

Integration of sustainability risks in remuneration

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

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

Sustainability risk is integrated in our remuneration policies on different levels. Both in the design and long term perspectives of the remuneration structure, but also in relation to how we govern remuneration policies and decisions internally in a sustainable way.

Sustainability risk is considered when setting targets and evaluating performance in our variable remuneration pay schemes. All employees on variable pay scheme are measured against both qualitative as well as quantitative targets suitable for their position and tasks. All employees have performance goals linked to risk and compliance performance, including sustainability risk, which require adherence to high standards to our internal policies.

For investment professionals and other senior executives, variable remuneration seeks to align the employee's incentives with the long-term interests of our clients and the long-term success of NAM and to promote a sound and effective risk management culture which includes sustainability risks adherence, in order to protect the value of the investment portfolio.

In NAM, investment professionals and senior executives identified as being material risk takers identified from a NAM perspective, obtain part of their variable remuneration deferred and paid out pro rata during a 3-5 years period. During the deferral period, the deferred remuneration is linked to an index appropriate for the employee's position. The different indexes 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 indexes and hence also 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 board the remuneration policy is reviewed by subject matter owners, Compliance and Operational Risk and is presented for, and recommended by, our Remuneration Committee. We believe that this solid governance structure is an important piece in building and maintaining a sustainable remuneration policy.

More information on remuneration in Nordea can be found on [Nordea.com](https://www.nordea.com).