

**Green Bond
Framework
2023**

March 2023



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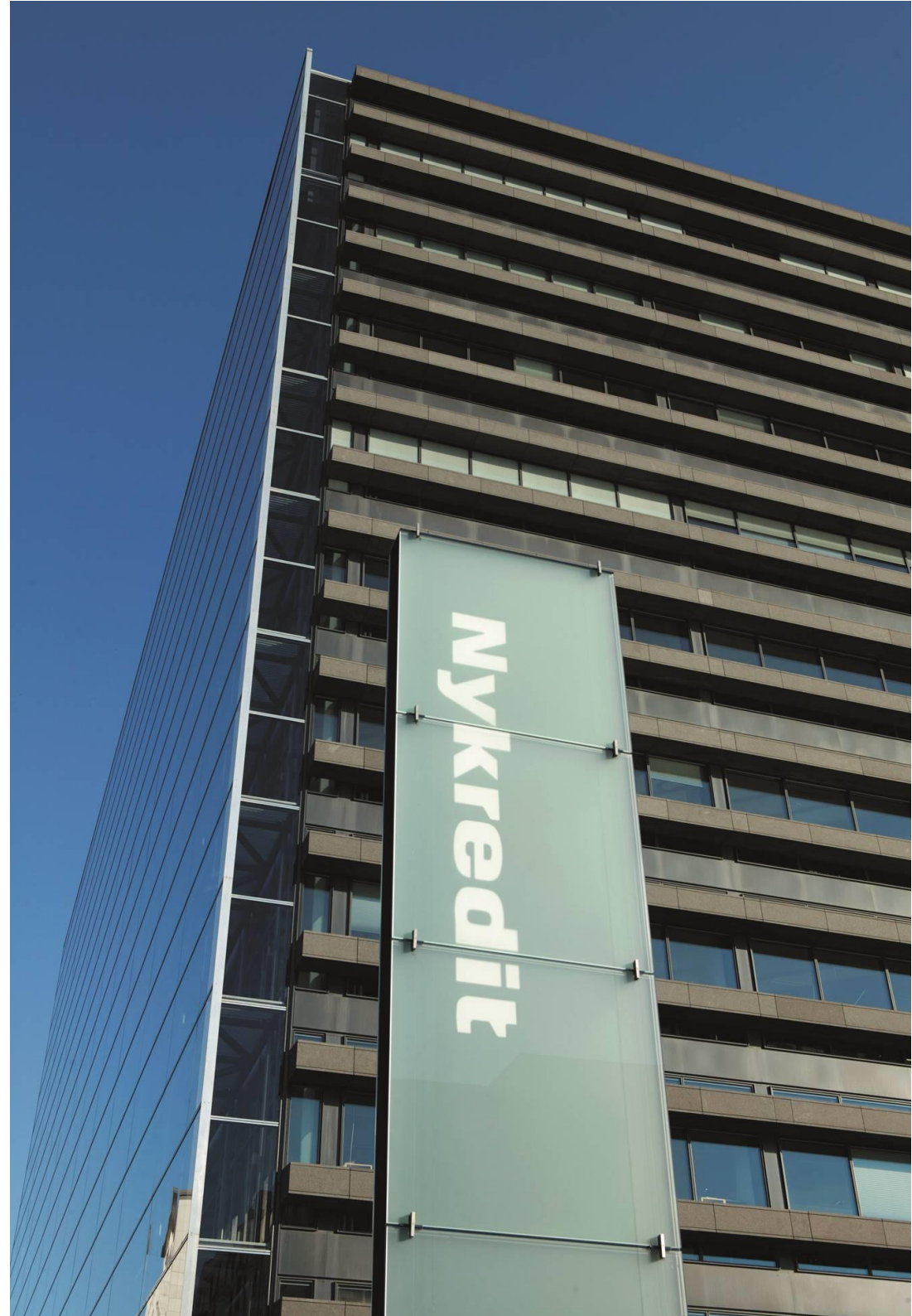


1. Introduction

Nykredit is the largest lender in Denmark, the largest lender to homeowners and one of the largest lenders to small and medium-sized businesses, the agricultural sector and the housing sector. We serve people and businesses all over Denmark.

Nykredit was founded by its customers and is owned mainly by its customers. This has a significant bearing on our approach to conducting financial business. The fact that we are owned by our customers manifests itself in several ways:

- **We have a nationwide presence.** We have made a pledge to society to be active in urban and rural districts alike and support development and growth throughout Denmark. Through the good times and the bad. The Nykredit Group's capacity to provide loans to homeowners and businesses all over Denmark across economic cycles lies at the core of our corporate responsibility. Nykredit kept its loan books open during the financial crisis that began in 2008.
- **We share our success.** Forenet Kredit wants the dividend it receives from the Nykredit Group to benefit our customers. The association has therefore decided to make a contribution to the Group, which Nykredit and Totalkredit may pass on to their customers.
- **We contribute to a greener Denmark.** The climate continues to be a fundamental and global societal challenge. Being a financial mutual and Denmark's largest lender, we can and must contribute to solving this challenge. We believe that our main contribution to the green transition is to move ourselves and our customers in a more sustainable direction. We want to provide professional advice that creates value for the individual customers and to collaborate with our customers on increasing the positive impacts and reducing the negative on society. At the same time, we are continuously striving to bring our mortgage lending and banking operations into play to support investments in infrastructure, energy supply and technological development necessary to accomplish the green transition.



Corporate Responsibility at Nykredit

As one of Denmark's largest financial providers, Nykredit is committed to actively supporting long-term, stable and sustainable development of society.

The third objective in the Group's strategy, Winning the Double 2.0, reads:

"We want to be the customer-owned, responsible financial provider for people and businesses all over Denmark."

The objective is to ensure that Nykredit's business strategy is at all times in alignment with society's goals, and that we give corporate responsibility just as high priority as the strategy's other objectives regarding Nykredit's and Totalkredit's positions in the market.

We concentrate on areas where we can make a substantial difference

Nykredit's corporate responsibility and sustainability efforts rely on analyses of areas where we can make the most impact, what our stakeholders expect from us, and how our business model is linked to key societal challenges.

This way, we are sure to concentrate on the areas where we can make the greatest difference.

Strategic alignment with society's goals

It is a natural part of Nykredit's responsibility as a financial mutual to contribute to achieving the goals of society, including the UN's 17 Sustainable Development Goals (SDGs), the Paris Climate Agreement and Denmark's ambitions in the area of the green transition.

The SDGs remain central benchmarks for how Nykredit can contribute to solving main societal challenges.

GROUP STRATEGY
Corporate responsibility is one of three core objectives of the Nykredit Group's strategy



Rationale for issuing Green Bonds

Climate change is among the greatest challenges of our time. This is the clear and unambiguous message in the latest reports from the UN's Intergovernmental Panel on Climate Change (IPCC). And being a mutual financial provider, the largest lender and one of the largest investors in Denmark, we acknowledge our special responsibility and not least our ability to make a difference. With that in mind, we will do our utmost to contribute to achieving the ambitious climate targets that we as a society have set out to reach.

Nykredit has pledged to support the green transition

Nykredit has committed to achieving net zero greenhouse gas emissions from our lending, investments and own operations by 2050 at the latest and to putting emissions on a path that aligns with the targets of the Paris Climate Agreement – also known as Paris alignment.

We have defined and published specific climate targets that set the course for our green transition efforts which can be found on our website.

This commitment has been formalised by joining three acknowledged, global initiatives:

- The Science Based Targets initiative (SBTi) – covers the entire Nykredit Group
- The Net Zero Banking Alliance (NZBA) – covers the loan portfolio
- The Net Zero Asset Managers initiative (NZAM) – covers the investment portfolio.

More than 99% of our carbon footprint originates from our lending activities and investments. For 10 years now, we have been committed to reducing emissions from our own operations, and we will hold on to that commitment.

We finance the green transition through mortgage loans and green loans. Our Green Bond Framework defines which assets are eligible for financing using green bonds. Our green bond instruments help Nykredit diversify the investor base and provides additional transparency around funded projects with environmental benefits.



2. Application of the Green Bond Principles

The ICMA Green Bond Principles (GBP) are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for issuing a green bond. The Framework has been developed in line with the Green Bond Principles 2021¹ and as such follows the core components:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

The Framework also follows the GBP's key recommendation of External Review for heightened transparency².

This Framework enables Nykredit Realkredit A/S and its subsidiaries (collectively "Nykredit") to issue notes in the form of Green Bonds in line with the relevant prospectus and when indicated in the final terms (if any). Nykredit may issue Green Bonds in various formats such as Covered Bonds, Senior Preferred Debt, Senior Non-Preferred Debt, and Subordinated Debt.

The Framework sets the basis for the identification, selection, verification and reporting of loans or other assets originated by Nykredit and its subsidiaries that are eligible to be financed and/or refinanced in Nykredit's Green Pool³. For the avoidance of doubt, any future changes to the Eligibility Criteria may not apply to Green Finance Instruments issued under this or previous versions of the framework.

3. Use of Proceeds

An amount equal to the net proceeds of the Green Bonds issued under this Framework shall be used to finance and/or re-finance, in whole or in part, loans or other assets ("Eligible Green Assets") originated by Nykredit which meet the requirements of this Framework and fall in at least one of the categories below, together forming the Green Pool. The pool is composed of loans or other assets directed at corporations, assets, or projects that support the transition to a clean, energy-efficient, and environmentally sustainable global economy in line with the requirements of this Framework.

Exclusion

Loans or assets where the main purpose of the loan or asset is fossil fuel energy generation, nuclear energy generation, tobacco, gambling, production and distribution of controversial weapons, or environmentally negative resource extraction such as extraction of fossil fuels are not eligible for the Green Pool. In addition, all loans or other assets with an indirect purpose of extraction, storage, transportation or manufacturing of fossil fuels are not eligible.

Loans for Pure Play Companies

Loans for general corporate purposes are eligible if at least 90% of the turnover or revenue of the corporation is derived from one or more activities in the Green Asset Categories, as defined below.



¹ https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf

² https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/External-Review-Guidelines_June-2022-280622.pdf

³ For the avoidance of doubt, the Green Pool is not legally comparable to a covered bond or mortgage bond cover pool.

Green Buildings

Construction of new Buildings

- The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the national implementation of nearly zero-energy building (NZEB) requirements⁴

Acquisition and Ownership of Buildings

- For buildings built before 31 December 2020,
 - the building has at least an Energy Performance Certificate (EPC) class A, or
 - the building is within the top 15 % of the national or regional building stock expressed as operational Primary Energy Demand (PED)
- For buildings built after 31 December 2020, the Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the national implementation of the nearly zero-energy building (NZEB) requirements at the time of acquisition

Renovation of existing buildings

Building renovations that either:

- Comply with the applicable requirements for major renovations as set in the applicable national and regional buildings regulations for 'major renovations' implementing Directive 2010/31/EU, or
- Lead to a reduction in primary energy demand (PED) of at least 30%⁵

Individual measures and professional services

Direct costs (e.g. material and labour) related to:


- Installation, maintenance and repair of energy efficiency equipment:

⁴ National implementation of Directive 2010/31/EU of the European Parliament and of the Council.

⁵ The 30 % improvement results from an actual reduction in primary energy demand (where the reductions in net primary energy demand through renewable energy sources are not taken into account), and can be achieved through a succession of measures within a maximum of three years.



- addition of insulation to existing envelope components
- replacement of existing windows with new energy efficient windows
- replacement of existing external doors with new energy efficient doors
- installation and replacement of energy efficient light sources
- installation, replacement, maintenance and repair of heating, ventilation and air conditioning (HVAC) and water heating systems
- installation of low water and energy using kitchen and sanitary water fittings
- Installation, maintenance and repair of renewable energy technologies:
 - solar photovoltaic systems, solar hot water panels and the ancillary and solar transpired collectors
 - ancillary technical equipment
 - heat pumps contributing to the targets for renewable energy in heat and cool
 - wind turbines
 - thermal or electric energy storage units
 - high efficiency micro CHP plant
 - heat exchanger/recovery system
- Professional services functional to energy improvements, including but not limited to, technical consultations, accredited energy audits, energy management services

Contribution to UN SDGs	
EU Taxonomy environmental objectives⁶	Climate Change Mitigation, including but not limited to: <ul style="list-style-type: none"> ● Improving energy efficiency
EU Taxonomy applicable economic activities⁷	7.1. Construction of new buildings 7.2. Renovation of existing buildings 7.3. Installation, maintenance and repair of energy efficiency equipment 7.6. Installation, maintenance and repair of renewable energy technologies 7.7. Acquisition and ownership of buildings 9.3. Professional services related to energy performance of buildings

⁶ EU Taxonomy Regulation ((EU) 2020/852) (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852>)

⁷ EU Taxonomy Climate Delegated Act ((EU) 2021/2139) (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852>)



Renewable Energy

Wind energy

- Onshore and offshore wind energy generation facilities and related infrastructure

Solar energy

- Photovoltaics (PV), concentrated solar power (CSP) and solar thermal facilities and related infrastructure for production of electricity
- Concentrated solar power (CSP) and solar thermal facilities and related infrastructure for production of heat/cooling

Hydro power

- Projects which electricity generation facility is a run-of-river plant and does not have an artificial reservoir, or
- Projects where the power density of electricity generation facility is above 5 W/m², or
- Projects with the life-cycle GHG emissions from the generation of electricity are lower than 100gCO₂e/kWh

Bioenergy

- Projects that produce electricity and/or heating/cooling exclusively from biomass, biogas or bioliquids, excluding electricity generation from blending of renewable fuels with biogas or bioliquids (including sustainable aviation fuels)
- Construction and operation of facilities producing biogas and/or digestate through anaerobic digestion of separately collected bio-waste or sewage sludge

Geothermal energy


- Geothermal energy generation for electricity and/or heat/cooling and related infrastructure with life-cycle GHG emissions lower than 100 g CO₂e/kWh

Waste heat/cooling recovery

- Construction of facilities that produce heat/cool using waste heat

Heat pumps

- Installation and operation of electric heat pumps

Contribution to UN SDGs	
EU Taxonomy environmental objectives⁶	Climate Change Mitigation, including but not limited to: <ul style="list-style-type: none"> Generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001
EU Taxonomy applicable economic activities⁷	4.1. Electricity generation using solar photovoltaic technology 4.2. Electricity generation using concentrated solar power (CSP) technology 4.3. Electricity generation from wind power 4.5. Electricity generation from hydropower 4.6. Electricity generation from geothermal energy 4.8. Electricity generation from bioenergy 4.16. Installation and operation of electric heat pumps 4.17. Cogeneration of heat/cool and power from solar energy 4.20. Cogeneration of heat/cool and power from bioenergy 4.21. Production of heat/cool from solar thermal heating 4.22. Production of heat/cool from geothermal energy 4.25. Production of heat/cool using waste heat 5.6. Anaerobic digestion of sewage sludge 5.7. Anaerobic digestion of bio-waste

Clean Transportation


Low carbon transportation

- Zero emission vehicles⁸
- Retrofits, repurposing or upgrades of transport vehicles to zero emission vehicles

Low carbon transportation infrastructure

- Infrastructure enabling the use of zero emission vehicles for private, public and freight transportation modes such as electrified railways and electric vehicle charging stations



Contribution to UN SDGs	
EU Taxonomy environmental objectives⁶	Climate Change Mitigation, including but not limited to: <ul style="list-style-type: none"> • Increasing clean or climate-neutral mobility
EU Taxonomy applicable economic activities⁷	3.3. Manufacture of low carbon technologies for transport 6.1. Passenger interurban rail transport 6.2. Freight rail transport 6.3. Urban and suburban transport, road passenger transport 6.4. Operation of personal mobility devices, cycle logistics 6.5. Transport by motorbikes, passenger cars and light commercial vehicles 6.6. Freight transport services by road 6.11. Sea and coastal passenger water transport 6.12. Retrofitting of sea and coastal freight and passenger water transport 6.14. Infrastructure for rail transport 6.15. Infrastructure enabling low-carbon road transport and public transport 6.17. Low carbon airport infrastructure 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

⁸ Vehicles including but not limited to buses, trucks, trains, personal mobility devices and cars, passenger transport, freight transport, marine transport and personal mobility devices.

Energy Distribution and storage

Distribution and storage of electricity

- Transmission and distribution infrastructure⁹ in an electricity system that complies with at least one of the following criteria:
 - The system is the interconnected European system, and its subordinate systems, or
 - more than 67 % of newly enabled generation assets comply with the 100gCO₂ e/kWh threshold (over a rolling 5-year period), or
 - the grid's average emissions factor is less than 100gCO₂ e/kWh (over a rolling 5-year period)
- Direct connections, or expansion of existing direct connections of renewable energy sources
- Storage facilities including electricity storage and thermal energy storage

Distribution and storage of heat/cooling

- District heating and cooling infrastructure, where the system uses at least 50% renewable energy, 50 % waste heat, 75 % cogenerated heat or 50 % of a combination of such energy and heat

Transportation and storage of CO₂


- Infrastructure for transport and underground storage of CO₂

Distribution and storage of hydrogen

- Infrastructure for transportation and storage of hydrogen

Data management and solutions

- Energy efficient operation of data centres and related infrastructure according to the most recent version of the European Code of Conduct on Data Center Energy Efficiency

Contribution to UN SDGs	
EU Taxonomy environmental objectives⁶	Climate Change Mitigation, including but not limited to: <ul style="list-style-type: none"> • Generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001 • Establishing energy infrastructure required for enabling the decarbonisation of energy systems
EU Taxonomy applicable economic activities⁷	4.9. Transmission and Distribution of Electricity 4.10. Storage of electricity 4.11. Storage of thermal energy 4.12. Storage of hydrogen 4.14. Transmission and distribution networks for renewable and low-carbon gases 4.15. District heating/cooling distribution 5.11. Transport of CO ₂ 5.12. Underground permanent geological storage of CO ₂ 8.1. Data processing, hosting and related activities

⁹ Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 gCO₂e/kWh measured on a life cycle basis is not compliant

¹⁰ Installation of metering infrastructure that does not meet the requirements of smart metering systems of Article 20 of Directive (EU) 2019/944 is not compliant

Manufacturing

Manufacturing of renewable energy technologies



- Manufacturing of renewable energy technologies and equipment enabling the promotion of energy from renewable non-fossil sources: wind, solar, geothermal energy, ambient energy, ocean energy, hydropower, biomass, landfill gas, sewage treatment, plant gas and biogas

Manufacturing of energy efficient equipment for buildings

- Energy efficiency equipment, products for buildings, including but not limited to:
 - Green building envelopes, such as roofing systems, insulation, windows.
 - Household appliances, light sources, space heating
 - Energy-efficient heat pumps, district heating exchangers and cooling systems
 - Smart monitoring and regulating of heating system

Manufacturing of hydrogen

- Manufacturing of equipment for production and use of green hydrogen and green hydrogen-based fuels
- Manufacture of green hydrogen and green hydrogen-based fuels

Contribution to UN SDGs	 
EU Taxonomy environmental objectives⁶	Climate Change Mitigation, including but not limited to: <ul style="list-style-type: none"> • improving energy efficiency • establishing energy infrastructure required for enabling the decarbonisation of energy systems
EU Taxonomy applicable economic activities⁷	3.1. Manufacture of renewable energy technologies 3.2. Manufacture of equipment for the production and use of hydrogen 3.5. Manufacture of energy efficiency equipment for buildings 3.10. Manufacture of hydrogen





Sustainable water, sewage and waste management

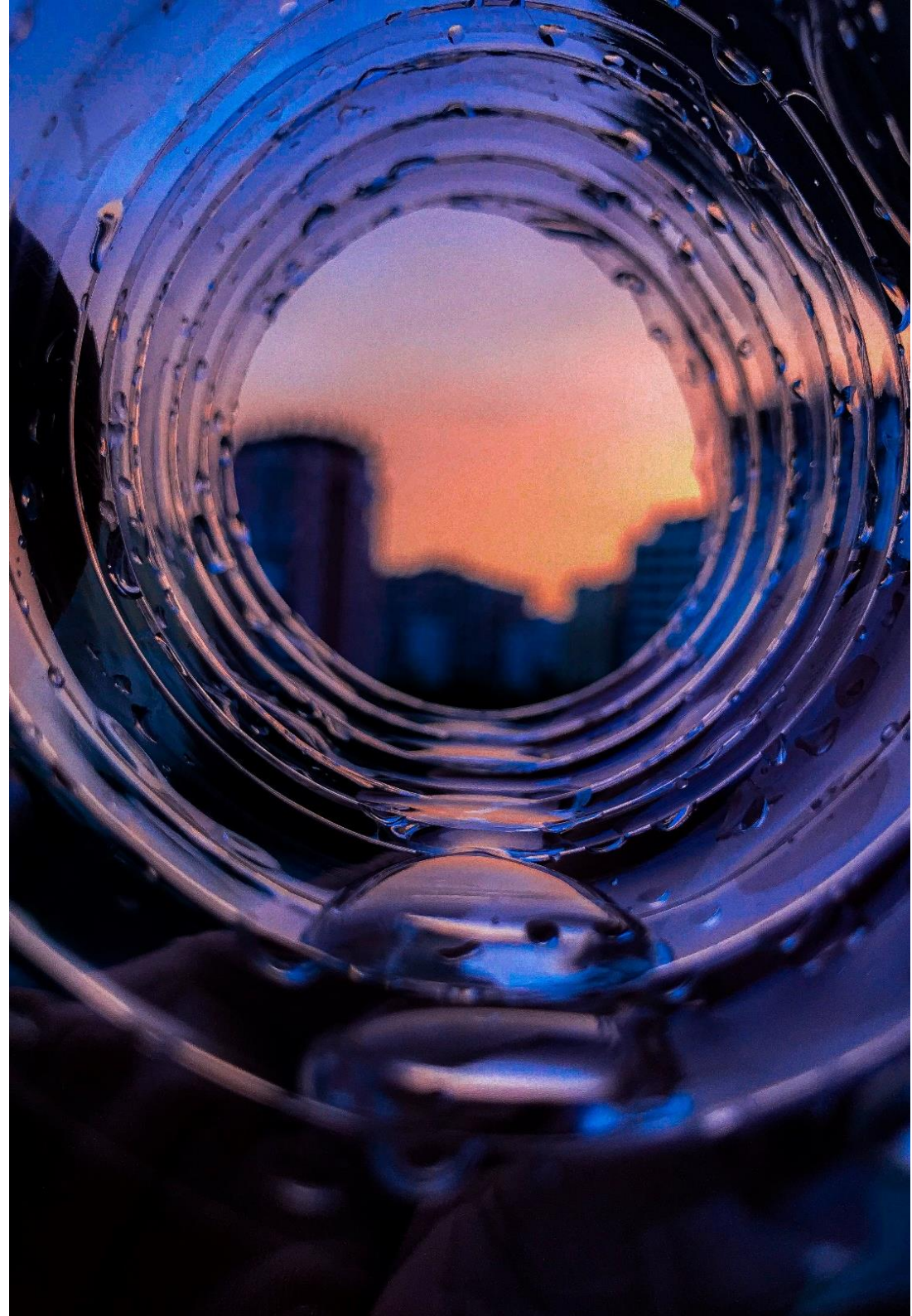
Water supply and wastewater management

- Facilities, activities and technologies that increase efficiency of water-use, water recycling and reuse, including but not limited to construction, extension, operation and renewal of wastewater collection and treatment

Waste management

- Activities and facilities aimed at preparing for reuse and recycling of non-hazardous waste as well as recovery activities which converts at least 50%, in terms of weight, of the processed waste into secondary raw materials

Contribution to UN SDGs	 
EU Taxonomy environmental objectives⁶	Climate Change Mitigation, including but not limited to: <ul style="list-style-type: none"> establishing energy infrastructure required for enabling the decarbonisation of energy systems
EU Taxonomy applicable economic activities⁷	5.1. Construction, extension and operation of water collection, treatment and supply systems 5.2. Renewal of water collection, treatment and supply systems 5.3. Construction, extension and operation of waste water collection and treatment 5.4. Renewal of waste water collection and treatment 5.5. Collection and transport of non-hazardous waste in source segregated fractions 5.9. Material recovery from non-hazardous waste




Sustainable management of living natural resources and land use

Agriculture

- Sustainable agricultural crop and animal activities that
 - apply robust and appropriate management practices and/or environmental standards that avoid or reduce GHG emissions (including those from inputs used on the farm); enhance climate resilience; support sustainable water use and/or water protection; increase the circularity of farming practices; limit or prevent pollution; and/or protect ecosystems
 - are defined as environmentally sustainable activities in future EU Taxonomy delegated acts

Forestry

- Forestry projects, including afforestation, conservation, and restoration of forests

Contribution to UN SDGs	
EU Taxonomy environmental objectives⁶	Climate Change Mitigation, including but not limited to: <ul style="list-style-type: none"> • strengthening land carbon sinks, including through avoiding deforestation and forest degradation, restoration of forests, sustainable management and restoration of croplands, grasslands and wetlands, afforestation, and regenerative agriculture
EU Taxonomy applicable economic activities⁷	1.1. Afforestation 1.2. Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event 1.4. Conservation forestry




Climate Change Adaptation

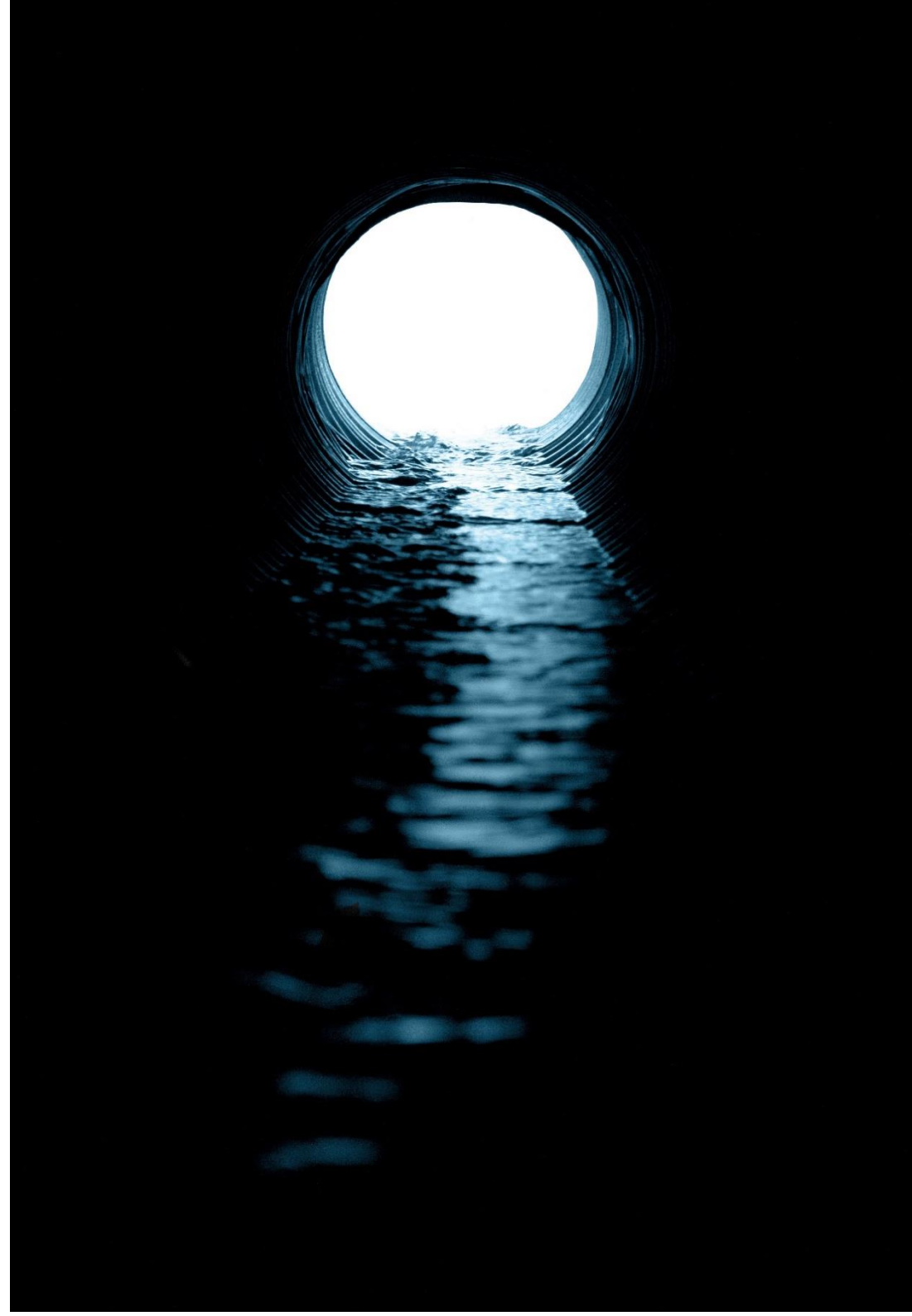
Wastewater management

- Facilities, activities and technologies that increase the load or volume of flow collected or treated in the waste water system, including but not limited to construction, extension, operation of waste water collection and treatment
- Infrastructure designed to provide protection against water-related hazards in the form of storm-water systems, sewage or nature-based solutions

Water transport infrastructure

- Infrastructure enabling the use of water transport including but not limited to waterways, harbour and rivers works, pleasure ports, locks, dams and dykes

Contribution to UN SDGs	
EU Taxonomy environmental objectives⁶	Climate change adaptation
EU Taxonomy applicable economic activities⁷	5.1. Construction, extension and operation of water collection, treatment and supply systems, 5.2. Renewal of water collection, treatment and supply systems 5.3. Construction, extension and operation of waste water collection and treatment 5.4. Renewal of waste water collection and treatment. 5.6. Anaerobic digestion of sewage sludge 6.16. Infrastructure for water transport



4. Process for Project Evaluation and Selection

Projects financed and/or refinanced by green bond proceeds are evaluated and selected based on compliance with the eligibility criteria outlined in the Framework.

Alignment of eligibility criteria with the EU Taxonomy Climate Delegated Act

The definition of the Eligibility Criteria takes into account the EU Taxonomy Regulation and the EU Taxonomy Climate Delegated Act with the intention to apply them on a best efforts basis as long as there are feasible practical applications in the geographies where Nykredit's assets are located (in terms of local regulation). Also, EU Taxonomy's Do No Significant Harm criteria and minimum safeguards are taken into account in the evaluation process on a best efforts basis when practically feasible. Nykredit will evaluate and be open to include new categories of eligible assets within the EU Taxonomy Regulation when needed to reflect corporate strategy, technology, market developments, or regulatory developments. This may include future application of the EU Taxonomy Regulation to the last four environmental objectives on biodiversity, water and marine resources, circular economy and pollution.

Governance of the Green Bond Framework

Nykredit has established a Green Bond Committee. The Green Bond Committee consists of members from a group of business units with relevant stakes in Nykredit's Green Bonds, namely Group Treasury, Regulation, Group Finance & Investments, External Relations & Responsibility, Corporates & Institutions, and the relevant member of the executive board. Group Treasury handles the day-to-day operational management of the Framework including reviewing and approving the assets nominated by Nykredit's business units, and excludes projects that no longer comply with the Eligibility Criteria as set out in the Use of Proceeds to ensure compliance with the framework. The Green Bond Committee will meet on a regular basis (at least four times annually).

The Green Bond Committee is responsible, on a best effort basis, for:

- Approving changes to the Framework
- Reviewing the content of the Green Bond Framework and updating it to reflect – to the extent possible – changes in corporate strategy, technology, market developments, or regulatory developments including the implementation of the EU Taxonomy

- Defining and evaluating the Eligibility Criteria, including EU Taxonomy Technical Screening Criteria. When deemed necessary, the committee may choose to update the criteria of the Framework to further harmonise with the technical screening criteria of the EU Taxonomy
- Procure when needed that third party documents are reviewed or updated such as Second Party Opinion (SPO) and related documents from external consultants and accountants
- Overseeing, approving and publishing the allocation and impact reporting, including external assurance statements

Nykredit's treasury department is responsible for reviewing and approving the assets nominated by Nykredit's business units, excluding projects that no longer comply with the Eligibility Criteria as set out in the Use of Proceeds to ensure compliance with the framework.

Nykredit applies baseline sustainability requirements on its operations, lending and investment activities through its internal sustainability policies¹¹. All loans for corporate clients at Nykredit undergo an ESG assessment as an integrated part of Nykredit's credit approval process. Climate-related risks, amongst others, are assessed. The ESG assessment criteria are continuously developed and renewed. Finally, all loans go through the standard credit process, which ensures compliance with applicable KYC processes and Nykredit's own policies and guidelines.

Nykredit will ensure that the environmental and social risks potentially associated with the eligible green projects are properly mitigated via the due diligence processes conducted by the bank, and comply with official national and international environmental and social standards, local laws and regulations.

¹¹ <https://www.nykredit.com/en-gb/om-os/organisation/politikker/>

5. Management of Proceeds

Group Treasury handles day-to-day management of proceeds including the allocation process.

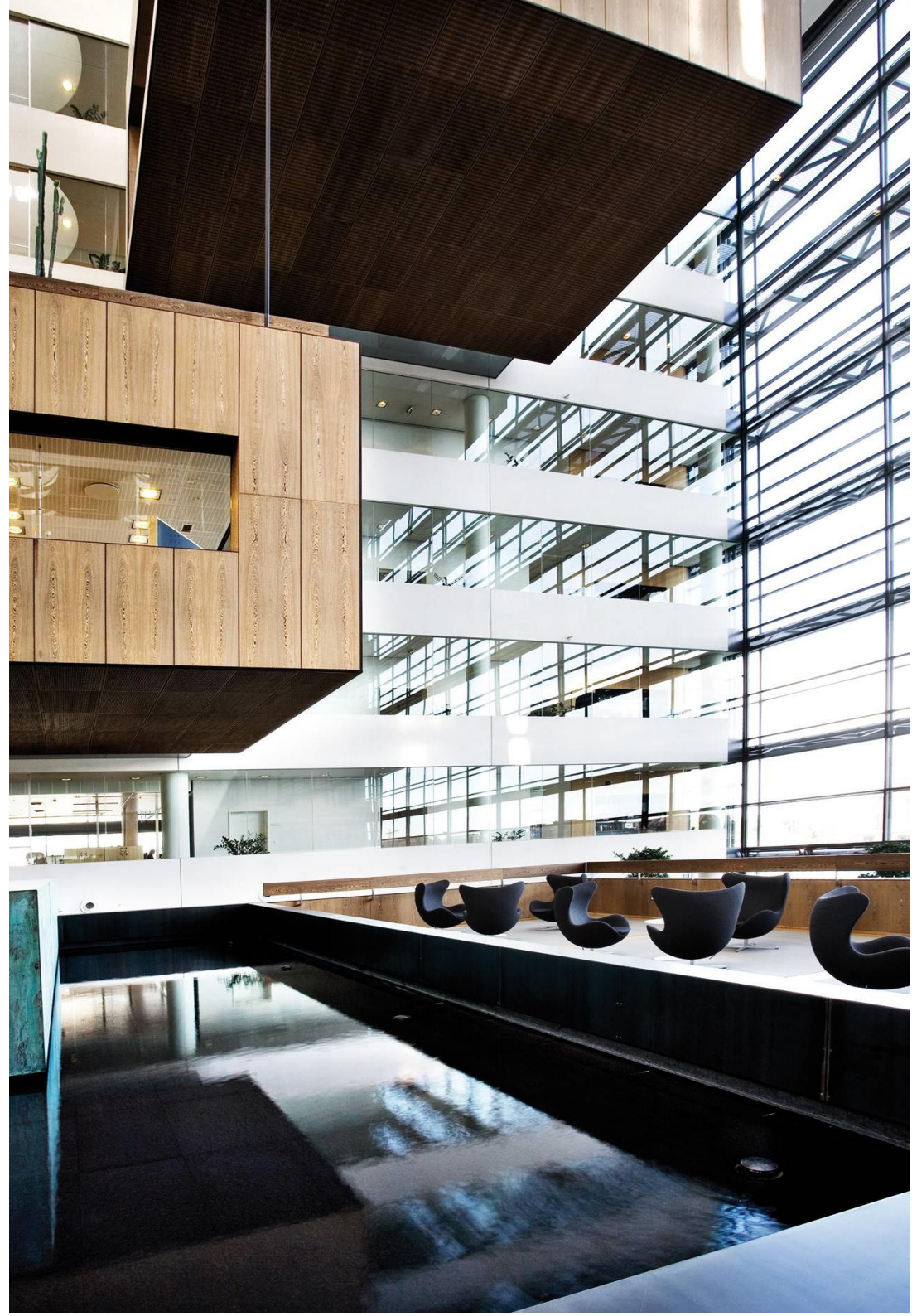
Danish regulations stipulate that loans originated by a specialised mortgage bank can only be funded by covered bonds. Hence, all Eligible Green Assets originated by Nykredit Realkredit A/S or Totalkredit A/S will be funded by Green Covered Bonds on a one-to-one basis out of Nykredit Realkredit's capital centres in specific ISINs.

Due to the match funding principle the cash flow of the Green Covered Bonds will match the cash flow of the loans funded by these bonds. Furthermore, there will be a direct linkage between the issued Green Covered Bonds in a particular ISIN and the Eligible Green Assets.

The Nykredit Green Pool will, as a consequence, be split into two approaches. Proceeds from Green Covered Bonds will be managed using a dedicated registry holding all Eligible Green Assets funded by Green Covered Bonds (mainly mortgages for residential and commercial property), forming the Green Registry.

All other Eligible Green Assets may be originated by Nykredit Bank and its subsidiaries and form the Green Portfolio. An amount equal to the net proceeds of issued Green Bonds in all formats than Green Covered Bonds will be managed using a portfolio approach.

Over time, Nykredit will strive to maintain that the Green Pool – both the Green Registry and the Green Portfolio – match or exceed the net balance of outstanding Green Bonds. If any portion of the net proceeds of issued Green Bonds under the Framework exceeds the Green Pool temporarily, the excess will be held in accordance with Nykredit's standard liquidity management policy.



6. Reporting

Nykredit will provide the following Green Bond reporting on an annual basis until maturity or full allocation on [nykredit.com](https://www.nykredit.com)¹².

Allocation reporting

- The total outstanding amount of Green Bonds
- The total amount of net proceeds allocated from the issuance of Green Bonds
- The breakdown of the Green Registry and the Green Portfolio by Green Asset Categories
- The geographical distribution of the Green Registry and the Green Portfolio
- New loans entering the pool over the previous reporting year

Impact reporting

Nykredit will report the environmental impacts of the Eligible Green Assets on an annual basis. The impact reporting will provide environmental impacts per Green Asset Category. Nykredit will align, on a best effort basis, the impact reporting with the portfolio approach described in “Handbook – Harmonized Framework for Impact Reporting (June 2022).¹³

Nykredit aims to include the indicators outlined below in the reporting, subject to availability of information and baseline of the data. The impact reporting will include a description of the applied methodology, on a best effort basis, to support transparency and comparability. Nykredit also intends to provide sample projects and descriptions for each category.

Eligible Green Assets – impact indicators		
Selected Categories	Nykredit Sub Categories	Impact Measurement Indicators
Green and energy efficient buildings	Green buildings, major renovations and individual measures and professional services	<ul style="list-style-type: none"> • Total amount disbursed in DKKm • Total energy savings in MWh • Annual GHG emissions avoided in tCO₂e • Impact tCO₂e per DKKm
Renewable Energy	Wind energy, solar energy, bioenergy, geothermal energy, hydro power, waste heat/cooling and recovery and heat pumps	<ul style="list-style-type: none"> • Total amount disbursed in DKKm • Estimated installed capacity in MW • Estimated annual energy production in GWh • Annual GHG emissions avoided in tCO₂e • Impact tCO₂e per DKKm
Clean Transportation	Electric vehicles and associated infrastructure	<ul style="list-style-type: none"> • Total amount disbursed in DKKm • Annual GHG emissions avoided in tCO₂e • Impact tCO₂e per DKKm
Energy distribution and storage	Distribution and storage of electricity, distribution and storage of heat/cooling and transportation storage of CO ₂	<ul style="list-style-type: none"> • Total amount disbursed in DKKm • Total distance of transmission cables in km • Annual energy transmitted in MW • Total no. of power transformers • Amount of transported and stored CO₂ (ton)
Manufacturing	Manufacturing of renewable energy technologies, energy efficient equipment for buildings and hydrogen	<ul style="list-style-type: none"> • Total amount disbursed in DKKm • Amount of manufactured technology, equipment, and component • Estimated installed capacity in MW
Sustainable water, sewage and waste management	Water supply and wastewater management and waste management	<ul style="list-style-type: none"> • Total amount disbursed in DKKm • Annual amount of wastewater treated, reused or avoided in m³ or % • Annual amount of water saved in m³ or % • Annual amount of recycled material in tonnes • Annual GHG emissions avoided in tCO₂e
Sustainable management of living natural resources and land use	Agriculture and forestry	<ul style="list-style-type: none"> • Area of certified sustainable /farmland (ha), no. of farm units • Forest area (hectares) • Net carbon sequestration (tonnes per year)
Climate change adaptation	Wastewater management and water transport infrastructure	<ul style="list-style-type: none"> • Type of investment and the purpose

¹² <https://www.nykredit.com/en-gb/investor-relations/bond-issuance/green-bonds/>

¹³ <https://www.icmagroup.org/sustainable-finance/impact-reporting>

7. External Review

Second Party Opinion

Nykredit has obtained an independent second party opinion on its Framework from Sustainalytics to assess the alignment of the framework with the ICMA Green Bond Principles 2021 (including the updated Appendix I of June 2022). Nykredit has also obtained a Taxonomy alignment assessment from Sustainalytics to assess the alignment of the framework with the EU Taxonomy. The second party opinion report and the Taxonomy alignment assessment are available on nykredit.com¹².

Nykredit will, on an ongoing basis, review the Framework and reserves the right to update the Framework if improvements are identified, or to include further categories as Eligible Green Assets, provided that the Second Party Opinion is updated by Sustainalytics.

Assurance

Nykredit will request a limited assurance report on the allocation of the Green Bond proceeds and the eligibility of loans or assets in the Green Portfolio, to be provided by an independent third party on an annual basis.





Disclaimer

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