom Corporate Rating, the Social & Governance Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS-oekom Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ISS-oekom Universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:
A+: the company shows excellent performance.
D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).
Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Status & Prime Threshold - Companies are categorised as Prime if they achieve/exceed the minimum sustainability performance requirements (Prime threshold) defined by ISS-oekom for a specific industry (absolute best-in-class approach) in the ISS-oekom Corporate Rating. Prime companies rank among the sustainability leaders in that industry.

Strengths & Weaknesses - Overview of selected strengths and weaknesses of a company with regard to the key issues of the industry from a sustainability point of view.