

10 March 2023

## Background and scope

This disclosure is applicable to Nordea Investment Management AB and Nordea Investment Funds S.A. (jointly referred to as Nordea Asset Management, NAM).

The Sustainable Finance Disclosure Regulation (SFDR)<sup>1</sup> defines sustainability risk as “an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment”.

This statement describes how our remuneration policies are consistent with the integration of sustainability risks, as per Article 5 of the SFDR.

This statement applies as of 10 March 2023. It will be reviewed at least annually.

In case of any inconsistency in translations of this statement, the English version will prevail.

## Sustainability risk integration in remuneration

In NAM, sustainability risks are not only integrated into our investment decisions, but are also a natural part of our variable remuneration models to cater for commitment to, and engagement in, sustainability among our employees.

Sustainability risk is considered when setting targets and evaluating performance in our variable remuneration schemes. All employees on a variable remuneration scheme are measured against qualitative, quantitative, financial and non-financial performance goals suitable for their position and tasks. Variable remuneration goals are set in alignment with NAM's mission to deliver returns with responsibility. That includes, inter alia, high focus on the overall risks to which the investments are exposed. Further, all employees have performance goals linked to risk and compliance performance, including sustainability risk, whereby adherence to our internal policies is assessed, and may impact the outcome of the variable remuneration scheme. As such, NAM's variable remuneration schemes serve multiple purposes, including to align the employee's incentives with the long-term interests of our clients, the long-term success of NAM, and to promote a sound and effective risk management culture, including sustainability risks, in order to protect the value of the investment portfolio.

In NAM, investment professionals and senior executives identified as material risk takers have part of their variable remuneration deferred and paid out *pro rata* over 3-5 years. During this deferral period, the deferred remuneration is linked to an index appropriate to the employee's position. The different indices are based on the performance of assets under management. As the investment decisions take sustainability risks into account, this also impacts the performance of the indices, and hence the deferred remuneration.

The remuneration policies are directly governed and adopted by the boards of Nordea Investment Management AB and Nordea Investment Funds S.A. Before being adopted by the boards, the remuneration policies are reviewed by

<sup>1</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

subject matter owners, Compliance and Operational Risk, and are presented for, and recommended by, our Remuneration Committee. We believe that our solid governance structure is an important piece in building and maintaining a sustainable remuneration policy.

**Appendix – Amendments**

<b>Version</b>	<b>Review type</b>	<b>Amendment</b>	<b>Date of version</b>
1	First version	First version of statement published	10 March 2021
2	Annual review	This statement has been reviewed with the following amendments: <ul style="list-style-type: none"><li>• Added that this statement will be reviewed at least annually</li><li>• Included definition of sustainability risk under SFDR</li></ul>	10 March 2022
3	Annual Review	This statement has been reviewed with the following amendments: <ul style="list-style-type: none"><li>• The integration of sustainability risks in remuneration was further described</li></ul>	10 March 2023