

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Asset Pool

Nordea Bank Abp
10 September 2019

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Overall Evaluation of the Green Bonds

Nordea commissioned ISS-oekom to assist with its Green Bonds by assessing three core elements to determine the sustainability quality of the Bonds:

1. Nordea's Green Bond framework – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBPs).
2. The asset pool – whether the projects aligned with ISS-oekom's issue-specific key performance indicators (KPIs) (See Annex 2).
3. Nordea's sustainability performance, according to the ISS-oekom Corporate Rating.

ISS-oekom ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Performance against GBPs	<p>The issuer has defined a formal concept for its Green Bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA GBPs.</p> <p>This SPO covers Nordea Bank's and Nordea Kredit's assets. For Nordea Bank, the asset review will be as described above. For Nordea Kredit, due to assets remaining unidentified at this stage, the review covers eligibility criteria and in future years will incorporate the assets' specific review.</p>	Positive
Part 2: Sustainability quality of the asset pool	<p>The overall sustainability quality of the asset pool in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS-oekom Green Bond KPIs. The Green Bond KPIs contain a clear description of eligible asset categories which include renewable energy, green buildings, pollution prevention and control, and clean transportation.</p> <p>All assets of the asset pool are located in highly regulated and developed countries. Legislative frameworks in those countries set minimum standards, which reduce environmental and social risks.</p>	Positive
Part 3: Issuer sustainability performance	<p>The issuer itself shows a good sustainability performance and has been rated C, therefore classified as 'Prime' by the methodology of the ISS-oekom Corporate Rating. It is rated 31st out of 267 companies within its sector as of 10.09.2019.</p> <p>The bank is committed to use its capital market platform to arrange financing, loans and bonds, to its customers for purposes that generate positive environmental benefits.</p>	<p>Status: Prime</p> <p>Rating: C</p> <p>Prime threshold: C</p>














¹ The ISS-oekom's present evaluation will remain valid until any modification of the Green Bond Framework or addition of new assets into the asset pool by the issuer and as long as the issuer's Corporate Rating does not change (last modification on the 22.07.2019). The controversy check of the underlying assets has been conducted on the 10.09.2019.

Contribution of the Green Bonds to the UN SDGs

Based on the assessment of the sustainability quality of the asset pool and using a proprietary methodology, ISS-oekom assessed the contribution of the Nordea's green bonds to the United Nations Sustainable Development Goals (UN SDGs). This assessment is displayed on 5-point scale:

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the bonds' 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: Wind power	Significant contribution	7 AFFORDABLE AND CLEAN ENERGY 	13 CLIMATE ACTION 
Renewable energy: Hydro power	Significant contribution	7 AFFORDABLE AND CLEAN ENERGY 	13 CLIMATE ACTION 
Green buildings: Commercial and residential buildings	Significant contribution	11 SUSTAINABLE CITIES AND COMMUNITIES 	
Pollution prevention and control: Water supply	Significant contribution	6 CLEAN WATER AND SANITATION 	
	Limited contribution	3 GOOD HEALTH AND WELL-BEING 	
Pollution prevention and control: Wastewater	Significant contribution	6 CLEAN WATER AND SANITATION 	
	Limited contribution	3 GOOD HEALTH AND WELL-BEING 	
Pollution prevention and control: Waste-to-energy	Limited contribution	7 AFFORDABLE AND CLEAN ENERGY 	13 CLIMATE ACTION 
Clean transportation: Electric cars	Limited contribution	7 AFFORDABLE AND CLEAN ENERGY 	13 CLIMATE ACTION 

Clean transportation:
Electric trains (public)

Limited
contribution



Clean transportation:
Electric ferries (public)

Limited
contribution



ISS-oekom SPO ASSESSMENT

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 this Green Bond Framework.² The Green Bond Assets comprise financing within the Green Bond Asset Categories which are, or have been, originated by the various business units of Nordea mostly in the Nordic countries.

Importantly, however, the net proceeds of any Nordea Green Bond shall not be used towards financing of nuclear or fossil fuel energy operations or that is deemed by Nordea to be in the sectors “Weapons and Defence”, “Coal Mining” or “Tobacco”. Additionally, any existing financing of clients which are deemed not to be eligible in reference to Nordea’s corporate customer Environment, Social and Governance assessment process will not be selected for financing or refinancing by the net proceeds of any Green Bond issued by Nordea.

The Nordea ESG assessment process includes an assessment of all large corporate customers with respect to:

- Governance
- Environmental, health and safety management processes
- Social aspects including human and labour rights
- Potential controversies

Green bond asset categories and green bonds asset portfolio

The Green Bond Asset Categories in the list below have been identified by Nordea as aiming to increase positive or reduce negative impact on the environment. The list includes examples of each category. Any addition to the Green Bond Asset Portfolio is subject to the verification by the external verifier.

GREEN ASSET CATEGORY	SUBCATEGORIES	ASSETS INCLUDED IN PORTFOLIO	SHARE OF ASSET PORTFOLIO
Renewable Energy <i>Generation and transmission of energy from renewable sources and manufacturing of the related equipment for relevant subcategories.</i>	Wind power	Yes	EUR 283m (11.1%)
	Solar power	No	EUR 0m (0%)
	Hydro power	Yes	EUR 457m (17.9%)
	Integration of renewable energy into the transmission network	No	EUR 0m (0%)

² The final terms of an issue of Green Bonds will specify the use of proceeds of that issue.

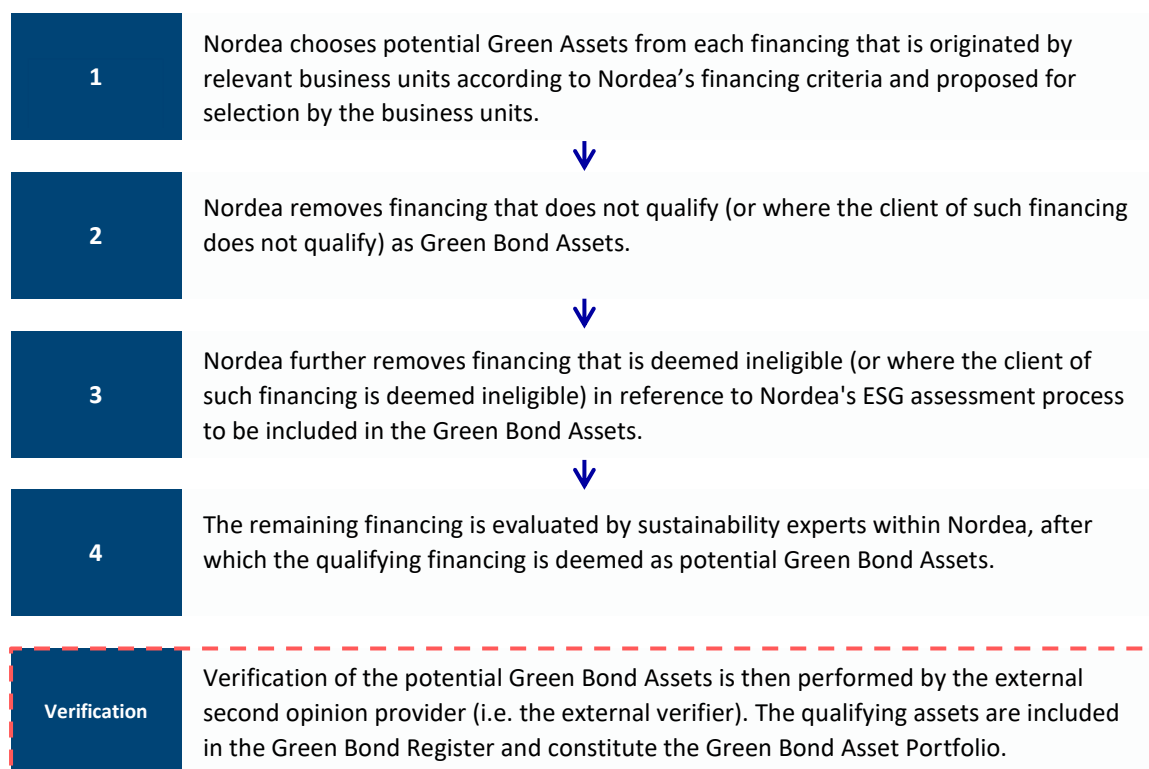
Energy Efficiency <i>Infrastructure, equipment, technology and processes related to smart grids, energy storage and district heating including automation and intelligence in the power transmission network, distribution and related systems.</i>	Smart grids	No	EUR 0m (0%)
	Energy storage	No	EUR 0m (0%)
	District heating	Yes	EUR 1m (0.04%)
Green Buildings <i>Commercial or residential buildings with at least any of the selected certifications³</i>	Commercial and residential real estate	Yes	EUR 1,371m (53.6%)
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)	Yes	EUR 24m (0.9%)
	Waste water management	Yes	EUR 33m (1.3%)
	Waste-to-energy	Yes	EUR 281m (11.0%)
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 22m (0.9%)
	Public transportation (electric trains)	Yes	EUR 78m (3.1%)
	Public transportation (electric ferries)	Yes	EUR 8m (0.3%)
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>	Forests certified by Forest Stewardship Council ("FSC") or Programme for the Endorsement of Forest Certification ("PEFC") (Sweden)	No	EUR 0m (0%)
	Sustainable agriculture in the Nordic countries comprised of organic farming as certified in compliance with the EU and national regulation	No	EUR 0m (0%)
Total asset pool volume			EUR 2,557m

³ 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 %.

Opinion: ISS-oekom considers the Use of Proceeds description provided by the Nordea Green Bond Framework as aligned with the GBPs. The prescribed categories are all within the GBPs and the exclusions ensure further adherence to the standard.

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.



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 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

Opinion: *ISS-oekom finds that the process for Project Evaluation and Selection aligns with the GBPs, including the methodology of the Green Bond Committee. However, the financing criteria could be more transparent.*

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. In practice this means that, whenever Nordea issues a new Green Bond, our aim is to allocate the proceeds of that specific bond at the time of issuance. However, there may be periods when a sufficient aggregate amount of Green Bond Assets has 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.

Opinion: *ISS-oekom finds that the Management of Proceeds according to Nordea's Green Bond Framework is aligned with the GBPs. This particularly involves the application of the Green Bond Register.*

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 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 publish an annual Green Bond report if it has Green Bonds outstanding.

Opinion: *ISS-oekom finds that the reporting is fully aligned to the requirements of the GBPs. This includes publishing on a regular basis and disclosure of the type of content that will be reported.*

External review

Nordea has engaged ISS-oekom to act as an external verifier of this Green Bond Framework and the Green Bond Assets. Its Second Party Opinion is publicly available on Nordea's website. The external verifier will also separately verify the Green Bond Report.

Assets that have been verified by the external verifier to be consistent with the GBP, this GBF and the verifier's own criteria, as evidenced by a "**Second Party Opinion**" published on Nordea's website, will be included in the Green Bond Asset Portfolio.

PART II: SUSTAINABILITY QUALITY OF THE GREEN BONDS ASSET POOL

Methodology of assessment of the sustainability of the assets

ISS-oekom evaluates whether the underlying assets included or to be included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs defined by ISS-oekom. 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, ISS-oekom will re-verify the sustainability quality of the assets to which proceeds of the issuances have been, or future issuances will be allocated.



Evaluation of the assets

Wind energy

As a Use of Proceeds category, wind energy has a significant contribution to SDGs 7 “Affordable and Clean Energy” and 13 “Climate Action”.

Additionally, when considering the deeper ESG management, wind energy can be associated to other SDGs.

The table below presents the findings of an ISS-oekom assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS-OEKOM ESG KPI	ASSOCIATION WITH THE SDGS
Site selection	
<ul style="list-style-type: none"> ✓ All the projects are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV). 	
<ul style="list-style-type: none"> ✓ 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). 	

Community dialogue

- ✓ 100% of the assets 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 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 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).



Working conditions during construction and maintenance work and dam safety

- ✓ 100% of the 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 included projects did not reveal any controversial activities or practices that could be attributed to Nordea Bank. No controversy screening has been conducted for Nordea Kredit assets, as they are currently unidentified.

Hydro energy

As a Use of Proceeds category, hydro energy has a significant contribution to SDGs 7 “Affordable and Clean Energy” and 13 “Climate Action”.

Additionally, when considering the deeper ESG management, hydro energy can be associated to other SDGs.

The table below presents the findings of an ISS-oekom assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS-OEKOM ESG KPI

ASSOCIATION WITH THE SDGS

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 the assets underwent environmental impact assessments at the planning stage.



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).



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 phase.
- Specific measures and/or standards during the construction phase were not disclosed (e.g. renaturation after construction work).
- ✓ 100% of underlying assets comply with local regulations that generally require the mitigation of negative environmental impacts during operation phase.
- 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 the 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 included projects did not reveal any controversial activities or practices that could be attributed to Nordea Bank. No controversy screening has been conducted for Nordea Kredit assets, as they are currently unidentified.

Green buildings

As a Use of Proceeds category, green buildings have a significant contribution to SDG 11 “Sustainable Cities and Communities”.

Additionally, when considering the deeper ESG management, commercial and residential real estate can be associated to other SDGs.

The table below presents the findings of an ISS-oekom assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS-OEKOM ESG KPI	ASSOCIATION WITH THE SDGS
Pre-requisite	
<ul style="list-style-type: none"> ✓ All projects underwent an appropriate and detailed selection process that ensures good standards regarding energy efficiency 	 
Site selection	
<ul style="list-style-type: none"> ✓ 100% of relevant underlying assets are located in metropolitan areas. 	
<ul style="list-style-type: none"> ✓ 100% of relevant underlying assets are located within 1 km from one or more modalities of public transport. 	
Construction standards	
<ul style="list-style-type: none"> ✓ 100% of the assets are located where high labour and health and safety standards are in place for construction and maintenance work (e.g. ILO core conventions). 	
<ul style="list-style-type: none"> ✓ Over 50% of relevant underlying assets provide for sustainable procurement regarding building materials (e.g. recycled materials). 	
Water use minimization in buildings	
<ul style="list-style-type: none"> ○ Less than 50% of assets provide for measures to reduce water consumption (e.g. water metering, high-efficiency fixtures and fittings, rainwater harvesting). 	
Safety of buildings users	
<ul style="list-style-type: none"> ✓ 100% of assets provide for measures to ensure operational safety (e.g. emergency exits, fire sprinklers, fire alarm systems). 	 

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 included projects did not reveal any controversial activities or practices that could be attributed to Nordea Bank. No controversy screening has been conducted for Nordea Kredit assets, as they are currently unidentified.

Water supply

As a Use of Proceeds category, water supply has a significant contribution to SDG 6 “Clean Water and Sanitation” and a limited contribution to SDG 3 “Good Health and Wellbeing”.

Additionally, when considering the deeper ESG management, water supply can be associated to other SDGs.

The table below presents the findings of an ISS-oekom assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS-OEKOM ESG KPI	ASSOCIATION WITH THE SDGS
Site selection	
<ul style="list-style-type: none"> ✓ For 100% of underlying assets, the location of water supply plants in key biodiversity areas can be excluded. 	
<ul style="list-style-type: none"> ✓ 100% of underlying assets underwent environmental impact assessments at the planning stage. 	
Environmental aspects of construction and operation	
<ul style="list-style-type: none"> ✓ 100% of underlying assets provide for high standards regarding sustainable water withdrawal (e.g. risk assessments, monitoring, pollution prevention). 	
<ul style="list-style-type: none"> ✓ 100% of the assets feature measures to reduce 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).



Social aspects of water treatment

- ✓ 100% of assets have measures in place to encourage customers to save water (e.g. water meters, information).
- ✓ 100% of underlying assets are located in countries in which access to water is regulated and provided for by social welfare.



Working conditions during construction and operation

- ✓ 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 Nordea Bank. No controversy screening has been conducted for Nordea Kredit assets, as they are currently unidentified.

Wastewater treatment

As a Use of Proceeds category, wastewater treatment has a significant contribution to SDG 6 “Clean Water and Sanitation” and a limited contribution to SDG 3 “Good Health and Wellbeing”.

Additionally, when considering the deeper ESG management, wastewater treatment can be associated to other SDGs.

The table below presents the findings of an ISS-oekom assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS-OEKOM ESG KPI

ASSOCIATION WITH THE SDGS

Site selection

- ✓ 100% of underlying assets 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 underwent environmental impact assessments at the planning stage.



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).



Environmental aspects 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. 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 the assets provide for high standards regarding the quality of treated water.



Working conditions during construction and operation

- ✓ 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 Nordea Bank. No controversy screening has been conducted for Nordea Kredit assets, as they are currently unidentified.

Waste-to-energy (biomass)

As a Use of Proceeds category, waste-to-energy (biomass) has a limited contribution to SDGs 7 “Affordable and Clean Energy” and 13 “Climate Action”.

Additionally, when considering the deeper ESG management, waste-to-energy can be associated to other SDGs.

The table below presents the findings of an ISS-oekom assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS-OEKOM ESG KPI	ASSOCIATION WITH THE SDGS
Consideration or environmental aspects during planning and construction	
<ul style="list-style-type: none"> ✓ 100% of the assets underwent environmental impact assessments at the planning stage. 	
<ul style="list-style-type: none"> ✓ 100% of the assets are not located in key biodiversity areas (e.g. exclusion of Ramsar sites, UNESCO Natural World Heritage, IUCN protected areas I-IV). 	
<ul style="list-style-type: none"> ✓ 100% of underlying assets are required to have minimum environmental mitigation measures during the construction phase, according to legislation. 	
<ul style="list-style-type: none"> ○ 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). 	
Environmental aspects of waste-to-energy plants	
<ul style="list-style-type: none"> ✓ 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). 	
<ul style="list-style-type: none"> ✓ 95% of the assets apply cogeneration technology. 	
Safety aspects of waste-to-energy plants	
<ul style="list-style-type: none"> ✓ 100% of the assets provide for high safety standards (e.g. regarding fire, explosions). 	

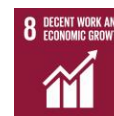
Community dialogue

- ✓ 100% of the assets 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 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 Nordea Bank. No controversy screening has been conducted for Nordea Kredit assets, as they are currently unidentified.

Electric cars

As a Use of Proceeds category, electric cars have a significant contribution to SDGs 7 “Affordable and Clean Energy” and 13 “Climate Action”.

Additionally, when considering the deeper ESG management, electric can be associated to other SDGs.

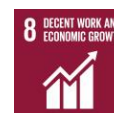
The table below presents the findings of an ISS-oekom assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS-OEKOM ESG KPI

ASSOCIATION WITH THE SDGS

Production standards

- ✓ 100% of the assets provide for a comprehensive environmental management system at the car manufacturing sites.
- ✓ Over 50% of underlying assets provide for high labour and health and safety standards at the car manufacturing sites. (e.g. ILO core conventions).



Environmental aspects of cars

- ✓ For 62% of underlying assets a comprehensive life-cycle-assessments have been conducted. No information is available for the remaining assets.



- ✓ 100% of the assets have optimized energy efficiency during operation.



Social aspects of cars

- ✓ 82% of the assets ensure product safety (minimum 3 Stars rating on NCAP crash test).



Controversy assessment

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

Electric trains

As a Use of Proceeds category, electric trains have a significant contribution to SDGs 7 “Affordable and Clean Energy” and 13 “Climate Action”.

Additionally, when considering the deeper ESG management, electric trains can be associated to other SDGs.

The table below presents the findings of an ISS-oekom assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS-OEKOM ESG KPI	ASSOCIATION WITH THE SDGS
Production standards	
<ul style="list-style-type: none"> ✓ 100% of underlying assets provide for a comprehensive environmental management system at the manufacturing sites of trains. 	
<ul style="list-style-type: none"> ✓ 100% of underlying assets provide for high labour and health and safety standards at the manufacturing sites of trains (e.g. ILO core conventions). 	
Environmental aspects of trains	
<ul style="list-style-type: none"> ○ No information is available on whether assets have conducted comprehensive life-cycle assessments. 	
<ul style="list-style-type: none"> ✓ For 100% of underlying assets energy efficiency during operation is optimised (e.g. through energy recovery systems for trains). 	

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 included projects did not reveal any controversial activities or practices that could be attributed to Nordea Bank. No controversy screening has been conducted for Nordea Kredit assets, as they are currently unidentified.

Electric ferries

As a Use of Proceeds category, electric ferries have a significant contribution to SDGs 7 “Affordable and Clean Energy” and 13 “Climate Action”.

Additionally, when considering the deeper ESG management, electric ferries can be associated to other SDGs.

The table below presents the findings of an ISS-oekom assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS-OEKOM ESG KPI	ASSOCIATION WITH THE SDGS
Production standards	
<ul style="list-style-type: none"> ✓ 100% of underlying assets provide for a comprehensive environmental management system at the manufacturing sites of ferries. 	
<ul style="list-style-type: none"> ✓ 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). 	
Environmental aspects of ferries	
<ul style="list-style-type: none"> ○ No information is available on whether assets have conducted comprehensive life-cycle assessments. 	
<ul style="list-style-type: none"> ✓ For 100% of underlying assets energy efficiency during operation is optimised (electric ferries). 	

Social aspects of ferries

- 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 included projects did not reveal any controversial activities or practices that could be attributed to Nordea Bank. No controversy screening has been conducted for Nordea Kredit assets, as they are currently unidentified.

PART III: ASSESSMENT OF NORDEA'S ESG PERFORMANCE

The ISS-oekom Corporate Rating comprises a rating scale from A+ (excellent) to D- (poor).

COMPANY	RATING	STATUS
NORDEA	C	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 therefore all meet the basic requirements for sustainable investments.

As of 10.09.2019, this rating places Nordea 31st out of 267 companies rated by ISS-oekom in the Financials/Commercial Banks & Capital Markets sector.

Key Challenges facing companies in term of sustainability management in this sector are:

- Sustainability impacts of lending and other financial services/products
- Customer and product responsibility
- Sustainable investment criteria
- Employee relations and work environment
- Business ethics

In all five of the key issues, Nordea rates above the average for the sector:

- A very significant outperformance was achieved in "Sustainable investment criteria"
- The company is almost equal to the industry's average performance in "Business ethics"

The company has a minor controversy level. This is significantly lower than the industry's average controversy risk, which is rated as significant.

Details on the rating of the issuer can be found in Annex 1.



Robert Hassler, Head of ISS-oekom
London/Munich/Rockville/Zurich

DISCLAIMER

1. Validity of the SPO: For Nordea's outstanding Green Bond issuances and as long as the asset portfolio does not change, until the first to occur of (a) the release of ISS ESG' next annual verification of these issuances (expected in 2020) or (b) December 31, 2020.
2. 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.
3. 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.
4. 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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ANNEX 1: ISS-oekom Corporate Rating

The following pages contain extracts from Nordea's 2019 ISS-oekom Corporate Rating.

ESG Corporate Rating

Nordea Bank Abp

Industry	Financials/Commercial Banks & Capital Markets	Status	Prime
Country	Finland	Rating	C
ISIN	FI4000297767	Prime Threshold	C
		Decile Rank	2



Absolute Rating



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

Decile Rank



Low relative performance

High relative performance

Indicates decile rank relative to industry group. A decile rank of 1 indicates a high relative ESG performance, while a 10 indicates a lower relative ESG performance.

Industry Leaders

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

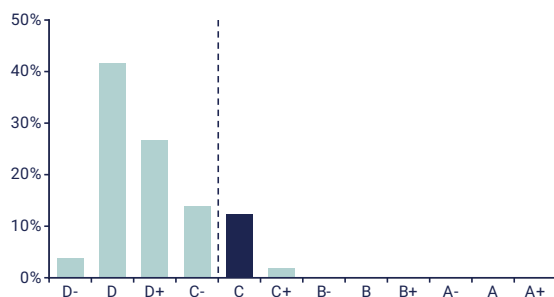
Legend: ■ Industry ■ Company --- Prime

Key Issue Performance

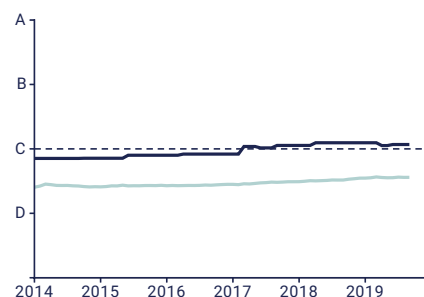


Distribution of Ratings

267 companies in the industry



Rating History



Nordea Bank Abp

Analyst Opinion

Dietrich Wild
Sector specialist



Sustainability Opportunities

In the financial sector, the main sustainability opportunities arise in the provision of financial services with high social and environmental benefits as well as equal access to financial services. The Nordea Star Fund range undertake detailed positive screenings to identify companies that adhere to ESG criteria and have a future positive impact. Furthermore, Nordea provides basic banking services for all according to legislation, and a deposit account to charities which is free of charge. In addition, accessible banking services for clients with disabilities and banking activities in remote regions are available. The company also underwrites green bonds. For actively managed assets, it excludes companies that have a large and sustained exposure to thermal mining and generate more than 30% of revenue from coal products. Nordea does not show further significant financial services with high social or environmental benefits.

Sustainability Risks

In order to integrate the assessment of ESG risks into lending decisions, Nordea has developed its Environmental Risk Assessment tool (ERAT) and its Social and Political Risk Assessment tool (SPRAT). However, details of this approach as well as of its sector-specific lending guidelines for commercial real estate, energy, financial institutions, shipping, offshore and oil services, forestry and IT remain unclear. As project finance only accounts for a small part of Nordea's business, its membership with the Equator Principles only plays a minor role for the company. Nordea's general responsible investment approach covers its actively managed funds and is applied using an integration approach and exclusion criteria covering e.g. human and labour rights, business ethics, and environmental protection.

In the social dimension, customer and product responsibility as well as employee relations are important challenges. The company has taken some steps to ensure responsible marketing and sales practices. However, there is no clear strategy regarding offshore banking activities and tax compliance as well as regarding the responsible treatment of customers with debt repayment problems. With regard to employees, Nordea has cut more than 2,500 jobs in recent years. Affected employees are offered to join Nordea's internal people matching process to find a new position within Nordea. In certain cases, country-specific voluntary redundancy package, retirement offerings or outplacement support are offered. The company takes some important steps to promote health and safety, and work-life balance. Finally, Nordea has established a group-wide code of conduct covering almost all important compliance issues as well as relevant compliance measures such as anonymous reporting channels are provided for employees. Nevertheless, in 2017, the company faced investigations on transfers totaling USD 65 million related to the so-called 'Russian Laundromat' money laundering scandal. In addition, in May 2018 the company was accused of enabling organised crime to launder roughly EUR 134 million through privately owned exchange offices in Copenhagen, and in October 2018 was involved in further money laundering allegations.

Governance Opinion

Nordea has one significant shareholder, Sampo Oyj, owning 21.3% of the total shares (as at March 31, 2019). Regarding its governance structure, the majority of the company's board members are independent (as at March 6, 2019). The company's board chair, Mr. Torbjorn Magnusson is not independent as he is the CEO of If P&C Insurance Holding Ltd, a subsidiary of Sampo Oyj. Committees in charge of audit and remuneration are established with the majority of the board members being independent, yet a committee in charge of nomination seems to be missing. Moreover, Nordea discloses the remuneration of some of its executive management members, which includes long-term incentive components. Regarding the company's sustainability governance, Nordea has a fully independent sustainability committee in place (as at December 31, 2018). However, it remains unclear whether the company's remuneration policy for executives includes ESG targets. The company has established a group-wide code of conduct covering almost all important issues, such as corruption, antitrust violations, insider dealings and conflicts of interest. Compliance training is provided to employees, risk assessments and audits are carried out and anonymous reporting channels are provided for employees. Nevertheless, in 2017, the company faced investigations on transfers totaling USD 65 million related to the so-called 'Russian Laundromat' money laundering scandal. Allegedly, the transfers were part of a USD 20 billion money laundering system, through which money was wired from suspected criminals in Russia to accounts in the European Union.

Nordea Bank Abp

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by oekom research and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed 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 as well as information from reputable 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.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Controversial Business Practices - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

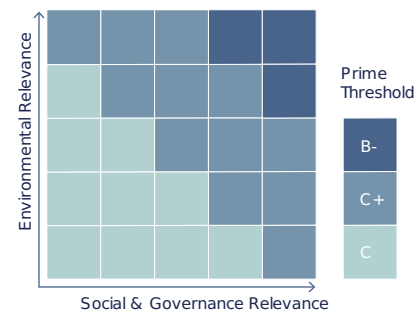
Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Nordea Bank Abp

Methodology - Overview

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG 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 ESG Corporate Rating 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.

Major Shareholders & Ownership Summary - Overview of the company's major shareholders at the time of generation of this report. All data as well as the categorisation system for the investor types is based on information from S&P Capital IQ.

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).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

ANNEX 2: Methodology

ISS-oekom Green Bond KPIs

The ISS-oekom Green Bond KPIs serves 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 Bonds.

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 assets can be clearly identified and described.

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

To review the KPIs used in this SPO, please contact Federico Pezzolato (details below) who will send them directly to you.

Asset evaluation methodology

ISS-oekom evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

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 ISS-oekom or that the information provided did not fulfil the requirements of 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. 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, ISS-oekom identifies the extent to which Nordea’s Green Bond contributes to related SDGs and has a positive association with their respective sub-targets.

The contribution assessment is split into two Levels:

1. **Level 1:** Contribution and/or obstruction of the Use of Proceeds categories to be financed through the bond to the UN SDGs
2. **Level 2:** Association of the assets’ ESG performance with further SDGs

About ISS-oekom SPO

ISS-oekom 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/>

For Information about SPO services, and on Nordea's Green Bonds, contact:

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