30.04.2025

UK Stewardship Code

The UK's Financial Reporting Council (FRC) is the body that establishes the UK Corporate Governance and Stewardship Codes. Its mission is to promote transparency and integrity in business. The UK Stewardship Code sets high stewardship standards for asset owners and asset managers and is encapsulated in 12 key principles.

At Nordea, we strive to meet the highest of expectations in our Responsible Investment, Corporate Governance and Stewardship practices. In this document, we report our activities against the Principles of the UK Stewardship Code and demonstrate how we live up to the FRC's standards.

About Nordea

We are a universal bank with a 200-year history of supporting and growing the Nordic economies – enabling dreams and aspirations for a greater good. Nordea is the largest financial services group in the Nordic region with a market capitalisation of €37bn, total assets of €623bn and €422bn in assets under management[1]. With approximately 10 million customers, Nordea has a market position of number one or two in most Nordic markets. Its shares are listed in Stockholm, Helsinki, and Copenhagen. As a testimony to its successful strategy, Nordea now ranks within the top European financial institutions in terms of market capitalisation.

About Nordea Asset Management[2]

Nordea Asset Management ('NAM', AuM €286bn[3]), is part of the Nordea Group, the largest financial services group in the Nordic region. NAM offers European and global investors exposure to a broad set of investment strategies. We serve a wide range of clients and distributors, which include banks, asset managers, independent financial advisors, and insurance companies.

Nordea Asset Management has a presence in Bonn, Brussels, Copenhagen, Frankfurt, Helsinki, Lisbon, London, Luxembourg, Madrid, Milan, New York, Oslo, Paris, Santiago de Chile, Singapore, Stockholm, and Zurich. Nordea's local presence goes hand in hand with the objective of being accessible, possessing local knowledge, and offering the best service to clients.

Nordea's success is based on its focus on sustainability and a unique multi-boutique approach that combines the expertise of specialised internal boutiques with exclusive external competences, allowing us to deliver alpha in a stable way for the benefit of our clients in every market condition. NAM solutions cover all asset classes, from fixed income and equity to multi asset strategies, and managing Nordic, European, US, global and emerging market products.

[1] Source: Nordea Bank Abp. As of date: 31.12.2024
[2] Nordea Asset Management it is the functional name of the asset management business conducted by the legal entities Nordea Investment Funds S.A. and Nordea Investment Management AB and their branches and subsidiaries. Nordea Investment Funds S.A. is the management company and Nordea Investment Management AB is the investment manager of all funds belonging to NAM.
[3] Source: Nordea Investment Funds, S.A., 31.12.2024

CEO Foreword

Steady at the helm: NAM is staying the course with sustainable investment

As we present this report in early 2025, the world of responsible investing continues to evolve rapidly. Indeed, we have witnessed continued demand for our responsible investment solutions despite ambiguity and scepticism in some quarters.

In 2024, NAM raised nearly €5 billion in new sustainability-focused mandates, demonstrating the trust our clients place in our ability to integrate sustainability considerations into robust investment strategies—and to their commitment to decarbonisation and responsible investment.

We are especially proud of the broad range of major mandates we secured across geographies. From a large German pension fund investing over €1 billion in our European Stars Equity Strategy to a major Northern European pension fund allocating more than €2 billion to our Global Impact Strategy; investments also came in from the US, UK, France, Japan and beyond. These partnerships underscore the global appeal of our sustainability-focused offerings. In 2024, we witnessed particular interest for customised solutions focused on decarbonisation objectives, and we have worked with many clients to meet these needs.

Our commitment to responsible investment extends beyond our products. Last year, we led 1,393 engagements, including a collaborative effort representing over €3.7 trillion in AuM focused on improving disclosures and reducing methane emissions in the energy, utilities, and waste management sectors. NAM was awarded the prestigious PRI Award "Recognition for Action – Climate" for this effort.

Other notable independent honours include "Fund of the Year" at the Environmental Finance 2024 IMPACT Awards for Nordea 1 – Global Impact Fund and "Best ESG European Equity Fund" at MainStreet Partners ESG Champions 2024 awards for Nordea 1 – European Stars Equity Fund. NAM was also ranked 4th Best Asset Manager in the World for Responsible Investment Commitment by RIBI (Responsible Investment Brand Index 2024) based on both RI brand and RI commitment. Additionally, we became a signatory of the Operating Principles for Investment Management (OPIM) for our Global Impact Strategy, reinforcing our commitment to rigorous impact measurement and management practices.

By year-end 2024, our ESG assets—comprising Article 8 and 9 funds under the EU's Sustainable Finance Disclosure Regulation—reached approximately €212 billion, representing over 70% of our total AuM. This reflects our firm-wide commitment to responsible investing and our clients' continued appetite for sustainable financial products.

Looking ahead to 2025, we are embracing new regulatory standards, including the ESMA naming requirements, which will further distinguish NAM's exceptional product lineup in the marketplace. Since NAM SFDR Article 8 and 9 funds already uphold a high standard of sustainability, we expect marginal, or no impact on our funds and their investment universe. At the time of writing this report, we are in the process of getting regulatory approval to add or keep the term "sustainable" for many funds, both on the equity and fixed income side, for our flagship ESG STARS range and our responsible enhanced BetaPlus family.

As we move forward, NAM remains committed to delivering investment strategies that generate strong financial returns while contributing positively to society and the environment. We believe that responsible investing is not just about risk mitigation, but about capitalising on the opportunities presented by the global transition to a more sustainable economy.

We invite you to explore this report, which details our achievements, strategies, and outlook in responsible investing. Thank you for your continued trust and partnership as we work together towards a more sustainable financial future.



Nils Bolmstrand

Nils Bolmstrand, Chair of the Responsible Investments Committee and Head of Nordea Asset Management

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Principle 1: Purpose, strategy, and culture

Nordea Asset Management provides asset management products to Nordea bank's sales networks (Personal Banking, Private Banking, Business Banking and Life & Pension) and to about 800 external Nordic and international institutional clients and global third-party fund distributors.

NAM is the largest asset manager in the Nordics, with a growing European presence and business. It is the largest Nordic retail fund provider, with a 16% market share and more than 1.4 million unit holders. NAM services ~500 Nordic and international institutional clients, with a growing third-party fund distribution franchise servicing ~300 international fund distributors.

NAM's organisational structure:

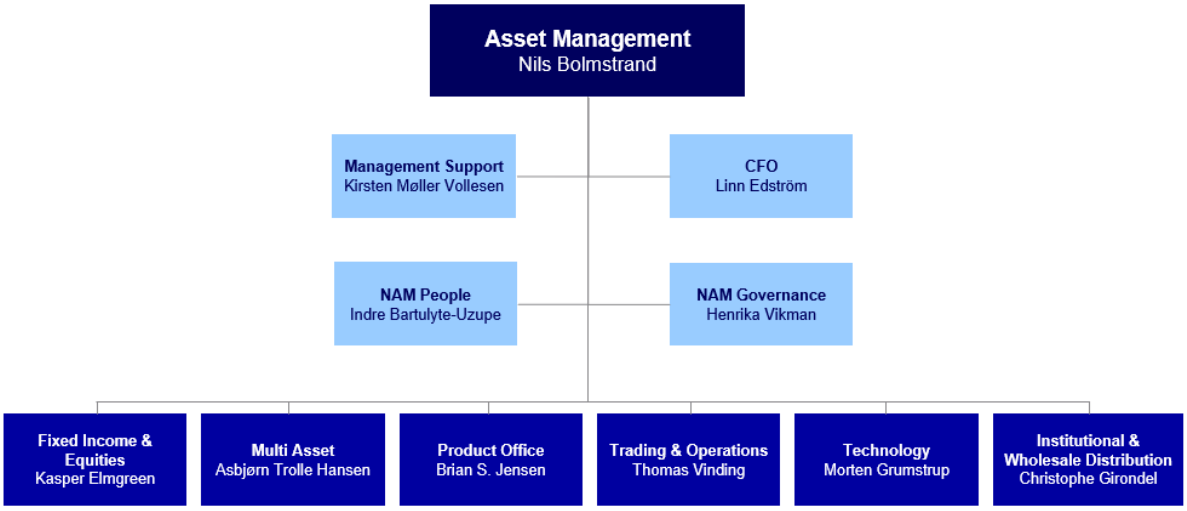


Figure 1: NAM organisation structure. Data as of 31.12.2024.

NAM's Purpose, culture, and mission

Purpose

NAM is an active manager with a purpose of delivering the best possible annualised return for a given level of risk, considering our overarching sustainability beliefs. Our strategic priorities are to continue growth through selective initiatives, to maintain investment quality and to protect our client base. Our investment strategy aims to enable our purpose and service the needs of our client base by delivering long-term stable returns for each target risk level, while also acting as responsible stewards of capital.

Culture

We have a strong corporate culture, which aims to develop highly motivated, engaged and committed employees with a keen sense of belonging to NAM. We achieve this by setting the tone from the top whilst empowering everyone to contribute to the organisation. We strive to build on NAM's strong multi-cultural foundation and seize every opportunity to transition to a fully inclusive organisation characterised by equal access to opportunity and transparent communication. Our values are based on our shared vision to make NAM an organisation where every existing and aspiring employee feels welcomed and has access to career development opportunities, regardless of any social or personal characteristics.

Mission

Our mission is to accelerate progress towards a *diverse, inclusive, and equitable culture* within NAM and Nordea at large. In keeping with NAM's commitment to ESG, Senior Executive Management has agreed upon a strategic focus on ESG topics, including Diversity and Inclusion. We are committed to a strategic approach that includes concrete actions that can be seen at all levels, comprising top-down, bottom-up and middle management engagement, with the purpose of anchoring Diversity and Inclusion in the NAM culture. NAM has a solid foundation of Nordic values upon which to build, and we make the most of every opportunity to strengthen those values. Our mission also includes being active owners and stewards of the assets we manage, engaging with companies to improve their ESG practices and create long-term value for our clients.

Business model

NAM has a global business model based on managing assets across the full investment strategy and risk profile spectrum, delivered to clients via strong regional offices offering customised client service. We provide this through our unique multi-boutique approach that combines the expertise of specialised internal and external boutiques with centralised support functions including Responsible Investment.

Our client base is equally split between Nordea (group-related) and external clients. Some 930 employees from more than 30 different nationalities are employed in asset management, of which some 230 are dedicated investment specialists within four investment centres in Bergen, Copenhagen, Helsinki, and Stockholm. NAM is the leading investment manager in the Nordic Region and has also developed a large global business servicing clients across Europe, the Americas and Asia. With €286bn[4] in assets under management, we have experienced robust growth over the past decade.

[4] Data as of 31.12.2024

NAM Value Chain

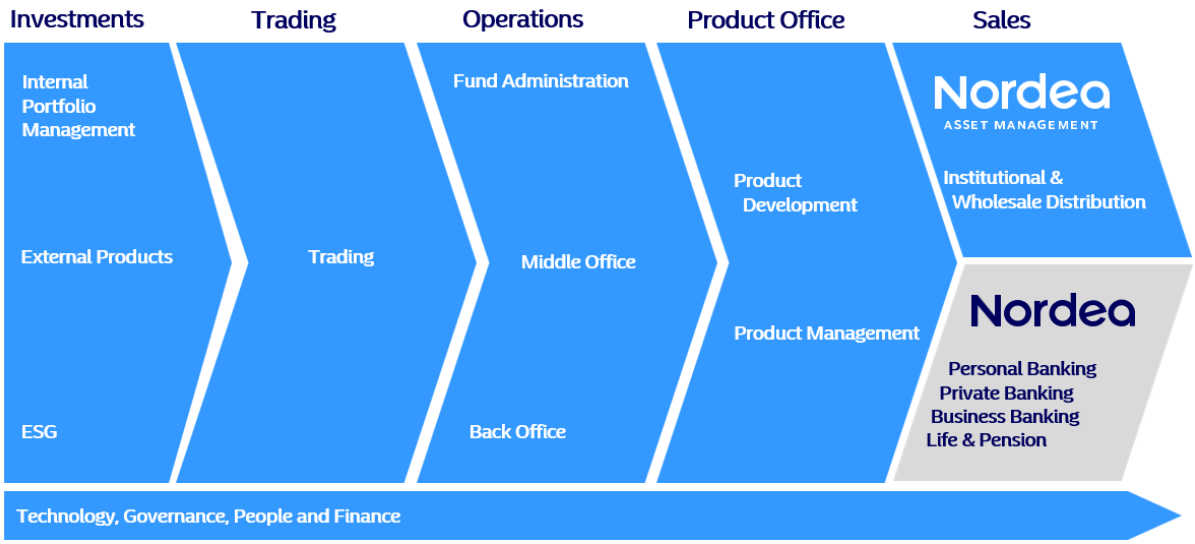


Figure 2: NAM value chain. Data as of 31.12.2024

Investment Strategy

Our **investment strategy** is designed to enable the achievement of our mission and puts the needs of our client base at the core. We recognise that our client base has a variety of investment needs, and to cater to this we have designed two families of funds: Alpha and Outcome.

Alpha strategies are the cornerstone of our multi-boutique approach, which combines the expertise of specialised internal boutiques with exclusive external competences. These funds aim to maximise investor returns for a given level of risk within a certain asset class and/or geography. We believe that to achieve this, our fund managers need to retain the freedom to express their convictions if they stay within pre-set parameters. Providing alpha consistently is rare. While any financial firm can perform low tracking error (beta) investment management, providing alpha requires higher conviction and a stronger focus on money management. As it is almost impossible for an asset manager to create alpha in all asset classes and all regions, specialisation is necessary. To satisfy the demand for alpha strategies, NAM has established a multi-boutique approach where expertise in a particular area can add a competitive advantage and generate higher return potential than the peer group.

Outcome products, as opposed to benchmark-oriented solutions, are built on our "stable investment philosophy" and are designed for clients seeking an all-in-one investment solution. Our Outcome products aim to deliver stability to clients who desire a sustainable and long-term business partner providing investment solutions. We achieve this stable alpha generation objective through combining the individual alphas produced by each of our boutiques. Over the past years, our product range has matured and become more diverse, thus covering a broader range of client needs. We now offer a range of liquid alternatives and low duration solutions, as well as a more extensive suite of ESG-oriented products. Our Nordea 1 SICAV, encompassing all our strategies, aims to provide both alpha and outcome solutions, and to serve clients in various market conditions through a single platform.

Our Responsible Investment team operate in a centralised fashion and ensure that all our assets are covered by meticulous, sound, and rigorous stewardship practices (more details in following sections). It is by centralising this function that we ensure effective stewardship across all our assets, in conformity with our ESG framework.

This means that when we engage with companies on ESG matters we do it for the entire firm-wide position, regardless of which underlying funds and mandates hold them. This is how we ensure effective stewardship, reflecting our investment beliefs and business strategy, while simultaneously encompassing those investment boutiques, i.e. portfolio managers and investment teams, that are not specialists in ESG.

Stewardship is a central component of our Responsible Investment framework. Being an active owner is of paramount importance to NAM. We believe this is a powerful way to protect shareholder value, enhance long-term returns and foster positive change. We do this by exercising our formal voting rights as well as engaging with companies and encouraging them to improve their management systems and ESG performance.

Structure and organisation of our investment units

We believe that the success of our multi-boutique model lies in building on the strengths of boutique investment approaches and combining them with the scale and stability of a larger company. Our concept is based on a remarkably simple principle: we believe investment managers perform better and are more effective stewards of our clients' capital if they are autonomous and independent when it comes to their investment process, by also ensuring they can access all financial and non-financial information developed by our data and responsible investment analysts.

We have established segregated teams for key asset classes, allowing each to focus on their primary activity: managing money for our clients. We retain competence centres in which investment managers enjoy the freedom to pursue their ideas and strategies. Our internal boutiques employ around 230 investment professionals located in our four investment centres: Bergen, Copenhagen, Helsinki and Stockholm. Naturally, we possess in-depth investment expertise in managing Nordic equities and credit solutions, but our strengths also lie in various asset classes outside the Nordic area. Over the years, we have built well-established track records in both equity and fixed income strategies, ranging from credit and covered bonds to global, European and emerging markets.[5]

[5] Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration.

In summary, given the size of our organisation, these are the factors which we believe enable us to achieve our mission and make our investment strategy and business model successful:

1. Strong culture driven from the top, with inclusivity, diversity, sustainability, and client servicing at its core.
2. Multi-boutique model with clear segregation of competences and duties.
3. Extensive product offering covering a spectrum of strategies, asset classes and risk appetites.
4. Portfolio managers focused exclusively on portfolio management.
5. Strong centralised functions for everything else to ensure efficiency and control.
6. Strong centralised Responsible Investment and stewardship practices applied across all our assets.
7. Wide network of regional offices to provide tailor-made client service.

Servicing our clients' best interests

At Nordea Group level, the satisfaction of our customers is a key strategic priority and essential to achieve our financial and non-financial goals. We continuously engage with our customers to gain insights into their expectations, satisfaction, and their perception of Nordea. Our cornerstone activity to assess how effective we are in servicing our clients' needs is our **Quarterly Customer Experience Survey ("CES")**: this captures the overall development in customer satisfaction and perception on key parameters. The purpose is to take learnings on country, region and branch level and decide on actions that can further improve customer satisfaction. In 2024 the positive customer satisfaction trend achieved a new high of 78.75% at Group level in Q4. It is of note that customers were more satisfied with us in 2024 than the year before across all business areas. We continue to work to improve this metric, refining our customer service and reporting processes.

At NAM level, we aim for long-term client relationships, and our sales and distribution teams work closely with clients to ensure they have an ongoing dialogue and understand their needs. Sales teams are tasked with collecting their assigned clients' feedback. Part of our business strategy is to be a stable and accessible partner. Our local offices around Europe and the world (Asia, Latin America, and U.S.) remain focused on relationship management in close proximity with our clients. They are supported by our European service hubs – multilingual specialist functions in Luxembourg, Portugal, and Denmark. We constantly strive to make it easy for our clients to do business with us. We believe that this model is an optimum combination of stability and scale (at the administrative hub) that provides proximity and agility (via the local market spokes), allowing us to better serve our clients. We continuously review and invest in this model, particularly in our ability to deliver strong product support, operational excellence and reporting suited to the needs and preferences of our diverse client base. Geographically, this means that we remain focused on servicing our key historical markets in Europe, as well as selected overseas markets.

Analysis of both internal and independent client feedback is compiled and reviewed at least quarterly, and summary and recommendation on any actions required presented to the relevant department and implemented in the client engagement process.

Client engagement and service is structured as follows:

1. Quarterly review and update meetings with our clients, one of these with the portfolio manager, on both the investment and stewardship side to understand the client's needs and level of satisfaction towards the product we offer, the service we deliver and to gather valuable feedback. Such feedback and any requests are fed back into our client relations process and service and then used when developing our product offering and ESG processes.
2. Annual client surveys: by proactively collecting feedback and opinions, our aim is to increase the transparency and answer client questions before they are raised.
3. Client conferences: during the last few years, the focus has been to meet the clients in new platforms and forums. Since the pandemic we have changed our way of working and servicing our clients and it has become increasingly important to have flexible communication channels that reach clients via their preferred platform.
4. Video creations made available on our website: the content varies from detailed product information to training videos, where specialists explain specific topics within the ESG area and how we are working with them.
5. Customer friendly ESG reports for our key ESG products to show the investments impact on non-financial factors. After each publication we have noticed an increased number of questions raised by clients and we see this as a positive indication of clients becoming more engaged in how their finances are managed.
6. Internal training for all staff and specialists who are fully dedicated to clients.
7. In addition to the client engagement and service, to measure and assess how effective we are in servicing clients' needs, we use external independent surveys. In Broadridge's annual survey, which interviews fund selectors, NAM was ranked 3rd in Social Responsibility & Sustainability, and 18th of the Top 50 European Brands. The Broadridge research highlighted that ESG is clearly no longer front and centre of a manager's sale's pitch, ranking 10th in the top 10 brand attributes - dropping from 8th place the year before. That said, at NAM we believe that the climate challenge isn't over. We remain committed to climate investing and decarbonisation leadership and will stay the course. Despite this shift in market sentiment, our Responsible Investment Team and ESG products once again received numerous awards, most notably at the Principles for Responsible Investment (PRI) Awards in October 2024, where NAM was acknowledged for its leadership in climate action. This recognition stemmed from NAM's extensive engagement with companies like Exxon Mobil, Chevron, and Petrobras,[6] encouraging them to commit to reducing methane emissions.

[6] Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration.

In summary, we assess how effective we are at servicing our clients by conducting these three processes:

1. Quarterly Customer Experience Survey (CES) to all Nordea clients.
2. Client engagement and service conducted by our local offices, consolidation of data and review against previous year's level and multi-year trend.
3. External independent surveys conducted by Broadridge and other providers.

All these three processes once again showed good sustained absolute levels and positive recognition. To illustrate how this feedback loop impacts our business, we have managed to speedily develop and launch a completely new product offering, during 2024, in form of a Target Date Fund for the Italian market. The backbone of the product is European credit and with bespoke elements that includes CLO's, the launch of which required strong collaboration across the value chain.

Principle 2: Governance, resources, and incentives

Governance structure and processes

Nordea Asset Management Holding AB is an international group with entities across the world and a strong owner; Nordea Bank Abp. Figure 3 shows the Group's legal structure.

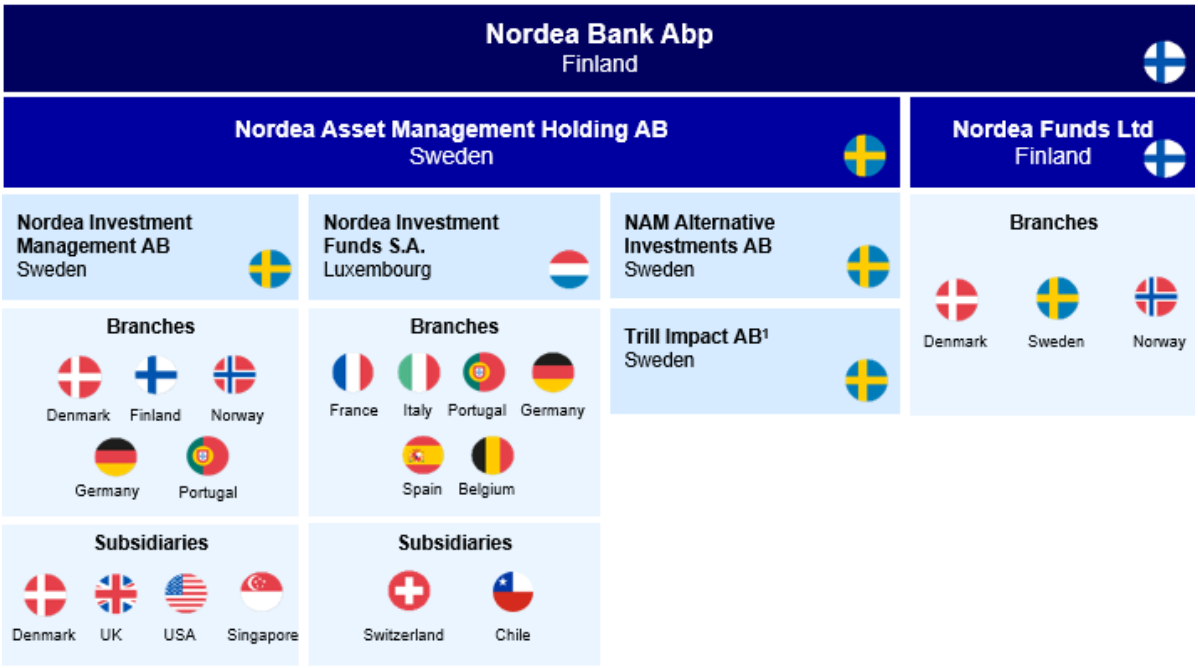


Figure 3: NAM Legal structure 31.12.2024

NAM is part of Nordea Group's Asset & Wealth Management division. It is a holding company with subsidiaries including Nordea Investment Management AB ("NIM"), and Nordea Investment Funds S.A. ("NIFSA"). NIM is a Swedish investment firm authorised to, inter alia, provide discretionary portfolio management services, and NIFSA is a Luxembourg fund management company authorised to manage UCITS and alternative investment funds. Since Q1 2024, Nordea Funds Ltd ("NF") is functionally part of NAM. NF is a Finnish Management Company authorised to manage UCITS and alternative investment funds. The legal structure is shown in Figure 4.



Figure 4: Nordea Asset Management Holding AB Legal Structure

NAM Governance Framework

Given its size and complexity, NAM is structured as a functional organisation. The Governance organisation is described in Figure 5.

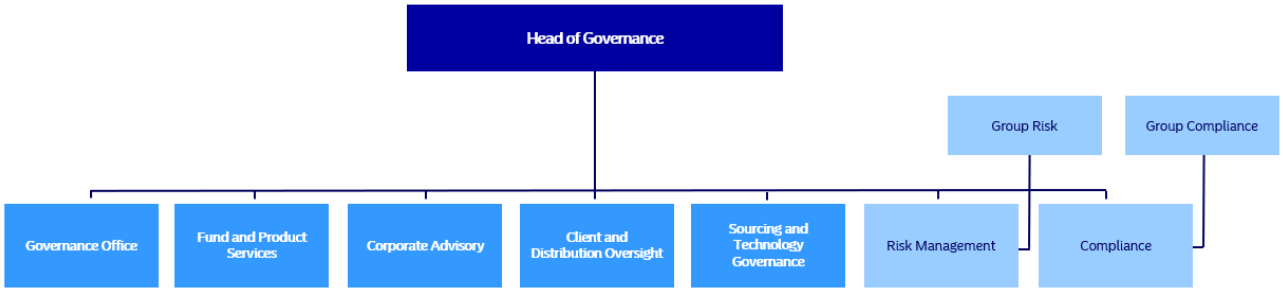


Figure 5: NAM Governance Structure. Data as of 31.12.2024

Governance is secured by each unit having clear roles and responsibilities set out and approved in accordance with the NAM Governance Framework, described in Figure 6.

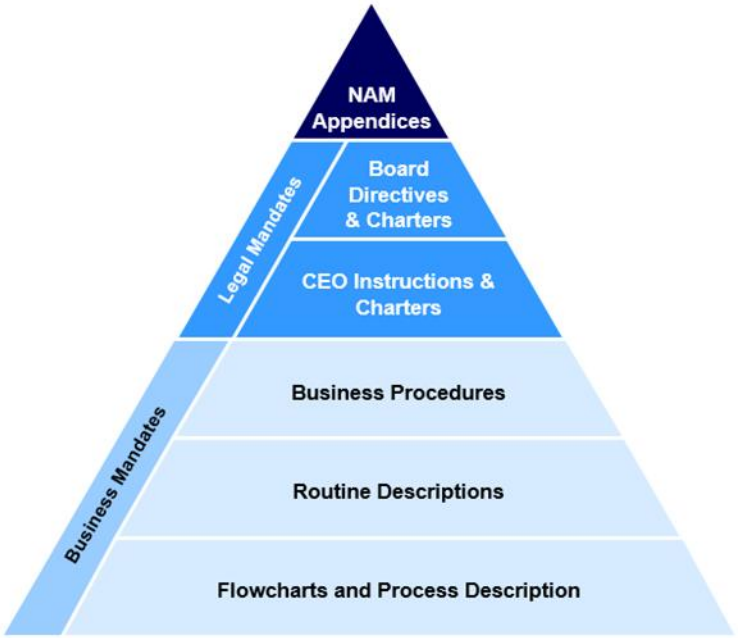


Figure 6: NAM Governance Framework. Data as of 31.12.2024

The key governance principle for management of risks is the Three Lines of Defence ("3LoD") Model:

- 1st LoD: Business and support functions
- 2nd LoD: Compliance and risk functions
- 3rd LoD: Internal audit

The NAM Governance unit secures a high standard of internal control and guards its internal framework. The NAM internal governance framework is articulated in principles and instructions from the Board of Directors and the CEO, including detailed routine descriptions of relevant processes, and description of risks and controls.

The governance models are reviewed based on risk-based approach by the 2nd and 3rd LoD functions. To ensure our governance structure continues to be appropriate and effective we have established a process by which it is reviewed by each relevant business area and 2nd LoD [Compliance and Risk Functions] every year. In addition, 3rd LoD [Internal audit] reviews the governance structures using a risk-based approach. Any identified improvements and changes are implemented as needed. In the last yearly review, we established that our internal governance structure and practices were appropriate to deliver on our mission and business strategy.

Internal Committees

Internal Committees (Fig. 7) have been established to ensure a solid bridge between the legal and functional levels. The committees have decision-making rights within specific and designated areas of responsibility within their functions, enabling them to make the necessary prioritisations and decisions. Committees cover matters such as pricing, risk, products, remuneration, diversity, compliance, and responsible investments. The Committees sit at the same hierarchical level, as they are all vital to our mission-driven business management, including our ESG Committee and our Responsible Investment Committee.



Figure 7: NAM Internal Committees. Data as of 31.12.2024

Each committee may escalate issues to the Senior Executive Management (SEM), where the CEO is a member. Where the decision needs to be taken by another entity rather than NAM, there will be a recommendation from the committee to the respective legal entity.

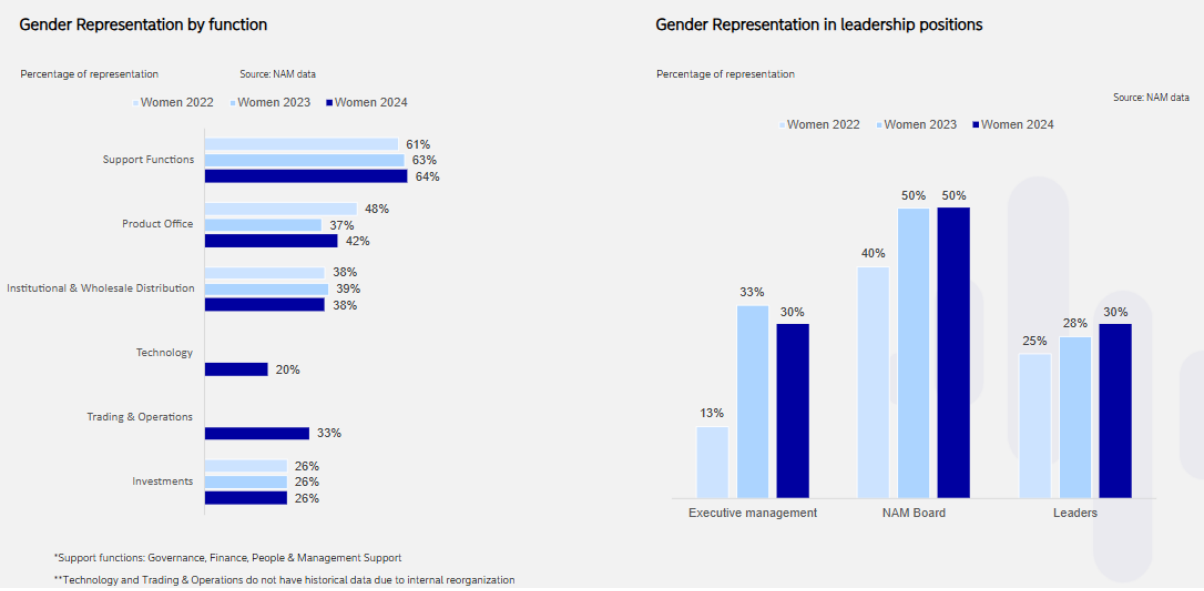
We have chosen this approach because an organisation of Nordea's complexity needs a clear framework with top-down direction and oversight, complemented by bottom-up function-based units with responsibility for their area of competence. Our approach has been fine-tuned over many years, and we have assessed that it efficiently delivers on our business model and strategy, whilst preserving our culture and values, where our employees feel valued and empowered and our mission is delivered for our clients.

Diversity and Inclusion

In NAM we have a strong focus on diversity and inclusion because we believe it makes NAM a better workplace. Diversity and Inclusion not only lays the foundation for us to feel that we belong but also that we can be our full selves at work, contribute with our different perspectives, be innovative and inspire each other. These are all benefits that make us better at serving our clients.

In 2021 we built the foundation to shape NAM culture to create a more diverse and inclusive workplace. We took a stance and showed our commitment to the agenda by establishing a strong D&I governance framework with a D&I Committee, D&I Forum, and D&I Ambassadors. Furthermore, we established a NAM D&I Policy and a Recruitment Policy with important D&I steps to remove bias in the recruitment process and ensure equal opportunity for diverse talent. In addition, we have updated our D&I Policy in 2024 with a family-friendly section, ensuring equal rights to part-time employment after returning from parental leave and offering 1:1 coaching sessions with external coaches before, during and after returning. A diverse workforce is one of our forces, but it also requires attention and awareness. Therefore, we continuously focus on diversity, equality, inclusion and belonging. We educate our people about terms like unconscious bias, privilege, and covering because we know that lack of awareness can create unintentional discrimination and contribute to inferior performance. We believe that all employees have a responsibility to contribute to an inclusive workplace.

NAM aims for gender balance on all levels and in all parts of the organisation. Our target is that no gender has more than 60% representation. Gender here refers to biological or legal sex. To be compliant with regulatory restrictions on sensitive data, we do not register gender identity. We however welcome and enable self-identification of gender identity and focus on the area covered by the LGBTQ+ umbrella.



Sources: Nordea Diversity & Inclusion report 2025

We acknowledge there is more progress to be made in the asset management industry. NAM is a co-founding member of Diversity Project Europe alongside peer asset managers, together working towards a diverse, equitable and inclusive investment and savings industry.

While we strive to foster diversity and inclusion within our own organisation, we also recognise the importance of promoting these values across the broader investment landscape. We genuinely believe that engagement can support companies transitioning to more sustainable business models. Currently, our Engagement Family comprises two funds: the Nordea 1 – Global Climate Engagement Fund[7], which supports higher-emitting companies in crucial industries on their sustainable transition, and the Nordea 1 – Global Diversity Engagement Fund[8], which is designed to engage with diversity laggards to help them become tomorrow's diversity leaders. The business case that illustrates positive correlation between companies with strong D&I practices and financial performance remains strong.

D&I is correlated with business performance

- +36% likelihood of greater EBIT margin for top quartile companies in terms of executive team diversity[9]
- +38% share of revenue from innovative products and services[10]

In addition, research shows that the companies with better D&I practice have access to a wider talent pool and tend to make effective use of it by increasing talent retention and lowering collective employee turnover. Subsequently, they are also able to enhance customer understanding which drives innovation throughout its business cycle.

Our engagements are based on clear objectives and implement different methodologies according to the upside potential, which helps us to guide and monitor better the progress made by the companies. By engaging to generate the best "real" outcomes, we aim to maximise the unlocked potential of these D&I Improvers.

Clear and differentiated themes to drive D&I improvements

- Data Disclosures: gender and minorities, and inclusion metrics
- Diversity in upper leadership: diversity in management, promotion, and career development
- Inclusion and gender pay gap: inclusive HR policies, elimination of pay gaps

[7] With effect as of 8 April 2025 the sub-fund is renamed to Global Climate Transition Engagement Fund

[8] With effect as of 31.08.2023 the sub-fund is renamed from Nordea 1 – Global Gender Diversity Fund to Nordea 1 – Global Diversity Engagement Fund.

[9] McKinsey Company, "Diversity Wins, How Inclusion Matters"

[10] BCG "The Mix That Matters: Innovation Through Diversity"

Employee compensation and remuneration

NAM offers fair and competitive compensation packages. We have a total remuneration approach to compensation, which recognises the importance of well-balanced but varied remuneration structures based on business and local market needs. Our compensation aims to be consistent with and promote sound and effective risk management, not encouraging excessive risk-taking or endangering NAM's long-term interests.

The compensation structure of NAM, as set out in the NAM Board Directive on Remuneration, aims to provide a basis for aligned remuneration practices in NAM. The Remuneration Directive promotes sound and effective risk management and the interest of clients while ensuring that NAM can attract, develop, and retain competent staff by offering competitive remuneration.

The remuneration policies are directly governed and adopted by the boards of our investment company Nordea Investment Management AB and our fund companies Nordea Investment Funds S.A. and Nordea Funds Ltd. Before being adopted by the boards, the remuneration policy is reviewed by subject matter owners, Compliance and Risk Management and Control, and is recommended by our Remuneration Committee. We believe that this solid governance structure is an important piece in building and maintaining a sustainable remuneration policy.

NAM's remuneration structure comprises fixed and variable remuneration. The variable component ensures that our employees align with NAM's mission and long-term objectives. The fixed and variable components of total compensation are balanced and in accordance with applicable regulations. The ratio between fixed and variable remuneration varies for various categories of employees, and local market practices are taken into consideration. All variable remuneration schemes are limited to a one-year period and assessed at year end. For the variable remuneration for investment professionals, investment performance is based on a 3-year average assessed on a yearly basis.

Employees that are Identified Staff (i.e. professionals whose activities have a material impact on an institution's risk profile) are subject to deferral of their variable remuneration in accordance with the applicable regulations. Variable remuneration for Identified Staff follows a deferral scheme where 60% of the bonus is deferred and paid out pro rata over 3-5 years. The different indices are based on the performance of assets under management. Since investment decisions take sustainability risks into account, this also impacts the performance of the indices, and hence the deferred remuneration.

If an employee is deemed to be in violation of any governance rules, internal or external rules, guidelines, or regulations the employee may have to forfeit the entitlement to variable pay.

Employee benefits are offered to employees based on local markets standards, function, and position:

<u>Senior Management</u>

Senior Management at NAM is compensated by a fixed base salary and a variable remuneration. The variable remuneration has a maximum bonus amount (cap) and is linked to the fulfilment of a set of specific targets. These targets include financial targets, performance related targets (including sustainability) and personal development targets.

Investment professionals

Investment professionals at NAM are compensated by a fixed base salary plus variable remuneration. Targets for variable remuneration typically depend on:

- Portfolio Management investment performance based on a 3-year average (excess return to relevant benchmark) assessed on a yearly basis.
- Individual assessment of risk and compliance, ESG, values, personal development, and leadership.
- NAM/Group overall financial performance.

Selected key investment professionals may take part in a profit-sharing scheme that is linked to the performance of their product. Where the performance is on or below the related index, no bonus is generated. There are also additional targets based on other factors than investment performance, such as behavioural and risk and compliance factors.

By introducing sustainability and broad ESG targets in all our employees' variable remuneration, which is then deferred over three years, we ensure that stewardship and our ESG priorities sit at the core of all NAM's investment and non-investment practices, and that they align with our clients' interest.

Sustainability risk is integrated in our remuneration polices on two levels:

- in the design and long-term component of the remuneration structure
- in relation to how we govern remuneration policies and internal decisions in a sustainable way

Sustainability risk is considered when setting targets and evaluating performance in our variable remuneration pay schemes. All employees on a 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 which require adherence to exacting standards to our internal policies.

ESG compensation does not apply to every investment professional in the same way. All ESG professionals, irrespective of whether they manage capital or not, have ESG factors in their compensation structure. Likewise, all portfolio managers have an ESG component in their remuneration (with a slight variation in the proportion). This is to ensure continuity across the firm in terms of properly integrating ESG factors in decision making, regardless of whether they manage dedicated ESG mandates or not. For investment professionals not managing funds, dedicated ESG targets are only applied if they are working specifically within ESG mandates. This group of people includes both investment professionals and relevant senior management (ESG analysts, research analysts and CIOs).

In summary, we have chosen this remuneration policy to ensure that ESG factors and stewardship are at the core of all our investment products. There have been no material changes to the policy in 2024, just clerical adjustments as part of the annual review.

Workforce training and development

Sound risk management and compliance with applicable laws and regulations are fundamental aspects of Nordea's corporate culture, and an integral part of everyday business at Nordea. "Licence to Work" is a group-wide risk and compliance training program, that has been designed to provide employees with the information and knowledge needed to mitigate risks, to act with high ethical standards, and to conduct business in a responsible way. Employees complete annual mandatory training on Conflicts of Interest, Code of Conduct and Financial Crime. In addition, there are targeted trainings for specific groups e.g. detailed Market Abuse for Investment Professionals. All new employees are required to complete a set of e-learning training modules which covers Code of Conduct, Conflicts of Interest, Risk Management, Data Privacy, Financial Crime, Incident Handling and Information Handling/Information Security Essentials.

For in-scope employees we have the annual Knowledge & Competence training in accordance with MiFID requirements.

NAM places a strong emphasis on ESG and stewardship training for employees. All NAM employees have access to an interactive ESG e-learning tool[11] that provides a solid foundation on ESG and responsible investment topics. This e-learning is regularly updated to reflect evolving regulations and industry practices. Investment teams receive ongoing training on ESG topics relevant to their strategies, such as climate change, governance, and ESG integration. NAM also conducts internal workshops on sustainability themes and ESG integration for investment boutiques.

The Responsible Investment team leads comprehensive ESG Masterclasses for investment professionals, covering a wide range of ESG and stewardship topics. These sessions enhance knowledge, facilitate discussions, and provide training on proprietary ESG analysis tools. Additionally, NAM has launched a company-wide sustainability training program to build employee competence in supporting customers' transition to a low-carbon economy. This program covers topics like sustainability impacts, greenwashing risks, and sector emission target setting.

To stay at the forefront of responsible investing, key staff members have participated in sustainability leadership training at Cambridge University. NAM is committed to continuous education and skill development in ESG and stewardship for all investment professionals to enhance their capabilities in these critical areas.

[11] https://www.nordea.co.uk/en/professional/esg-learning-centre/

Our Stewardship and Responsible Investment approach

Responsible investing is strongly ingrained in NAM's corporate culture and philosophy. We consider it our fiduciary duty to care about all factors that are material to clients' investments, including those that are non-financial, such as ESG factors. That is why we were one of the first signatories of the UN Principles for Responsible Investment in 2007 and have been fine-tuning our comprehensive stewardship and responsible investment framework for more than a decade. To ensure that our RI philosophy and strategy are fully incorporated in the organisation and business strategy, it is anchored in and approved by senior executive management. It is part of our culture.

It is our strong belief that our mission for maximising risk-adjusted performance can best be achieved by integrating ESG and active stewardship in our investment strategy across all our assets.

Under the guidance of our two key committees, the ESG Committee and the Corporate Governance Committee, we have developed policies, procedures and investment products based on our RI beliefs. Our RI framework includes corporate-wide "overlays" (Fig 8) that apply to all our funds, which we believe are essential to warrant effective stewardship for all our clients, regardless of the investment mandate. Active ownership is central to these overlays. We are an active owner by purpose and belief, and this guides our stewardship activities on financial and non-financial (ESG) issues, exercising rights and responsibilities, with our investee companies. We see this as a powerful way to effect change and create long-term shareholder value. While engagement is our preferred approach, we have defined and implemented an exclusion policy which sets out our ESG beliefs. This is based on our Responsible Investment Policy and is approved by the ESG committee.

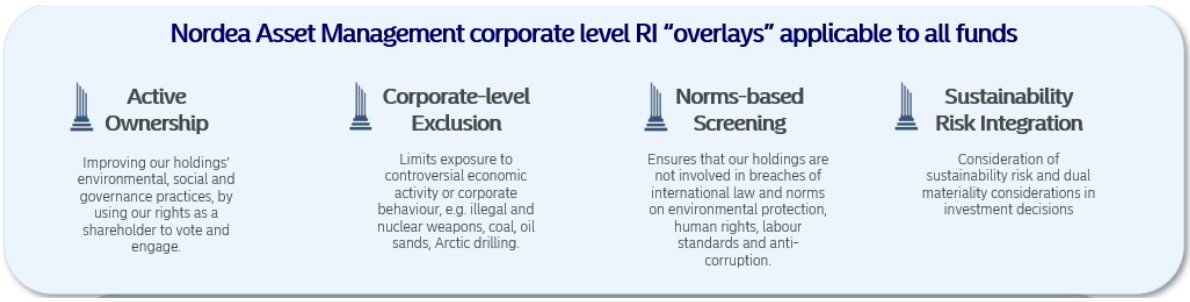


Figure 8: NAM corporate level RI overlays. Data as of 31.12.2024

To support the ESG investment guidelines, the ESG Committee owns and approves NAM's Responsible Investment Policy ("RI Policy"), which also details the international conventions we subscribe to and what we require of the companies we invest in. The Responsible Investment Committee (RIC) decides the appropriate action when a company is found to breach our guidelines, which may be to exclude, quarantine and/or engage with the company, depending on the type of violation and our ability to influence the company.

NAM ESG research process

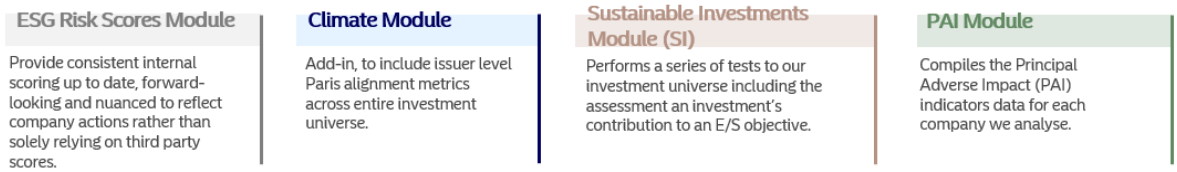
Integral to our RI process and implementation of effective stewardship is our ESG research approach. Leveraging more than a decade of ESG research and analysis NAM has developed a proprietary ESG data and analysis platform. The data platform aggregates information from multiple sources, supporting our analysts as they carry out in-depth research. This includes the alignment of company revenues to the EU Taxonomy and to the UN's SDGs. Beyond our proprietary ESG scoring model, the team has developed modules to collect, analyse and manage data on Principal Adverse Impact, Sustainable Investments and Climate metrics. The data platform uses automated features and analyst-structured weights and formulas to generate ESG scores for more than 132,000 securities – almost full coverage of the main benchmark indices.

Our automation of part of the process allows the team to provide the full research coverage we believe our strategies deserve while allowing time to dive deeper into more difficult cases. This results in internal scoring that is consistent, forward-looking and nuanced to reflect company actions rather than solely relying on third party scores, which must – by definition – be backward looking.

The platform and the underlying data are reviewed on a regular basis, to ensure their quality, and ensure we provide the investment teams with the most reliable ESG information. The ESG data platform acts as the centralised NAM-wide go-to place to find relevant and actionable sustainability data and analytics. In addition to the ESG platform, we conduct qualitative ESG research across issuers, sectors, and sovereigns.

Proprietary ESG Data Platform:

The platform is comprised by four core modules:



ESG Risk Scores Module

NAM's ESG research approach goes beyond commercial ratings. Since the launch of the first ESG STARS fund in 2011, we have conducted ESG analysis at issuer level via our own ESG framework called STARS. The STARS framework has evolved over the years, initially focusing on business model and financial materiality, to more recently including regulatory requirements such as Principal Adverse Impact indicators (PAI) and alignment assessment to SDGs.

In 2024, we revamped our ESG STARS scoring process from a manual to an automated approach. The new process maintains the three-pillar structure (Fig. 9), evaluating companies based on their industry ranking, ESG financial risk management, and SDG contribution.



Figure 9: ESG Scoring Process. Data as of 31.12.2024

This automated process is supplemented by a sustainable investment assessment and potential manual deep research, resulting in A, B, or C scores. The system provides benefits such as a larger investment universe, new investment ideas, and more focused resources for ESG analysts to engage with investee companies. STARS funds cannot invest in C-scored companies, ensuring a minimum of ESG standards in their portfolios.

Climate Module

Our Climate Module assesses companies' Paris Agreement alignment using the Net Zero Investment Framework. It evaluates issuers on six criteria to categorise them as aligned, aligning, committed to aligning, or not aligning. The assessment combines data from third-party sources such as the Transition Pathway Initiative and Science-Based Targets Initiative with proprietary analysis. While quantitative metrics are used, the final alignment status is determined through additional research and company engagement to provide a comprehensive view of each issuer's climate trajectory.

	Alignment KPIs	Threshold	Aligned	Aligning	Committed	Not aligning
1	Net-zero ambition	The issuer has a long-term decarbonization goal consistent with achieving global **net zero by 2050**	✓		✓	All other issuers
2	Short- & medium-term targets	The issuer has a short- or medium-term GHG target that is **consistent with 1.5°C** and covers material emissions	✓	✓		
3	Emissions performance	The issuer's current emissions **performance in line with its GHG target**	✓			
4	Disclosure	The issuer **discloses scope 1, 2 and material scope 3** emissions	✓	✓		
5	Decarbonization strategy	The issuer explicitly sets out the measures that will be deployed to **deliver on GHG target and shift towards green revenues**	✓	✓		
6	Capital allocation alignment	The issuer clearly demonstrates that its **capital expenditures are consistent with achieving net zero** by 2050	✓			
7	Climate policy engagement	The issuer has a **Paris-aligned climate lobbying** position and aligns its direct and indirect lobbying activities	KPIs 7-10 in NZIF are optional and not currently included in most investors' alignment assessments due to data availability issues. NAM currently include Climate governance components in the assessment of KPI 5: Decarbonization strategy.			
8	Climate governance	The issuer has clear **oversight of transition planning and executive remuneration** is linked to delivering targets and transition				
9	Just transition	The issuer considers the impacts from transitioning to a lower carbon business model on its **workers and communities**				
10	Climate risk and accounts	The issuer discloses transition risks through **TCFD Reporting** and incorporates such risks into its financial accounts				

For illustrative purposes only.

Sustainable Investments (SI) Module

The SI module performs a series of tests to our investment universe including the assessment an investment's contribution to an E/S objective. To select sustainable investments, we apply three tests. The investment should pass all three tests to qualify as a sustainable investment:

- Step 1: Good governance test – a company needs to have sufficient processes in place related to the four good governance topics specified by the SFDR: sound management structures, employee relations, remuneration of staff and tax compliance, and must not be subject to significant controversies related to any of these topics
- Step 2: Do no significant harm test – a company cannot perform negatively on selected principal adverse impact indicators. PAI indicators are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and antibribery matters. The thresholds defining negative outliers and poor performance vary for each PAI indicator
- Step 3: Environmental or Social Contribution – A minimum proportion of 20 per cent of the turnover of the company should come from economic activities that actively contribute to a sustainable objective. The sustainable objective can be an environmentally sustainable objective defined in the EU Taxonomy Regulation ("EU Taxonomy"), or an environmental or social objective belonging to the list of UN SDGs.

Principle Adverse Impact (PAI) Module

The PAI module compile the PAI indicators data for each company we analyse. Companies identified by the PAI engine as outliers on specific indicators, or that exhibit high adverse impact across several indicators, are analysed further by our Responsible Investment team and a recommendation for action is made to our Responsible Investment Committee (RIC). RIC is presented with an update on the identified company on a quarterly basis and may, based on this, decide on the appropriate action to be taken in each case (i.e. engagement or exclusion).

Forward Decarbonisation Model

The Forward Decarbonisation was made available to all investment boutiques in 2024. The predicts a company's future scope 1-2 emissions and provides analysts and portfolio managers with a forward-looking view of the potential decarbonisation trajectory of any company in the investment universe. This model is used to generate a well-defined predicted emissions trajectory, which can be compared to the ideal rate of reduction required for, e.g., a 1.5-degree scenario. The scenario-relative rate of reduction is determined based on multiple inputs and accounts for the sector a company operates in, as well as their geographical location.

This analysis is used to assess the company's position in terms of climate trajectories as well as comparing the forward-looking decarbonisation path to its peer group. Ultimately, it can inform the portfolio manager's decision on whether further engagement or allocation actions need to be taken to meet the decarbonisation objectives of the strategy.

Climate Risk Assessment Model (CRAM)

Our Climate Risk Assessment Model (CRAM) developed in 2023 used by the Multi Assets boutique provides a quantitative assessment of a company's overall climate risk. It employs a range of current and forward-looking climate indicators to categorise a company into one of the following categories: low risk, moderate risk, high risk and very high risk. The model identifies companies that lack credible greenhouse gas (GHG) emission reduction strategies and show no indication of a decarbonisation plan. This quantitative assessment tool is based primarily on data inputs from third parties, and is updated monthly.

Gender Risk Assessment Model (GRAM)

Our Gender Risk Assessment Model (GRAM) developed in 2023 used by the Multi Assets boutique aims to identify firms that do not show any meaningful ambition to increase diversity within their organisation, taking into consideration the percentage of women at the board, CEO and executive level. Within Global Responsible Enhanced Equity Fund, we include companies that have at least 30% minority representation at board, CEO, and executive level.

Qualitative ESG Research

In 2024, ESG Analysts in the Sustainability Research Team (part of the Responsible Investment Team), completed the transition from being ESG generalists to sector specialists. This change aims to provides higher quality, more timely, and deeper ESG research to portfolio managers and financial analysts. The team is now organised to cover transitional critical sectors, each analyst leads sector research, such as Basic Materials, Communications, Consumer Cyclical and Non-cyclical, Financial, Industrial, Technology, and Utilities. This specialisation allows for more focused expertise in each sector's unique ESG risks and opportunities, enabling better support for STARS and Article 9 strategies, as well as more targeted engagement with companies in each industry.

Responsible Investment: committees, team structure and resources

As of 2024, NAM has four ESG focused committees with specific areas of responsibility:

1. ESG Committee

Following a firm-wide ESG project carried out in 2021-22, in 2023 we created an ESG Committee, supported by an operational forum, to secure the governance of our ESG-related methodologies and principles. An ESG Operational Forum facilitates discussions and secures alignment and coordination on ESG matters across the NAM internal value chain, ensuring that the relevant decisions are brought to the ESG Committee for approval. The ESG Committee is also responsible for the content of and adherence to our Responsible Investment Policy.

Key responsibilities include:

- Drives NAM's ESG Strategy
- Approves entity level ESG principles, policies and statements
- Approves significant changes to ESG methodologies and product strategies
- Secures good governance and proper handling of conflict of interest matters in the ESG are



2. Corporate Governance Committee

The Corporate Governance Committee is a key body responsible for overseeing and approving NAM's corporate governance principles and voting decisions. It includes board members from the Nordea Funds company, providing high-level oversight and independent decision-making. The committee is chaired by one of the external board members to ensure impartiality.

Key responsibilities include:

- Annually reviewing and approving the Corporate Governance Principles, which guide NAM's voting activities.
- Making decisions on voting matters that are escalated to the committee, particularly in cases of potential conflicts of interest.
- Ensuring that voting decisions are made in the best interests of clients.

The committee meets at least twice per year and additionally whenever a potential conflict of interest arises.



3. Responsible Investment Committee

The Responsible Investment Committee (RIC) decides and monitors exclusions and engagements at investment level.

Key responsibilities include:

- Decide on levels of engagement towards relevant investee companies
- Decide on additions and deletions from the Exclusion List
- Approve the formal adoption of any international norms and conventions

The RIC includes members from the Senior Executive Management team and is chaired by the head of NAM, who is also the CEO of Nordea Asset Management Holding AB.



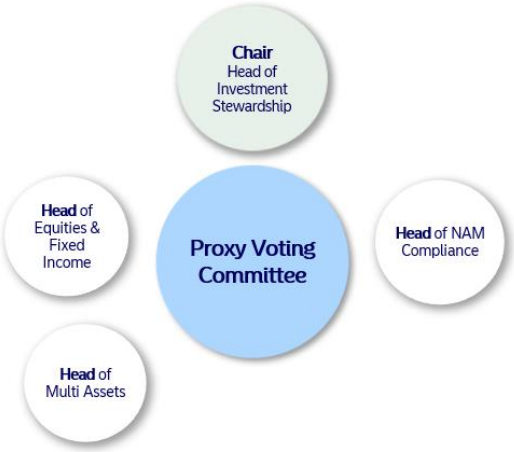
4. Proxy Voting Committee (PVC)

The Proxy Voting Committee (PVC) is responsible for driving voting decisions and managing conflicts of interest related to voting activities for client mandates.

Key responsibilities include:

- Implement the Corporate Governance Principles for client mandates
- Make voting decisions
- Manage potential conflicts of interest in proxy voting for client portfolios

The committee includes voting members from the investment organisation and non-voting members from compliance. The compliance function is specifically represented to focus on conflict of interest management. The PVC meets at least twice per year.



Responsible Investment (RI) Team

Our highly regarded Responsible Investment (RI) Team was established in 2009. The team is comprised of **28 seasoned investment professionals**, with a wide range of experience from academia, independent RI organisations and investment management, and who are highly motivated in implementing our stewardship and RI policies.

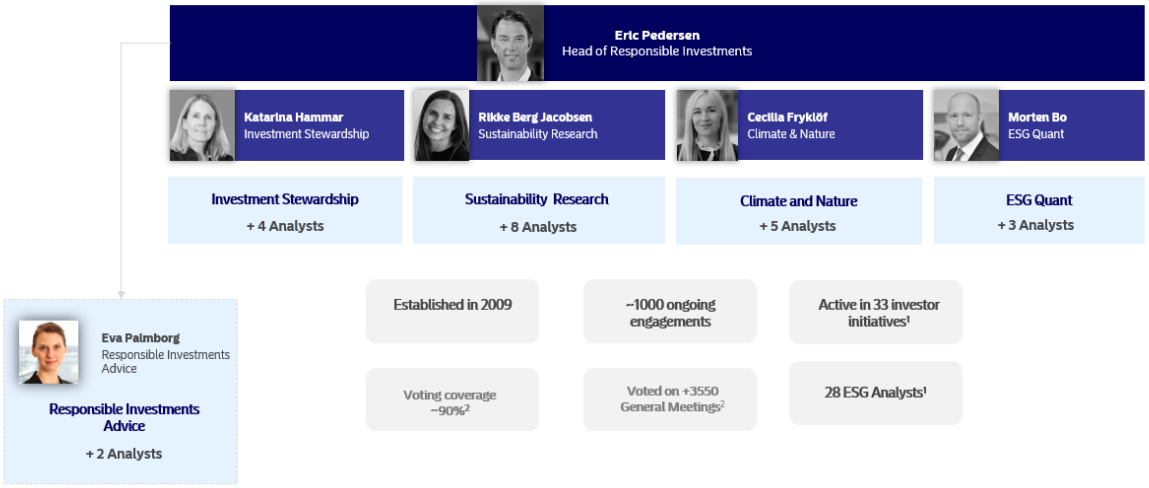


Figure 10: NAM's focused RI resources. 1) As of 08.10.2024 2) As of 31.12.2024.

Since early 2024, NAM has integrated its Corporate Governance team, previously responsible for voting activities, into the Responsible Investment (RI) Team. This strategic move centralises our stewardship efforts, combining both engagement and voting activities under one unified team, the Investment Stewardship team.

Now, the team carries out its various functions in four clusters:

- **Investment Stewardship**: The Investment Stewardship Team is responsible for NAM's engagement framework, including escalation procedures, proxy voting, firm-level PAI process as well as driving the Responsible Investment Committee agenda.
- **Climate & Nature**: The Climate & Nature Team maintains focused expertise and analysis of climate change and biodiversity factors and policies, implementation, engagement campaigns and reporting (e.g. Task Force on Climate-related Financial Disclosures (TCFD) recommendations).
- **Sustainability Research**: The Sustainability Research Team carries out company and sector specific ESG research and engagement for NAM's ESG funds, as well as ESG product development. This includes our proprietary ESG scoring, which is an integral part of our ESG-enhanced strategies such as the ESG STARS funds.
- **ESG Quant**: The ESG Quant Team develops and maintains NAM's proprietary ESG scoring model and platform, as well as other advanced applications of ESG data.

Additionally, from October 2024, we added a new function within the RI Team, with three dedicated specialists making up the Responsible Investment Advice Team. These subject matter experts are responsible for sustainable savings advice made available to clients of Nordea Bank, ensuring that we provide suitable investment solutions for customers with sustainability preferences.

Besides being fully integrated with the investment boutiques managing ESG products and setting the framework for the development of new quantitative tools and data sources, the Responsible Investment Team carries out ESG research, active ownership activities, and represents NAM in international RI initiatives. They are continuously developing our RI approach in line with the increasing complexity, depth, and scope of application of ESG methods, to maintain NAM's leadership in the area. The team maintains both a broad RI coverage and a particular focus on our ESG STARS and thematic strategies, working closely with their respective portfolio management teams. To optimise our resources in the most efficient way, the Sustainability Research Team supports on thematic engagement to a larger extent, such as the top 200 engagement related to overall net zero alignment strategy. We have been able to establish a structured approach for entity level engagement on principal adverse impact (PAI) outliers.

The RI team often participates in client meetings and ESG conferences to share their latest insights and findings. It also leads ESG training (e.g. climate workshops) both internally and for clients. For example, in 2024, our team continued its commitment to enhancing ESG knowledge across the company. They delivered comprehensive training on NAM's ESG business strategy, providing deep insights into how NAM integrates ESG and Sustainability factors into our investment portfolios.

In sum, during 2024, the RI team was expanded with the addition of 6 ESG Analysts, further strengthening our responsible investment capabilities.

The RI team heads are listed below:

Eric Pedersen

Eric Pedersen is the Head of Responsible Investment at NAM. He serves on the Danish Corporate Governance Committee and was a member of the Finance Denmark Forum for Sustainable Finance. Eric holds an M.A. in Economics from the University of Copenhagen. Having completed his Master's thesis on Economic Reform in India, he began his professional career at the United Nations, being employed as a junior economist by UNDP in Mali, West Africa. After joining Unibank of Denmark (the Danish predecessor bank of Nordea) in 1996, he has worked in various roles in the Asset Management area, including Head of Product Development, Head of Strategy for the Asset Management and Life business, and Branch Manager of Nordea Bank S.A., Singapore Branch. His latest previous position was as Deputy CEO of Nordea Funds, where he was involved in driving Nordea Bank's early introduction of ESG questions into the customer due diligence and suitability assessment process.

Katarina Hammar

Katarina is Head of Investment Stewardship. Prior to this position, Katarina was the Head of Sustainability and active ownership at Lannebo Fonder and Head of Active ownership in NAM. She joined Nordea Asset Management in 2006 and has over 20 years of experience in risk management, product development and ESG positions, as analyst and leader, in the financial sector. Previous positions include positions at the Fourth National Pension Fund, AMF Pension and Price Waterhouse Coopers. Katarina holds a Bachelor of Business Administration in Finance from Stockholm University and has completed the Certified Financial Analyst Program at Stockholm School of Economics as well as the Aligning Sustainability with Business Performance course at Harvard Business School. Katarina is also part of the nomination committee in four Swedish and two Norwegian companies listed on the stock exchange.

Cecilia Fryklöf

Cecilia joined NAM in 2022 as Head of Active Ownership. Before joining the RI Team, Cecilia was Business Area Lead for Asset & Wealth Management in Nordea's Group Sustainability team, where she most recently worked with the Sustainability Strategy and ESG Regulation of Nordea Life and Pensions. Cecilia also has extensive experience in financial markets from her previous position in Nordea Markets. She holds a BA in Economics from Stockholm University and studied Business Sustainability Management at the University of Cambridge. She has also been trained on the SA8000 Standard, a leading social certification program.

Rikke Berg Jacobsen

Rikke Berg Jacobsen was appointed Head of ESG Products & Research in 2021. Rikke joined NAM in 2014 and has held various positions in IWD and Investment, where she worked closely with the RI team and senior management on several strategic and regulatory projects. She holds a MSc in Accounting and Finance from University of Southern Denmark (Syddansk University).

Morten Bo

Morten is Head of ESG Quants and Product Owner for ESGADE, the ESG Agile Development team, developing and running NAM's ESG Data Analytics platform. Before joining this role in 2021, Morten was Product Owner for the Trading development team and part of the business Development team within Investments. Prior to joining Nordea Asset Management in 2015, Morten spend 8 years in UBS Wealth Management as an Alternative Investments specialist and latest as Product developer in UBS Asset Management in Zürich.

Eva Palmborg

Eva leads the Responsible Investment Advice area in NAM. Eva joined Nordea 2010 and have had various roles in Nordea from heading the Institutional sales team in Sweden for NAM, working closely with institutional clients on their ESG strategies, to joining Nordea Bank in 2018 building up the Sustainable Investment team, which had the responsibilities of integrating sustainability into the investment advice area across the bank and driving regulatory change projects such as MiFID II sustainability preferences and SFDR. Prior to Nordea, Eva has worked at Morgan Stanley and UBS.

Responsible Investment Resources

We are proud of the governance, incentives, and improvements we made to our organisation over the years. Whilst we are satisfied that our organisation is well structured, it allows us to achieve our mission, and to serve well our clients' investment and RI needs, we continue to invest in our team and resources, so we can increase the extent of our stewardship activities. Our engagement activities are all carried out in house, but we might collaborate with consultants on specific topics.

We have chosen the service providers described below, and feed their data into our ESG platform, to allow our investment and Responsible Investment teams to have up-to-date information on all companies we invest in.

In 2024 we continued with our rolling review of RI resources, as described below. Our guiding principle is to ensure that our stewardship and investment professionals have access to a variety of sources which give them all the information they need to make their own decisions. We paid particular attention to ensuring that we resource data covering all aspects of ESG and market-related issues.

These were the systems and resources we used in 2024 to inform and integrate our ESG research process:

- Proxy advisors: we received dedicated proxy advisor research from both Nordic Investor Service and ISS for upcoming annual general meetings. Following our customary annual review, we confirmed their appointment and added Glass Lewis to test their services. Founded in 2003, Glass Lewis is a leading global provider of independent corporate governance research, data-driven insights, and innovative stewardship and proxy voting solutions.
- Engagement portal provider: During 2023 we implemented a new engagement portal provider, Esgaia . Esgaia gives versatility, efficiency, and capability to centralise engagement management activities in a cloud-based environment which can enable increased transparency and reporting related to our stewardship activities in accordance with our clients and other stakeholders needs. We have continued to fine-tune the system together with the service provider and how we work with the portal.
- Market data and ESG ratings: for market data we use Bloomberg, MSCI and ISS. For ESG data, we source and feed data from multiple providers into our proprietary ESG data platform, including but is not limited to: MSCI ESG, ISS ESG, CDP, Impact-cubed, Verisk Maplecroft, RepRisk, Clarity AI, Upright Project, TrueValue Labs, Denominator (new in 2024), Iceberg Data Lab (new in 2024), as well as the SASB's Industry Classification System.
- Research data: in addition to market and ESG data, for research purposes we use a subset of different research and brokers, including open-source data, frameworks, and reporting standards. These includes, but is not limited to: The World Bank, TPI, UNPRI, SASB, SLAPP and various newspapers.

Our annual due diligence of service providers was carried out as part of the ongoing data review. We assess service providers based on coverage, quality, and cost. Depending on the provider and the type of services (data, platform, qualitative research) we use a sub-set of criteria which include methodology, coverage, usability, data structure, cost, and stability.

Based on last year's due diligence assessment, we decided to terminate and replace one data provider related to sustainable bonds. We assessed both our current providers and potential candidates to fulfil our needs related to impact assessments, target setting and reporting.

During 2024, we onboarded Iceberg Data Lab as an additional biodiversity data provider to ensure quality and coverage to fulfil our commitment to biodiversity and nature. The Corporate Biodiversity Footprint (CBF) is a flagship offering from Iceberg Data Lab, designed to quantify a company's impact on biodiversity. This module provides investors and corporations with a comprehensive assessment of how business activities affect ecosystems and species diversity. The CBF analyses various factors such as land use, climate change, pollution, and resource exploitation to produce a single, comparable metric across different industries and geographies. By translating complex ecological data into actionable insights, the CBF enables financial institutions to integrate biodiversity considerations into their investment decisions, risk assessments, and reporting processes.

During 2024 we also onboarded Denominator for Diversity and Inclusion data. Based on extensive research and international frameworks, Denominator's methodology offers standardised social data to compare performance globally. To account for regional differences, the models are calibrated to country demographics and can be applied to any company size. The ratings are the most comprehensive on the market, include forecasting capabilities and are built on multiple international frameworks such as UN Global Compact's Sustainable Development Goals and World Economic Forum's Gender Parity.

We continue to review alternative data sets, and data providers, to further enhance the quality of our biodiversity and nature related assessments.

Reflections on effectiveness

To assess how effective and appropriate our governance and stewardship practices are, we have designed an annual review process for all our governance pillars and structures. This aims at ensuring that our internal governance continues to be appropriate for the evolving nature of our industry, increased sophistication of our clients, and expanding reach of our business and consequently stewardship expectations. The process is described below and will be repeated in 2025 to ensure it continues to be appropriate given the evolving regulatory environment, client preferences and expectations, and the achievement of our mission.

The annual review assesses these governance components:

1. *Responsible Investment policy and procedures*: the review conclusions are assessed and approved by the ESG Committee. The ESG Committee is chaired by NAM's CEO Nils Bolmstrand and comprised of senior management representing various departments in the organisation.
2. *Corporate Governance Principles:* the review conclusions are assessed and approved by the Corporate Governance Committee which include board members from the Nordea Funds company. These reviews also include peer review and assessment of changes that our service providers propose to their proxy voting policies.

Internal Audit Review

Internal Audit performed a targeted review of the engagement process, proxy voting and key applications which include Esgaia and ISS Proxy Exchange. The 2024 audit found no major issues, maintaining our track record of strong ESG governance. Some minor improvements were identified related to the engagement tracking tool Esgaia, which we are addressing to further enhance our capabilities.

RI Policy Review

In the second quarter of 2024, we made significant enhancements to our Responsible Investment Policy, incorporating a comprehensive explanation of our escalation process. This update offers greater transparency regarding the norms, tools, and timelines we employ in our engagement with companies on ESG matters. The enhanced policy provides a clear roadmap of our progression from initial engagement to more assertive measures when necessary, ensuring our stakeholders have a thorough understanding of our active ownership approach.

September 2024 saw further reinforcement of our dedication to responsible investment. This iteration includes a more detailed description of our Investment Restrictions, providing clarity on our exclusion criteria for certain sectors and activities. Furthermore, we have expanded our ESG Positions section, offering a more comprehensive articulation of NAM's stance on critical issues such as climate change, human rights, biodiversity, and good governance. These enhancements reflect our ongoing commitment to transparency and our proactive approach to addressing evolving ESG challenges.

In December 2024, we implemented a firm-wide policy on tobacco, stating that NAM does not invest in companies involved in the production of tobacco with a 5% revenue threshold. We also established restrictions on palm oil producers. NAM now does not invest in palm oil producers (10% revenue threshold) that do not have an RSPO certification target for their holdings and estates. Furthermore, companies which have an RSPO target, but do not meet a minimum of 50% RSPO certification are also restricted.

Corporate Governance Principles Review

In the first quarter of 2024, our Corporate Governance Principles, which guide the way we work, have been restructured, including our ESG policies and stances.

We started by elaborating on engagements and how we execute voting by clarifying when we may vote against the board and board propositions. Beyond this, we have now defined that sustainability and ESG should be part of the board competences.

In the new voting policy, we have established additional policies on Climate, Biodiversity and Corporate Culture:

- Climate & Biodiversity: We expect boards of our investee companies to assess the impact of climate change on the company's business model, and how the latter will be adapted to meet the needs. Additionally, for companies in high-impact sectors, we expect to see progress on alignment with the Paris agreement. Finally, companies depending on or impacting biodiversity and ecosystems are expected to integrate relevant nature-related considerations into their strategy, risk management and reporting.
- Corporate culture: The board should demonstrate a culture of high standards of business ethics and integrity aligned with the company's purpose and values at board level and throughout the workforce. We expect companies to have an adequate social strategy, for example related to human rights.

Lastly, we have added a few requirements to our remuneration policy by having stronger expectations on inclusions of ESG metrics in executive remuneration; significant GHG emitters expected to align climate strategy into the remuneration policy; and stated that we are in favour of the board owning shares in the company.

Examples of Regulatory Review

Building on 2023's efforts to improve the provision of ESG data for client reporting purposes, we continued to focus on automation and data quality during 2024, in what is proving to be an ever-evolving EU disclosure regime. The first CSRD-compliant 2024 Sustainability Statements for Wave 1 companies published in 2025 are expected to improve data quality.

In 2024 ESMA published Guidelines on funds' names using ESG or sustainability-related terms. Implementation of the related changes in NAM's offering and processes began in H2 2024 and will be finalised in H1 2025.

Due to the European Commission's already published and upcoming legislative proposals to simplify sustainable finance reporting, sustainability due diligence, EU Taxonomy, carbon border adjustment mechanism, and European investment programmes (the so-called 'Omnibus' packages) and the ongoing SFDR review, we are continuously monitoring and assessing regulatory changes and the impact they may have on NAMs sustainability framework.

Principle 3: Conflicts of interest

In all our activities, we act in the best interests of our clients, and we act honestly, fairly and professionally. We have a documented Conflict of Interest Policy covering situations that may arise in the normal course of business, to which all employees are expected to adhere, on which they receive training, and which is reviewed annually. This policy applies across the entire organisation, and because NAM is specialised in investment management, its investment and stewardship functions are the areas for which the correct policy implementation is particularly relevant.

The policy sets forth the organisational and administrative procedures to identify, prevent and manage Conflicts of Interest to ensure that the clients' best interests are always considered, and to prevent that our clients' interests are damaged by Conflicts of Interest arising within NAM.

The Board is accountable for the company taking all reasonable steps to identify, manage and prevent conflicts of interests. The CEO, department heads, and the senior executive management work together to ensure that all potential conflicts of interests are identified, prevented, managed and, as appropriate, disclosed. The Compliance function reports at least annually to the Board and CEO on conflicts of interest. Conflicts of interest may arise between the company and its customers, shareholders, members of the Board, employees, significant suppliers, or business partners, other directly or indirectly related parties (e.g. subsidiaries) or between customers. Managing conflicts of interests require that a customer's best interest is always considered as paramount, and that all customers are treated fairly.

Conflicts of Interest are separated into two categories to ensure appropriate and proportional management: Individual and Institutional.

Individual Conflicts of Interest

Conflicts of Interest arising with regards to a named individual employee's or Board member's private interest, past or present, professional, or personal relationships, are defined as Individual Conflicts of Interest.

Individual Conflicts can be Permanent or Non-Permanent:

- A Permanent Conflict of Interest is a situation where the Conflict of Interest persists or recurs and needs to be managed on an ongoing basis.
- A Non-Permanent Conflict of Interest is a situation that exists during a specific period, or it concerns a specific activity or decision. This needs to be managed on a case-by-case basis.

Institutional Conflicts of Interest

Conflicts of Interest that arise in connection with business activities are defined as Institutional Conflicts of interest, from Investment Services, to across customers, roles, functions, business lines, legal entities, or units in NAM/Nordea or regarding external stakeholders including shareholders.

Some Institutional Conflicts of Interests are inherent Conflict of Interest risks that need to be managed on an ongoing or recurring basis. These Institutional Conflicts of Interest are thus considered Permanent as the circumstances persist or recur during our business activities.

Certain Institutional Conflicts of Interest arise on a case-by-case basis. These Non-Permanent Conflicts of Interest are situations that exist during a specific period or regarding a specific transaction or decision and need to be addressed, specifically each time.

Institutional Conflicts of Interest can involve:

- individual persons as well as larger groups of people or units, decision-making bodies, legal entities, or other non-individuals;
- any external stakeholders like customers, shareholders, sourcing partners and service providers;
- the distinct roles and responsibilities assigned to an Employee (this is considered an Institutional Conflict of Interest even though it affects a named individual employee as these issues do not stem from the individual employee's personal interest);
- two or more customers.

This list is non-exhaustive.

Managing Conflicts of Interest

Each Conflict of Interest is assessed for materiality purposes (as either material or non-material). Materiality is assessed inherently i.e. before any preventive or mitigating controls are assigned.

The process for managing conflicts of interest is articulated in four steps:

1) Identification
2) Prevention/management
3) Monitoring
4) Disclosure to customers (where required).

Any actual or potential Conflict of Interest or changed circumstances regarding actual and potential conflicts of interests must be immediately communicated and reported to the immediate manager and to the Compliance function. The Board Directive on Conflicts of Interests contains a non-exhaustive list of potential conflicts of interests and a description of how the risks are prevented and managed. Examples of identified potential conflicts of interests include allocations, fee structures, remuneration, inducements, personal account dealing and more. Case by case conflicts are logged by the Compliance function, and the Board Directive is reviewed at least annually.

Where a conflict of interest is identified, it is recorded in writing. NAM also has internal rules and controls that prohibit employees from having external engagements that interfere with their ability to perform their duties and functions or undermine trust and confidence in NAM.

Please find NAM's Conflicts of Interest Policy here.

Potential conflicts of interest arising during investment and stewardship activities

For stewardship activities, NAM maintains and annually updates a list of companies where conflicts could potentially arise. This list is reviewed yearly by the Compliance function.

Two key committees oversee conflict management:

1. The Corporate Governance Committee, which includes external board members, reviews corporate governance principles and decides on voting decisions escalated due to potential conflicts for Nordea Funds.
2. The Proxy Voting Committee manages conflicts for client mandates and includes representation from compliance specifically focused on conflict management.

NAM uses two external proxy advisors but retains final decision-making authority on voting. The Stewardship team evaluates advisor recommendations independently. If preventative measures are deemed insufficient, NAM commits to disclosing the nature and sources of the conflict to shareholders, along with steps taken to mitigate risks. Below is an outline of how preventative measures are put in place to identify, manage, and mitigate potential conflicts during our investment and stewardship activities, as per our Conflicts of Interest Policy:

Example of potential conflict	How the conflict shall be managed/resolved
Where Nordea Group has a business relation with the investee company being voted on which objectively may affect the voting.	The two committees shall ensure that a position on a vote is not altered due to a business relationship that NAM or any company within the Nordea Group may have with an investee company. This conflict of interest is managed as NAM utilise either the client's own voting principles or NAM voting principles to all client mandates in a manner that considers the clients' best interests.
Another entity within the Nordea Group has a business relation with the investee company being voted on which objectively may affect the voting.	This conflict of interest is managed by the fact that NAM is legally separated from the Nordea Group (including Chinese walls and confidentiality set-ups). In addition, NAM is functionally governed at arm's length from Nordea Bank Abp. In addition, this conflict is further managed by the fact that NAM is utilising either the client's own voting principles or NAM voting principles to all client mandates in a manner that considers the clients' best interests.
NAM employees having an interest in the investee company being voted on, due to being affiliated with the investee company, e.g. as a board member of the investee company and such employee may seek to influence the voting.	To ensure that NAM does not alter a position on a vote due to a NAM employee having an interest in the investee company being voted on, NAM's internal rules require all employees to declare and disclose their outside business interests. In cases where there is an actual conflict, the committees may determine that it is inappropriate for such employees to direct the voting at meetings of certain companies in which NAM clients invest. In addition, this conflict is further managed by the fact that NAM is utilising either the client's own voting principles or NAM voting principles to all client mandates in a manner that considers the clients' best interests.
The interests of clients differ and may therefore have a different view on how the voting shall be done in relation to the same investee company resulting in a situation where NAM could vote on a matter with a potential voting outcome that would favour one of our clients over another.	This conflict of interest is managed by treating all clients equally in NAM's voting activities. As agreed with the relevant clients, unless a client instructs otherwise, NAM is utilising either the client's own voting principles or NAM voting principles to all client mandates in a manner that considers the clients' best interests.
Portfolio managers in NAM, who manage separate portfolios on behalf of the respective clients, may have a different view on how the voting shall be done in relation to the same investee company.	This conflict of interest is managed by treating all clients equally in NAM's voting activities. As agreed with the relevant clients, unless a client instructs otherwise, NAM is utilising either the client's own voting principles or NAM voting principles to all client portfolios in a manner that considers the clients' best interests.

NAM's third party proxy voting service providers, such as ISS, may provide advisory services to corporate clients whilst at the same time providing proxy voting recommendations to NAM. ISS may in these situations treat the corporate client more favourably in its recommendations due to the use of its services.	NAM conducts ongoing and annual due diligence reviews of third-party proxy voting service providers, such as ISS, to inter alia verify that ISS is independent. This includes for example reviewing ISS conflict management procedures. In case the services provided do not meet the expected standard of service, NAM will initiate a dialogue with the service provider and highlight any issues identified. In case the service provider is unwilling to adjust, NAM will consider replacing the service provider and, as a last resort, insource the service.
For situations where NAM has ongoing engagement with an investee company, the views of the third-party proxy voting provider and NAM differ.	This conflict of interest is managed by treating all clients equally in NAM's voting activities. As agreed with the relevant clients, unless a client instructs otherwise, NAM is utilising either the client's own voting principles or NAM voting principles to all client portfolios in a manner that considers the clients' best interests.

Figure 11: Examples of potential conflicts of interest.

2024 Conflicts of Interest Review

The annual review of all identified potential Conflicts of Interests was conducted once again in 2024. This is done to ensure that preventative measures are in principle sufficient to ensure our clients' best interests.

Our primary focus in 2024 has been on addressing potential conflicts that could arise when voting on matters related to Nordea Group, given our position within the broader Nordea organisation. In 2024 no conflicts arose, which is a testament to the strong preventative procedures we have in place.

Based on our 2024 review and results, we have assessed that our current Conflict of Interest Policy is appropriate to warrant a pro-active and efficient management of this critical aspect of our business management.

Principle 4: Managing market and systemic risks, promoting well-functioning markets

Risk management is one of NAM's key functions, as protecting our clients' assets is at the core of everything we do. Investing clients' assets entails taking market risk, and over the years we have developed a comprehensive and integrated market and systemic risk management.

Risk Management Framework

NAM has a structured risk management process and governance, which aims to identify, manage and mitigate market and systemic risks in our investment products. Maintaining risk awareness in the organisation is an integral part of NAM´s business strategies. NAM has defined clear risk management frameworks including policies and instructions for different risk types.

Our risk management framework covers, but is not limited to, the following risks (the "List of Risks"):

- Market risk
- Credit risk
- Liquidity risk
- Counterparty risk
- Price and valuation risk
- Sustainability risk (see below for further details)
- Operational Risk

Risk Management Process

The Risk Management function, which is independent from our Investment Function, performs risk oversight, monitoring and escalation based on established policies.

For sustainability risk we align risk oversight with the prospectus disclosure and general company strategy. We focus on Environmental, Social and Governance related risks ensuring appropriate oversight by both ongoing limit monitoring complemented with a holistic dashboard oversight. The purpose, based on various indicators, is to identify and review funds, ensuring that risks are appropriately captured, managed and/or disclosed.

The Price and Risk Committee (PRC) covers market and investment risk of all NAM's products, including investment funds and client mandates. The PRC ensures that there are well-functioning processes in place to analyse, limit and control all broad investment risks that the clients are exposed to. The PRC consists of representatives from the Investment organisation as well as middle office, who are independent from the investment organisation. In addition, second line of defence functions are represented, including operational and fund risk as well as compliance.

The risk management governance matrix is reported below.

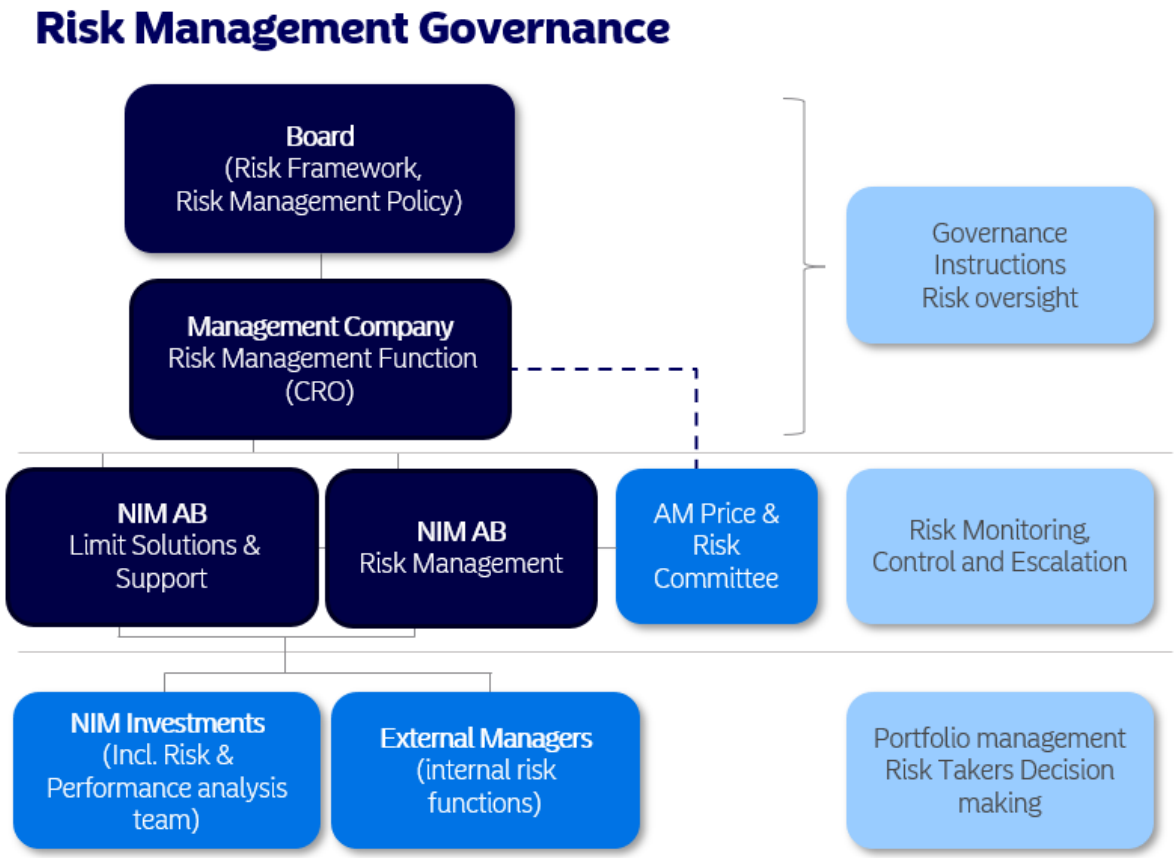


Figure 12: Risk management governance. Data as of 31.12.2024.

Integrating risk management into portfolio management

To integrate risk considerations in the investment decision-making process, we:

- Ensure portfolio managers and analysts have access to all relevant financial (such as market, company, and sector specific) and non-financial (such as sustainability and ESG) information, making it possible to identify market, company, and sustainability risks within the investable universe. The ESG data and information from external providers is supplemented by our internal proprietary ESG tools that we have developed for use throughout our organisation, including in selected investment teams and in our Responsible Investment team. These tools, which include our proprietary ESG data engine, are aimed at furthering our portfolio managers' understanding and assessment of sustainability risks.
- Include and integrate financial and non-financial risks as part of investment evaluation, in line with our belief that integrating such considerations into the investment decision making process can lead to better long-term, risk adjusted returns.
- Identify, evaluate, and take relevant action on issuers exhibiting high exposure to financial and non-financial risk. The identification, evaluation, and consideration of sustainability risks in the investment decision process may for example be supported via our engagement activities. We undertake engagement activities, inter alia in relation to sustainability risk concerns, to influence issuers by contributing to improving their ESG practices and enhanced sustainable long-term returns.

Sustainability Risks

NAM's ESG strategy process has identified four thematic engagement focus areas based on major systemic and sustainability risks and opportunities that have material impact on the climate, nature, and society at large:

1. Biodiversity
2. Good (Corporate) governance
3. Climate
4. Human Rights

Across these four areas NAM regularly engages on policy and regulatory engagement. Our role in influencing industry standards is varied and tailored to our concerns or relevant shared experiences as a market participant. We are members of the Investment Association in the UK, and in 2024 we were active members in several committees and working groups which are relevant to our different asset classes.

Through industry associations, in 2024 we continued to engage on regulatory change related to sustainable finance. Our participation is both direct and indirect via Nordea Group. Our membership covers Nordic and European asset management associations in the locations where we have licences.

We engage on our four focus areas to manage risk and contribute to the UN Sustainable Development Goals. This is done in close collaboration between our ESG specialists, portfolio managers, financial analysts, and clients. Updates on the engagements is provided to the RI Committee.

Spotlight on Biodiversity

Biodiversity loss is a systemic risk and one of the biggest global challenges of our time. Nature is being eroded at rates unprecedented in human history and we are facing the irreversible loss of plant and animal species, habitats, and vital crops.

Research by the World Economic Forum (WEF) finds that $44 trillion of economic value generation – more than half of the world's total GDP – is moderately or highly dependent on nature and its services[12]. At the same time, a recent IPBES report reveals huge economic and business opportunities for accelerating biodiversity action, estimating that nature-positive transitions could generate up to $10 trillion in annual business value and create 395 million jobs by 2030[13].

Biodiversity loss poses a systemic threat as well as company-specific risks. As the single largest asset manager in the Nordics, we acknowledge our role in preventing biodiversity loss and channelling capital flows towards nature-positive solutions. We have been actively working with our portfolio companies to address sustainability risks and seizing opportunities since we became members of the UN Principles for Responsible Investment in 2007.

Companies' impact on biodiversity may differ significantly depending on the scope and location of their activities. Significant drivers of biodiversity loss, as identified by IPBES are land-use change, climate change, pollution, and natural resource use and exploitation. To enhance our assessments of the positive and negative impacts of our investments and to enable us to set

[12] Source: World Economic Forum
[13] Source: European Commission December 2024: New IPBES reports reveal huge economic and business opportunities for accelerating biodiversity action

targets and report, NAM is continuously reviewing and assessing data providers that can contribute to an improved overview of our investments' impacts on biodiversity. This supports us in identifying our largest biodiversity risks as well as which companies are best managing biodiversity related risks. Based on this information, we are moving towards introducing targets to reduce our portfolio's biodiversity impact in line with the commitments made within the realm of the Finance for Biodiversity Pledge. Considering this, we added a new biodiversity data provider (Iceberg Data Lab) to enhance capabilities for assessing biodiversity impact of investments - please refer to the previous section Responsible Investment Resources on page 32 for more information.

Biodiversity risks and impact, as described above, is incorporated in investment decisions via the Principal Adverse Impact (PAI) Indicators which are available to all portfolio managers, and through our ESG scores of companies where biodiversity is a material risk, according to the SASB risk map. At our current stage, few companies have comprehensive reporting on biodiversity risk and impacts, nor have they made extensive impact and dependencies assessments. We anticipate progress during 2025 in this regard, due to the CSRD reporting requirements related to disclosure of impacts and dependencies assessment. Wherever relevant, we will engage with companies for disclosure of their assessment of biodiversity risks and impacts, as well as research actions taken to reduce negative impact on biodiversity.

To address one of the main drivers of biodiversity loss, land use change and deforestation, we have tightened our policy related to high-risk deforestation commodities such as palm oil. In 2024, we established restrictions on palm oil producers. NAM now excludes investments in palm oil producers, above a 10% revenue threshold, that do not have an RSPO certification target for their holdings and estates. Furthermore, companies which have an RSPO target, but do not meet a minimum of 50% RSPO certification are also restricted.

NAM is involved in several investor initiatives on related to Biodiversity and Nature, which aim to educate investors on biodiversity risk and opportunities, as well as support them in their biodiversity risk management via engaging with issuers and policy makers. These are covered in detail under Principle 9.

Spotlight on corporate governance (including policy and regulatory engagement)

NAM's Corporate Governance Principles focus on a balanced and transparent relationship between companies and shareholders, in which shareholders play a vital role in improving the performance of a company. Our principles were updated in 2024. New policies address climate, biodiversity, and corporate culture expectations for investee companies. The board's role in sustainability and ESG has been emphasised. Remuneration policies now include stronger ESG metrics, climate strategy alignment for significant emitters, and support for board share ownership. For more information, please refer to the to the section on Reflections on our Effectiveness page 51.

Spotlight on climate change

Climate change represents one of the most significant threats to the global economy and, more broadly, to the conditions of all life on earth. It also poses specific risks to the companies and other entities in which we invest. NAM continuously assesses the risks associated with climate change and evaluates the impact of the low-carbon transition on various sectors and companies. The challenges climate change presents to our investments are twofold: firstly, through its direct physical impacts, and secondly, through the potential for radical policy measures and shifting consumer behaviours aimed at reducing global greenhouse gas emissions.

NAM´s greatest impact on the climate is through financing and investments. At NAM we recognise that climate change presents both physical and transition risks, and are committed to manage our exposure, and impact on the climate, in line with our Net Zero 2050 commitment. To this purpose, we see individual and collective shareholder engagement as key for us to meet our 2030 objective to reduce the weighted average carbon intensity of our listed equity and corporate bond investments by 50% relative to 2019.

We expect companies exposed to climate risk to:

- Have a strong climate governance and demonstrate how they integrate climate change challenges into their business strategies, investment decisions and risk management.
- Be able to disclose how their long-term business strategy and profitability will be impacted by a different regulatory and physical environment.
- Show how they identify and capitalise on opportunities related to climate change.
- Be transparent regarding their position on climate change regulation and interaction with regulators and policy makers.
- Report in line with TCFD recommendations and act to reduce greenhouse gas (GHG) emissions across their value chains in accordance with the Paris Agreement.

An example of how we align our investments according to the identified market and systemic risk is our policy for excluding fossil fuel companies that are not demonstrating a transition plan in line with the central climate objectives of the Paris Agreement. This is a continuation of a theme started in 2021. the number of issuers not meeting the policy's minimum requirements increased in 2023 to 2037.

With the NAM Paris-Aligned Fossil Fuel policy, we will maintain the possibility to stay invested in companies that help accelerate the transition to clean energy and phase out of fossil fuels and will divest from companies that are slowing the transition down. Companies with a transition strategy that is aligned with the 2°C target are put on a whitelist called the Paris-Aligned Fossil Fuel List, or the NAM Fossil Fuel Transition List, as relevant. Companies not on that list will be excluded. The Nordea Paris-Aligned Fossil Fuel List consists of 165 issuers, as of end of December 2024.

NAM is part of several investor initiatives on climate change, which aim to educate investors on climate change risk, as well as support them in their climate risk management via engaging with issuers and policy makers. Being part of these investor collaboration initiatives has had a profound influence on how we integrate climate risk considerations, manage our clients' capital, and interact with market participants. We recognise that climate is already having an impact on our investments, via either physical or transition risk, and regulators and policy makers are reacting to it. This represents a concrete market and systemic risk, which we manage by integrating climate and broad ESG factors in our investment management activities and aligning our investments to the transition.

Specific examples of how we interact with market participants on climate change issues are under Principle 9, Principle 10 and Principle 11.

Spotlight on human rights

Timely and adequate information regarding material ESG risks is key for a responsible investor and we expect companies to disclose such information in their public reporting. When information is not available, we will try to address the lack of transparency through active ownership. Our active ownership tools include engaging with companies through individual or collaborative dialogue and using our voting rights. We also conduct field visits to company sites or areas of operation or commission on-the-ground research from expert organisations. We often work with other stakeholders and initiate or join thematic initiatives.

One such initiative is the multi-stakeholder initiative Corporate Human Rights Benchmark (CHRB), which NAM joined in 2016. Nordea played an important role in developing higher standards - as a major funder and steering committee member. During this time the CHRB produced five iterations of in-depth data on corporate human rights practices in five high-risk sectors - food and agricultural products, ICT and automotive manufacturing, apparel, and extractives - and 244 of the world's largest companies from 2018 to 2023.

In the Autumn of 2024, after seven years and five iterations of benchmarks, a comprehensive review of the Corporate Human Rights Benchmark was conducted. The review showed that although progress among sectors and topics is uneven, 64% of companies have progressed on their human rights performance over the past five years.

Engaging companies in high-risk sectors on human rights

Nordea has also been a lead investor of a collaborative engagement targeting companies with very poor performance within human rights due diligence and who score zero on human rights due diligence in the CHRB assessments. This engagement has been coordinated by the Investor Alliance for Human Rights (IAHR), with more than 200 participating investors. Improvements have been more noticeable for the companies that were actively engaged by investors and in the automotive sector and the ICT sector.

The CHRB assessments and company scoring are also used in our on-going engagements with some very large companies on human rights and workers' rights. One successful example is Starbucks. The company has been involved in various labour disputes with staff in the US and the company's commitments on freedom of association and collective bargaining. We have had several meetings with the company and used our voting power to support shareholder proposals asking for improved disclosure and performance regarding worker's rights and votes against directors. In 2024 Starbucks finally came to an agreement with the unions to begin the discussions on a framework designed to achieve collective bargaining agreements and fair processes for union organising. While the process is still ongoing, the company tells us they stay committed.

Three other examples of ongoing engagements on human and worker's rights are Amazon, Alphabet and Tesla. As these companies are progressing slowly, we escalated our engagement efforts in 2024. At Amazon we re-filed a shareholder proposal we co-filed at Amazon last year – asking the board to commission an independent, third-party assessment of Amazon's adherence to its stated commitment to workers' freedom of association and collective bargaining rights. The proposal received 31.8% support last year, which we consider a good result.

At Alphabet (Google) we co-signed an investor letter for Alphabet's board asking them to act on a shareholder proposal that we supported last year. The proposal asked the board to publish an independent third-party Human Rights Impact Assessment ("HRIA") to examine the actual and potential human rights impacts of Alphabet's AI-driven targeted advertising policies and practices.

For further information on the Tesla case please see the case study below in the Escalation section.

Safeguarding digital rights in a tech era

The application of Human Rights is large and with technological developments, digital rights have become a major topic for us. Information and communication technology companies have immense control over the lives and identities of their users and must commit to respecting freedom of expression and privacy on their platforms and services – such human rights in online environments are often referred to as digital rights. Companies' implementation of that responsibility should align with the expectations outlined in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

We are part of the Digital Rights & AI Accountability investor working group which focuses on digital rights risk which includes privacy, freedom of expression, democracy and security, worker's rights and child safety online. More than 30 investors participate in these engagements with tech companies. The group also collaborates with civil society stakeholders and digital rights experts.

Additionally, in 2024, we joined UNICEF who are providing policy support in the "Children and the Digital Environment" collaborative engagement. This engagement is a Swedish investor engagement targeting Swedish companies, with the goal to support UNICEF on addressing child online safety.

NAM's participation in industry initiatives

In 2024 we took part in the following regulatory, industry, sector and/or market initiatives:

- **Access to Medicine Foundation –** We are a signatory investor and use the Foundation's Access to Medicine Index and Antimicrobial Resistance (AMR) Benchmark in our analysis and engagements. The Access to Medicine Index analyses the top 20 research-based pharmaceutical companies on how they make medicines, vaccines, and diagnostics more accessible in low and middle-income countries. It highlights best and innovative practices, and areas where progress has been made and where action is still required. The AMR Benchmark tracks how pharmaceutical companies are responding to heightened drug resistance. We were a member of the expert committee between 2017 and 2019. See also below Investor Action on AMR.
- **Canada Climate Engagement (CEC)** - Is a collaborative engagement initiative targeting the country's heaviest emitters. It is co-ordinated by Canada's Responsible Investment Association, the Shareholder Association for Research and Education (Share) and Ceres. NAM joined CEC in 2023 as the first international supporter.
- **Carbon Disclosure Project (CDP)** - We are a signatory to the CDP, a project that aims to collect and share information on greenhouse gas emissions and climate change strategies. We are also part of the CDP Water Advisory Council.
- **Climate Action 100+** - We have been active members of the Climate Action 100+ collaborative engagement initiative since its start. It is a global initiative led by investors, to engage with the world's largest corporate greenhouse gas emitters to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures. We are either lead or collaborating investors on the engagements with 12 companies, and fully support its Phase 2 extension, with its focus on decarbonisation performance at company level and more thematic and sector focused engagement streams.

- **Diversity Project Europe** - Since 2021 NAM has been a part of Diversity Project UK which is a cross-company initiative championing a truly diverse, equitable and inclusive UK investment and savings industry. In 2023, NAM has committed to a new chapter of the project called Diversity Project Europe covering a larger geographical scope which will enable cross-border collaboration to help promote a diverse and inclusive European asset management industry. The project is a non-profit organisation structured with a board, advisory council and steering group. Kasper Elmgreen, CIO of Fixed Income & Equities, has taken a seat in the advisory council which is a group responsible for defining and setting out the strategy of the project.
- **FAIRR** – We have joined the FAIRR's collaborative investor engagement on sustainable proteins which asked several global food companies to diversify their protein sources to drive growth, increase profitability, reduce risk exposure, and improve their ability to compete and innovate in a resource-constrained world.
- **Finance for Biodiversity Pledge** – The Finance for Biodiversity Pledge is a commitment of 194 financial institutions, representing over €23 trillion in AuM, to protect and restore biodiversity through their finance activities and investments. NAM is a signatory of the Pledge which consists of five commitments financial institutions promise to undertake: 1. Collaborating and sharing knowledge, 2. Engaging with companies, 3. Assessing impact 4. Setting targets, and 5. Reporting publicly on the above before 2025. We´re currently taking part in several work streams such as collaborating and sharing knowledge, engaging with companies, and assessing impact. These working groups has contributed to enhance our assessments of the positive and negative impacts of our investments and to enable us to set targets and report. Based on this information, we are moving towards introducing targets to reduce our portfolio's biodiversity impact in line with the commitments made within the realm of the FfB to support the achievement of the GBF 2030.
- **Global Impact Investing Network (GIIN) -** We became a member of the Global Impact Investing Network (GIIN), gaining access to valuable resources, networking opportunities with leading investors, and the ability to shape the impact investing industry. This initiative and framework guide our impact assessment, reporting, and overall investment process, ensuring we contribute effectively to solving global issues while signalling credibility.
- **Hållbart Värdeskapande (Sustainable Value creation) -** Hållbart värdeskapande, is a collaborative initiative between Sweden's largest investors which was initiated already in 2009. The overall aim has been to acknowledge the importance of enhancing listed companies' sustainability agenda and practices.
- **IFRS Sustainability Alliance** - We are founding member of the ISSB Investor Advisory Group (IIAG) - previously SASB's Investor Advisory Group (IAG) - and our head of Responsible Investment and head of Climate and Nature team are currently members of the IIAG. As part of this work, we lead disclosure engagements with companies and demonstrate how SASB standards are used by investors in different forms. In addition, we are an official supporter of TCFD which provides a foundation for climate-related financial disclosures for all companies, aimed at encouraging companies to report on the climate-related risks and opportunities that are relevant to their business activities.
- **Institutional Investor Group on Climate Change (IIGCC)** - Collaborative climate targets are anchored in the recommendations that these initiatives build on. We participate in the NZAM working groups and presented our approach to other members.
- **International Corporate Governance Network (ICGN)** - ICGN's mission is to promote effective standards of corporate governance and investor stewardship to advance efficient markets and sustainable economies worldwide. We are a member of ICGN and participate in their events for example voting season updates also, we have been asked to join the human capital committee to work on a position regarding employee representatives on the board.

- **Investor Action on Antimicrobial Resistance** - Investor Action on Antimicrobial Resistance is a coalition between the Access to Medicine Foundation, the FAIRR Initiative, the Principles for Responsible Investment and the UK Government Department of Health and Social Care to galvanise investor efforts to address global antimicrobial resistance. We are an investor and partner and have committed to adopt an AMR lens when engaging with investee companies and help combat the growing threat of drug-resistant superbugs in humans, animals, and the environment.
- **Investor Alliance for Human Rights (IAHR)** - We are a member of this investor initiative focusing on the investor responsibility to respect human rights, corporate engage-ments that drive responsible business conduct, and standard-setting activities that push for robust business and human rights policies. In 2023 we continued to participate in several initiatives within IAHR such as Digital Rights and the collaborative investor engagement based on the Corporate Human Rights Benchmark (CHRB).
- **Investor Initiative on Hazardous Chemicals (IIHC)** - The Investor Initiative on Hazardous Chemicals (IIHC) is an investor-led initiative that encourages chemical companies to increase transparency and stop the production of persistent chemicals. The aim of the IIHC is to reduce adverse impacts from hazardous chemicals and thereby exposure to the financial risks to which they are linked. Our Head of Climate and Nature, is member of the Steering Committee of the Investor Initiative on Hazardous Chemicals (IIHC – supported by ChemSec). NAM also leads and supports several company engagement streams.
- **Investor Leadership Network (ILN)** – We joined the Investor Leadership Network (ILN) in 2022. ILN's aim is to facilitate and accelerate collaboration by leading institutional investors to drive the transition to a sustainable and inclusive global economy. As the leading network of investors acting for people, planet and prosperity, the CEO-led group is composed of 13 global institutional investors representative of six countries, with over US$10 trillion in assets under management.
- **Investor Policy Dialogue on Deforestation (IPDD) - We are a founding and advisory** committee member of the IPDD initiative, which was formally established in July 2020. The objective of the IPDD initiative is to ensure long-term financial sustainability of investments by promoting sustainable land use and forest management and respect for human rights. We are also part of the IPPD Brazil and IPDD Indonesia Working streams. Considerable progress has been made in terms of awareness-raising regarding the issue of deforestation risk and meeting with key stakeholders. During the past two years, the group has met with several ministries, banks and financial markets regulators, multilateral institutions, NGOs, and academics.
- **Nature Action 100** - In 2023, NAM joined Nature Action 100 which represents more than 230 institutional investors – representing $30 trillion in assets under management, in Nature Action 100, an Investor focusing on companies "systemically important" to reverse nature and biodiversity loss. During 2024 the engagement phase started, and Nature Action release their first company benchmark which will support investors in monitoring company progress. We are actively involved in 9 different company engagement streams

- **Net Zero Asset Managers Initiative (NZAM)** - In December 2020, we were a founding investor, committing to support the goal of net zero emissions by 2050, in line with the global efforts to limit warming to 1.5 degrees through our investments. Part of the NZAM targets that we set was to engage with the top 200 contributors to our financed emissions. In 2024, 81% of our top 200 companies were categorised as aligned or engaged to become aligned (the same figure as in 2023). This milestone was met through the following key actions:
    - Individual dialogues with companies in which we stated and discussed our expectations of Paris alignment;
    - Engagements via collaborative initiatives (CA100+, CDP non-disclosure campaign);
    - A letter addressed to select company CEOs outlining the six alignment criteria and highlighting our expectation, as well as the expectation of the growing number of net-zero committed asset managers of an increase in alignment maturity if the company is to remain investable in the medium to long term.
- **Net Zero Engagement Initiative** - The Net Zero Engagement Initiative aims to support investors aligning their portfolios with the goals of the Paris Agreement, through engagement of a range of companies not covered by Climate Action 100+'s focus list. This includes more companies who are heavy users of fossil fuels, contributing to demand for its products. We were signatories to a letter sent out to 58 companies in 2023 asking them to disclose a Paris aligned transition plan and we lead or co-lead 10 individual company engagements.
- **Operating Principles for Impact Management (OPIM)** - NAM has signed the Operating Principles for Impact Management (OPIM). We are joining 180+ signatories representing $580B in AuM with this pledge to integrate impact throughout the investment process in alignment with 9 principles.
- **Partnership for Carbon Accounting Financials (PCAF)** - In 2020, we joined this global partnership of financial institutions launched in 2015 aiming develop a harmonised approach to measure and disclose GHG emissions associated with loans and investments. A harmonised accounting approach provides financial institutions with guidance in developing risk management and regulatory compliance as well as a starting point required to align their portfolio with the Paris Agreement. In 2024 we continued to promote the use of PCAF in the financial sector.
- **Pharmaceutical Supply Chain Initiative Advisory Panel** – Since 2018 we are on the Advisory Panel of this industry-led organisation aimed at establishing and promoting responsible practices for pharma supply chains. The dialogue and relation-ship with PSCI is part of our engagement with the world's largest pharma companies to address pharma water pollution in India, one of the largest drug manufacturing hubs in the world.
- **Plastic Solutions Investor Alliance** - As you Sow has formed a Plastic Solutions Investor Alliance to engage publicly traded companies on the threat posed by plastic pollution, a clear corporate brand risk. They believe their community of socially and environmentally concerned investors can have a positive impact due to longstanding relationships with many companies. Reducing plastic pollution makes demonstrable progress towards fulfilling multiple United Nations Sustainable Development Goals: Responsible Consumption and Production (SDG 12), Life Below Water (SDG 14), Life on Land (SDG 15), Good Health and Well-being (SDG 3), and Sustainable Cities and Communities (SDG 11)
- **Principles for Responsible Investment (PRI)** – PRI is an investor initiative to incorporate ESG in investment processes. We were an early adopter of responsible investment and signed up to the PRI as early as 2007.

- **Swedish Investors for Sustainable Development Partnership** – comprising 20 of the largest financial firms in the Swedish market and the Sweden's government agency for development cooperation (Sida). It was formed in 2016 and works to explore the role of investors, risks and opportunities related to the 2030 Agenda. NAM joined in 2020.
- **UN Environmental Programme Finance Initiative (UNEPFI)** -We signed on to the UNEP FI in 1994. It is a partnership between UNEP and the global financial sector to mobilise private sector finance for sustainable development. Nordea Group became a member of the UNEP FI Banking Committee in 2018, and since August 2020 it holds the Scandinavian seat on the UNEP FI Banking Board which oversees the effective implementation of the principles for Responsible Banking. In 2021, Nordea Group's CEO Frank Vang-Jensen was invited to join the UNEP FI Leadership Council.
- **UN Global Compact -** Initiated by the UN to encourage businesses to align their strategies and operations with ten universal principles building on UN conventions in the fields of human rights, labour standards, environment, and anticorruption. We became a signatory to the UN Global Compact in 2002, first through Nordea Bank Finland. From December 2004 the coverage was extended to the whole Group.
- **UN Global Plastics Treaty** - We are signatory of the United Nations Global Plastics Treaty. This legally binding international instrument, adopted by the UN Environment Assembly in 2022, aims to significantly reduce greenhouse gas emissions associated with plastics throughout their entire lifecycle, from production to disposal.
- **UNICEF Sweden** - It is collaborative investor engagement focusing on Swedish investors and Swedish companies gaming, telecoms and social media and with support from UNICEF Sweden as the expert on child-related aspects
- **World Benchmarking Alliance (WBA)** - Since 2017, we have been part of WBA. Members work together at global, regional, and local levels to shape the private sector's contributions to achieving the SDGs.

In 2024 we supported the following investor statements:

- **Investor Sign-on Comment Letter Environmental and Climate Change Canada Methane (ECCC):** On 14 February 2024, we commend ECCC's efforts to adopt cost-effective regulations to achieve at least a 75% reduction in oil and gas methane emissions by 2030 from a 2012 baseline and urged them to move swiftly to adopt comprehensive final standards.
- **European Union Emissions Reduction Target Advocacy:** On 21 March 2024, a coalition of institutional investors submitted a formal letter to EU Environment and Climate ministers, advocating for an ambitious greenhouse gas emissions reduction target of at least 90% by 2040. The communication emphasises that such a target is crucial for enhancing the EU's economic resilience, ensuring energy security, and maintaining global competitiveness in the transition to a low-carbon economy.
- **Antimicrobial Resistance (AMR) Investor Statement:** On 22 March 2024, as part of the Investor Action on AMR Initiative, a group of institutional investors released a public statement highlighting antimicrobial resistance as a critical systemic risk. The document outlines AMR's potential impact on investment portfolios, economic stability, and global public health.
- **Investor Statement on Shareholder Rights:** On 28 May 2024, Nordea Asset Management, along with other investors managing $4.8 trillion in assets, signed the Investor Statement on Shareholder Rights. This statement supports the SEC's role in arbitrating shareholder proposals and expresses concern over litigation that may discourage sustainability-related proposals. It advocates for constructive dialogue between companies and investors to address concerns, rather than resorting to legal action that could undermine shareholder advocacy in the U.S.

- **Petrochemical Industry Sustainability Statement:** On 11 July 2024, a consortium of 70 leading financial institutions, collectively managing or advising $6.8 trillion in assets, issued a joint statement addressing the petrochemical sector. The declaration called for a decisive shift towards sustainable practices, emphasising the reduction of fossil fuel dependency and the elimination of hazardous chemicals in plastics production.

The participation in these initiatives is an essential component of our portfolio management and stewardship activities. It informs our investment and RI teams on macro, policy, and sector risks, and how these can reflect on our invested companies. As a result, we can make more informed investment and engagement decisions and plan our strategy accordingly.

NAM has made a substantial effort over the years to increase not only consistency at delivering results for our clients, but also to be a pro-active and engaged market participant. As the list above shows, we want to play our part in contributing to well-functioning financial markets, economic system, and society at large.

Our clients' satisfaction and the risk-adjusted returns over the years, even at times of market and systemic crises, gives us confidence that our approach is effective at identifying financial and non-financial risks, and pushes us to continue to invest in our risk management process so that we can ensure it remains effective.

Reflections on our effectiveness

Risk management is a complex process, which integrates variables of different nature, probability, timeline. These variables interact with each other in ways that are often difficult to predict. This is even more true at a market and systemic level, where the complex and human-driven nature of geopolitics and markets makes modelling extremely difficult. Primary examples are the pandemic and the war in Ukraine: the scenario analysis we performed prior to 2020 did not predict these events.

- Translating scenario analysis, which explores potential future risks, into portfolio management actions today is not easy, and this is why we invest a significant number of resources in constantly assessing how good our risk management framework is, how the real time results compare with what we had modelled, and reflect on how we can make it better. This gives us a summary of how we assess our performance and how this assessment feeds back into our modelling:
- We monitor the List of Risks on a continual basis, to be able to manage systemic, market and product-related risks. The aim is to ensure that clients receive the products as described in their Prospectus or investment guidelines, whilst at the same time we contribute to well-functioning capital markets. We monitor the List of Risks using our limit system and where relevant complemented by additional KPI and risk factors.
- Any breaches or discrepancies are fed back to the portfolio management team for immediate remediation, and to the risk management team for reflection on how to ensure this does not happen again.
- To ensure a well-functioning risk management framework, all active limit breaches are documented in incident descriptions with well-defined cause and actions taken to mitigate the risk. There were eight active limit breaches on different rules in 2024. Four were related to non-compliance of ESG restrictions, two were breaches of overdraft limits, one was due to an uncovered sale, and one was a passive breach of the 10% issuer limit reclassified as active following the merger of two funds. These are reported, reviewed, and discussed monthly by the PRC to identify and mitigate any future systematic behaviour, and making changes accordingly.

- Monitoring and managing market risk and the related liquidity risk are important to ensure that our products are suitable and support a well-functioning capital market. We review all significant redemptions where indicators show a potential increased cost to ensure that the liquidity created for the redeeming investors is done with the respect to the remaining clients in terms of both the liquidity and risk profile of the product.
- In the case of quantitative models (such as Value at Risk models for market risk or liquidity risk model), these are independently reviewed by an external advisor and where relevant, back tested to ensure validity and quality of the results. The back-tests are a key part of constantly reassessing how good our models are, and how they can be improved.
- In accordance with the CSSF (the Luxembourg financial supervisory authority)regulations, we provide CSSF annually with our UCITS Risk Management Process ("UCITS RMP") report. This RMP discloses in details the policies and procedures in place to monitor the risks of the funds, as well as the roles and responsibilities. The RMP is reviewed annually by our external auditors (any findings are communicated to the CSSF), and it is used by the CSSF to perform their supervisory duties. No findings were raised by the auditors or by the CSSF.
- The performance of Risk Management Function is subject to regular reviews by the internal audit function, in accordance with a risk-based multi-year audit plan, which is approved by the Board of Directors and communicated to the CSSF. No significant findings were raised by the internal audit function.

Contributing to well-functioning markets is part of our stewardship responsibilities. It also means that we strive to manage potential liquidity crises or unusual market events, to avoid worsening the stress on the market, and/or suffering heavy mark-to-market losses for our clients.

The conclusion of the review process in 2024 was that our risk management process is robust and has allowed us to manage anticipated and unanticipated risks in an effective manner across our assets. This conclusion is reinforced by the results of our annual Risk and Compliance Self-Assessment, which didn't identify any significant residual risk within the risk management area. We do not anticipate major changes to it in 2025.

Principle 5: Review and assurance

Internal assurance

We rely on our internal framework to ensure that our policies and processes allow us to be effective stewards of our clients' assets. We have an embedded 'Three Lines of Defence' governance framework, where maintaining effective stewardship is a key constituent.

The regulatory requirements and compliance risk related to "active ownership" are included in the compliance risk assessment performed annually and updated continuously. The outcome of the risk assessment forms the basis for the risk-based compliance monitoring program. Activities in the monitoring program are prioritised to ensure comprehensive monitoring of the compliance risk.

Our Internal Audit team prepares a risk-based audit plan that covers all activities and functions of NAM over a multi-year period (typically three years), considering both the risks of a given activity or function of NAM, including its branches and subsidiaries, and the effectiveness of the organisation and internal controls in place for that activity or function.

We regularly review and update all our internal policies, to reflect any relevant new regulations, best practices and evolving client demands.

As described in Principle 2, our internal governance and policy review process is carried out on an annual basis and is articulated as follows:

1. Responsible Investment Policy: the review conclusions are assessed and approved by the ESG Committee. The ESG Committee is chaired by NAM's CEO Nils Bolmstrand and comprised of senior management representing various departments in the organisation.

2. Corporate Governance Principles: the review conclusions are assessed and approved by the Corporate Governance Committee, which includes board members from Nordea Fund company. These reviews also include peer review and assessment of changes that our service providers propose to their proxy voting policies.

Overall, we have continued to focus on ESG data quality and made efforts to create automated solutions for our disclosures and reports. Internal Audit performed a targeted review of the ESG Governance in Q4 2023, with satisfactory results and no audit remarks issued.

External assurance

The PRI performs an annual assessment on our fulfilment of the six principles of responsible investing. We have been a Signatory since 2007, and our latest assurance report can be found here.

All our funds were audited to receive the ESG4Real certification by the external organisation "RICERT International". RICERT International will perform periodic audit on the processes and products to ensure compliance with the certification. The certification is first re-assessed and renewed every second year and then every fourth year thereafter. Additionally, a few of our funds are certified by Nummus Ethics Certification making them compliant with ethical principles of CEI's Guidelines.

Finally, our credentials extend to international ESG-labels such as Label ISR[14] and the Towards Sustainability label[15]. These non-profit agencies aim to recognise and award labels to RI and ESG products.

Engaging our clients

As the largest financial services group in the Nordics, Nordea can have a significant impact through the advice, products and support offered to customers for making sustainability-focused investment choices.

We have supported our Nordic retail customers in making more sustainable investment choices since 2019, when we started asking our customers' interest in sustainability with their investments and have seen a stable increase in customer interest ever since. In August 2022 it became a regulatory requirement within the EU to integrate sustainability in investment advice. Since August 2022, we have asked even more specific questions regarding sustainability in our investment advice. Based on customers' preferences, we assign an appropriate sustainability profile, to recommend suitable investment solutions. During 2024, we assessed our customers' sustainability preferences 392,000 times. In 43% of the cases, customers expressed that they have sustainability preferences with a stable trend over the year.

In 2024 Nordea launched a new product category called Sustainable Selection Improve. Products in this category have a strong focus on active ownership, with clear and measurable engagement targets to improve the sustainability profile of the portfolio companies such as the Nordea Climate Engagement Fund and Nordea Global Diversity Engagement Fund.

In 2024, within the framework of our client engagement programme, Nordea Asset Management joined forces with PwC Switzerland, and other stakeholders, to initiate a one-off survey investigating whether asset managers in Europe believe that diversity is important to their business. The subsequent report, entitled "Embracing Diversity, Equity and Inclusion: Unlocking Success in European Asset Management," draws on insights from 30 leading asset managers, many of whom are Nordea clients and represent more than €12.4 trillion in AuM, who have shared their insights, challenges, and visions for a more inclusive future.

[14] "Label ISR is created and supported by the French Finance Ministry. The label's goal is to increase the visibility of SRI products among savers in France and Europe. For more information on the Label ISR, visit https://www.lelabelisr.fr/en/what-sri-label/

[15] "We have received recognition from the Belgian Central Labelling Agency in the form of "Towards Sustainability" label. The label was launched in 2019 and it aims to install trust and reassure potential investors that the financial product is managed with sustainability in mind and is not exposed to very unsustainable practices, without requiring of investors to do a detailed analysis themselves. For more information on the "Towards Sustainability" label, visit www.towardssustainability.be

Among other things, the report concludes that:

- Over two thirds of respondents feel strongly or very strongly that diversity, equity and inclusion (DE&I) is well integrated into their organisational strategy, driven mainly by recognition of the business benefits.
- European asset managers see the business benefits of DE&I and want to integrate it into their strategies, but face obstacles in resourcing, measuring, and mainstreaming these efforts.
- European asset managers have made the most headway in achieving gender equality goals. Women make up over 40% of the workforce in two-thirds of these organisations, however, female representation drops at senior levels, with less than 30% in C-suite or partner roles in more than half of the organisations surveyed.

The full report, issued in collaboration with Diversity Project Europe (DPE), can be found here.

Stewardship Reporting

The stewardship report is reviewed by the ESG Committee before it is published. The Head of Responsible Investment ensures that the report is understandable for non-professional clients and presents an objective and balanced view of our activities and results. We ensure that our report includes positive and negative outcomes, and outcomes where our intended aim has not been achieved and the actions we have taken as a result.

Our report describes our responsible investing framework by asset class, policies, and procedures. The report also contains details on specific responsible investment issues, including company engagement and active ownership. As part of our client service, we provide clients with bespoke stewardship reporting in accordance with their requirements and timelines.

In 2021 we introduced several changes following an extensive review of our reporting and voting practices. Since then, we have continued to engage our clients to gather feedback on the changes introduced the previous year, and on the additional data, metrics, and information that they wanted to receive. Some of our clients are also IIGCC members and committed to the Paris-Aligned Asset Owner initiative or Net Zero Asset Owner Alliance. These clients asked for additional information on the exposure to aligned/aligning/not aligned issuers in their mandates, or invested funds, and this is now provided to them on a regular basis.

Since the review process carried out in 2021, which resulted in a better definition of our stewardship policies, practices and voting principles, we redefined our voting principles. These are aimed to ensure clarity on how we might escalate voting if companies fail to meet our expectation related to board diversity, executive compensation, and climate change.

Our Corporate Governance Principles guide our voting decisions. The starting point when deciding how to vote is to support the recommendations of the board. We may, however, vote against the board's recommendation in companies that do not meet our expectations. We might therefore not support re-election of the chair, certain board members, discharging the board and CEO from liability and certain management proposals when:

1. Companies in highly exposed sectors lack a climate transition plan to align with the goals of the Paris agreement.
2. The board lacks diversity.

Responsible Investment Policies and Client Reporting – updates and communication

- Our assurance process has allowed us to refine and improve the process regulating our stewardship policies, ESG programme and Client Reporting, from content to review framework.
- At NAM, we are committed to providing comprehensive and transparent ESG communications to our clients. We recognise the importance of integrating material sustainability information with financial data, aligning with industry best practices for standardised reporting. To address the diverse needs of our clients, we have developed a robust suite of reporting materials for our ESG Flagship funds, each designed to offer unique insights into our sustainable investment approach.
  Our reporting framework comprises four distinct types of reports:
  - Monthly Factsheets: These concise documents provide a holistic view of our Nordea 1, SICAV SFDR Article 8 and 9 funds, seamlessly blending financial performance metrics with key ESG indicators. This integration allows investors to quickly assess both the financial and sustainability aspects of their investments in a single document.
  - Extended ESG Reports: Introduced in May 2021, these comprehensive reports delve deeper into the sustainability profile of selected ESG flagship funds. They encompass a wide range of metrics, including Sustainable Investments, Principal Adverse Impact Indicators, voting statistics, SDG exposures, and detailed engagement activities.
  - Impact Report: Since 2021, we showcase an overview of the Nordea 1 – Global Impact fund's impact performance and engagement activities. The report provides impact metrics at the portfolio and issuer level as well as fund's investment themes: Resilient Economy, Liveable Planet, and Strong Communities. In 2024, we have revamped the report and now includes: an explanation of the fund's approach to impact investing in listed equities, including intentionality, additionality, and measurability; and case studies of engagement with specific companies.
  - Thematic Report: In 2024, we introduced a dedicated Thematic Report for the Nordea 1 – Global Climate and Environment Fund. This report offers an in-depth look at our thematic investing approach, focusing on climate and environmental solutions. It outlines our methodology for identifying companies that provide innovative solutions to major environmental challenges, aligning with the UN Sustainable Development Goals. The report breaks down the fund's thematic exposure across Resource Efficiency, Environmental Protection, and Alternative Energy, and provides detailed metrics on the impact and outcomes of our investments.
- The rationale behind this comprehensive reporting approach is multifaceted. Firstly, it demonstrates our commitment to transparency, allowing clients to make informed decisions based on both financial and sustainability criteria. Secondly, it showcases the depth and breadth of our ESG integration across different investment strategies, from

broad ESG considerations to focused thematic and impact approaches. Lastly, by providing detailed case studies and impact metrics, we aim to tangibly demonstrate the real-world effects of sustainable investing, reinforcing the value proposition of ESG-focused strategies to our clients.

Following feedback from clients, in 2022 we updated our reporting and public statements, introducing new reporting as relevant, for Sustainability Risk Integration in the Investment Decision-Making Process, Principal Adverse Impact and the Integration of Sustainability Risks in Remuneration.

Final considerations

Our assurance process is a combination of internal and external assurance. Our internal assurance process is very structured and precisely defined: it is one of the pillars of our governance frameworks, as we have found that we need a formal annual review process of our procedures, with a critical review of the conclusions, to improve and adapt given the evolving regulatory framework and client demands. The results of our internal assurance process are reported to the Board, which has ultimate responsibility over the process and results, and reflects our mission and purpose of serving our clients in the best conceivable way.

Our customers expect us to invest in companies that manage their ESG risks well and that we are an active owner to ensure that the companies align with our expectations when it comes to environmental and social issues. We are pleased to be able to report that off the back of these efforts we were ranked #16 among the world's 69 largest asset managers for how we promote sustainability through our active ownership according to a recent independent Voting Matters Report where Nordea Asset Management is compared to its peers. We were also ranked 4th Best Asset Manager in the World for RI Commitment & Brand by Responsible Investment Brand Index 2024.

We believe that the combination of internal and external assurance is the most prudent and effective way to ensure continuous development and improvement of our processes, and to ensure that our offering always meetings our client needs.

Principle 6: Clients and beneficiaries' needs

Client base and asset mix

NAM is an active asset manager with a global business model, offering services to clients in Europe, the Americas and Asia. We manage investments across the full spectrum of asset classes. Our client base is equally split between Nordea Group-related and external clients.

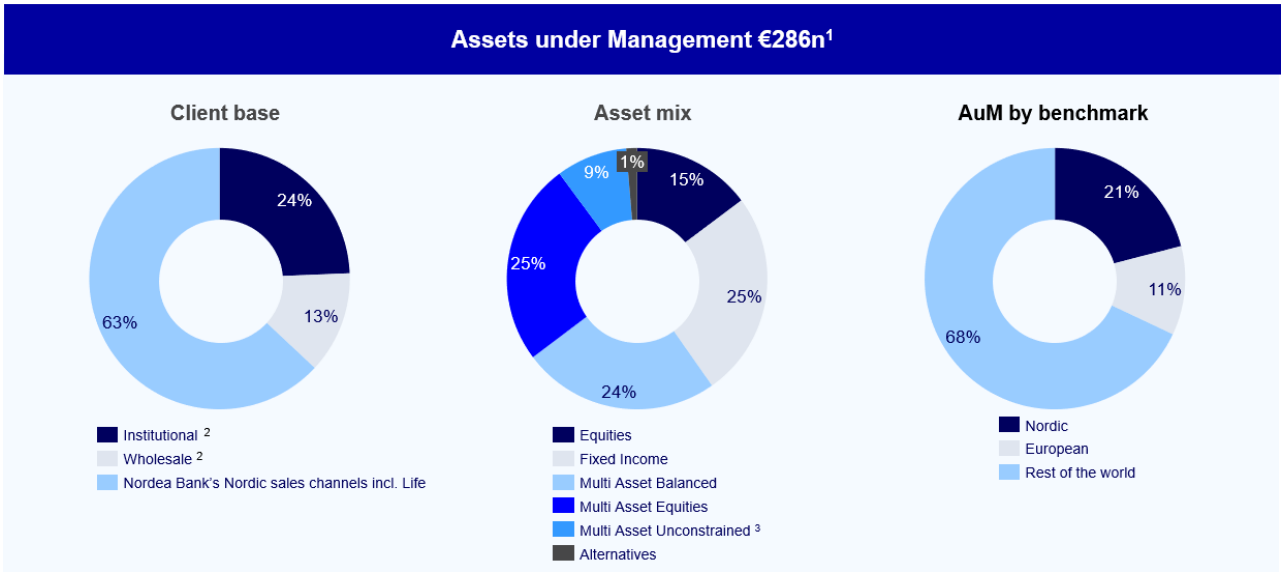


Figure 13: 1) Source: Nordea Investment Management AB as of 31.12.2024 2) External clients (Institutions and 3rd party distributors) 3) Consist of Flexible Fixed Income, Stable Return, Stable Equities and Hedge Funds

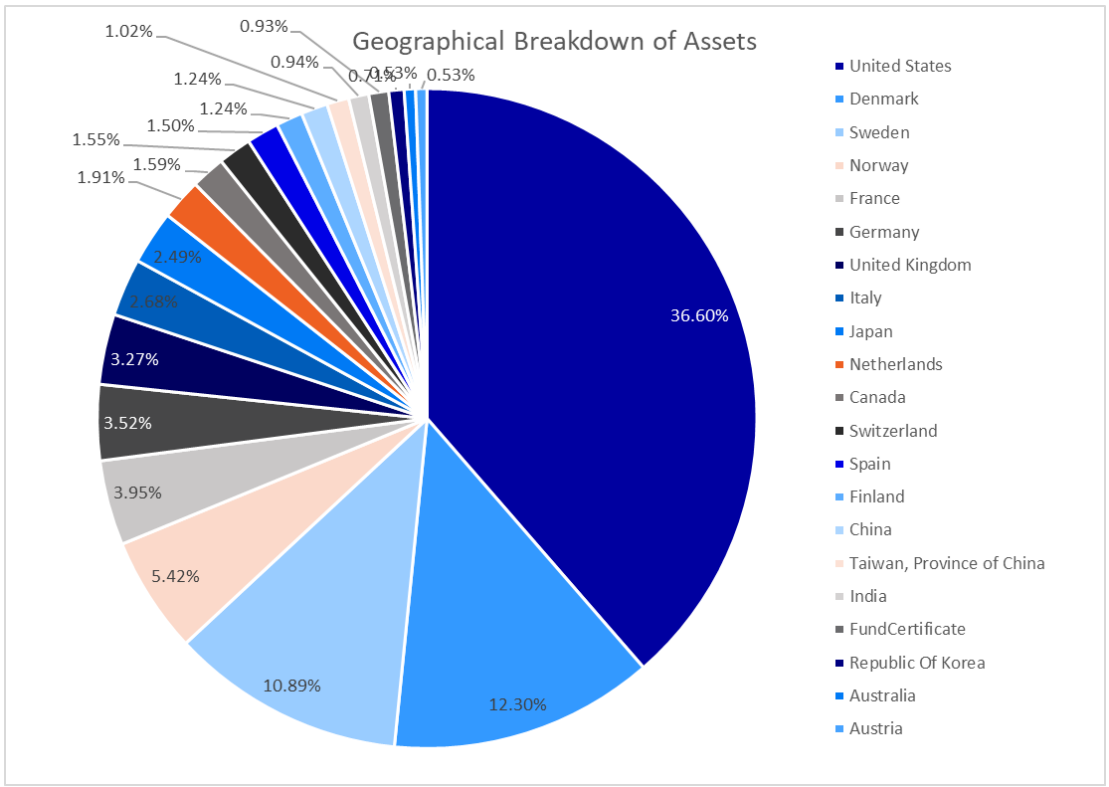


Figure 14: Geographical breakdown of assets. Data as of 31.12.2024

Our clients are historically mostly Nordic, but we have seen an increase of other markets in recent years, as the client geographical distribution shows.

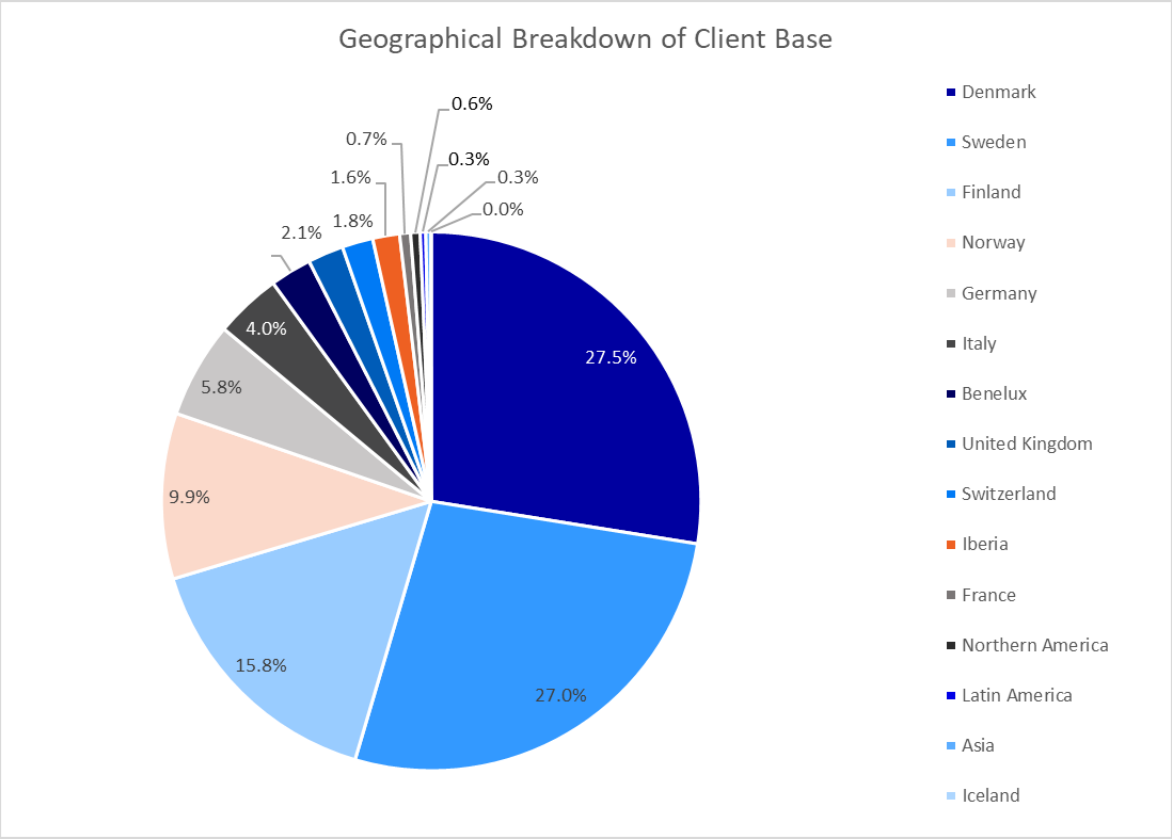


Figure 15: Client base by geographical area. Data as of 31.12.2024

Over the years NAM has expanded internationally, but majority of the client base is still in Europe and in Nordics, as figure 15 demonstrates.

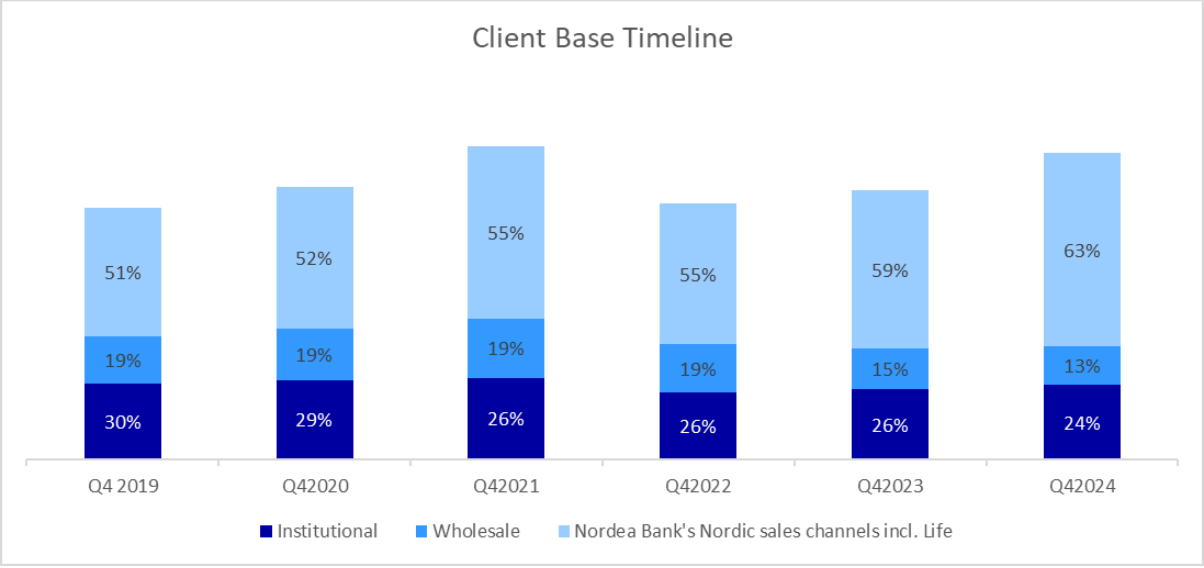


Figure 16: Client base timeline. Data as of 31.12.2024

As figure 17 shows, our share of assets in Multi Asset & Quant-based solutions has been increasing. Over the past ten years, our internal Multi Assets boutique, which manages over €150bn, has developed a strong expertise in risk premia: breaking down assets into their component return drivers. From these, the team has built a wide range of specific investment solutions with the aim of delivering long-term stable returns in all market environments. This suite of outcome strategies stretches from the simple through to sophisticated liquid alternatives to match the spread of our clients' risk appetites and needs.

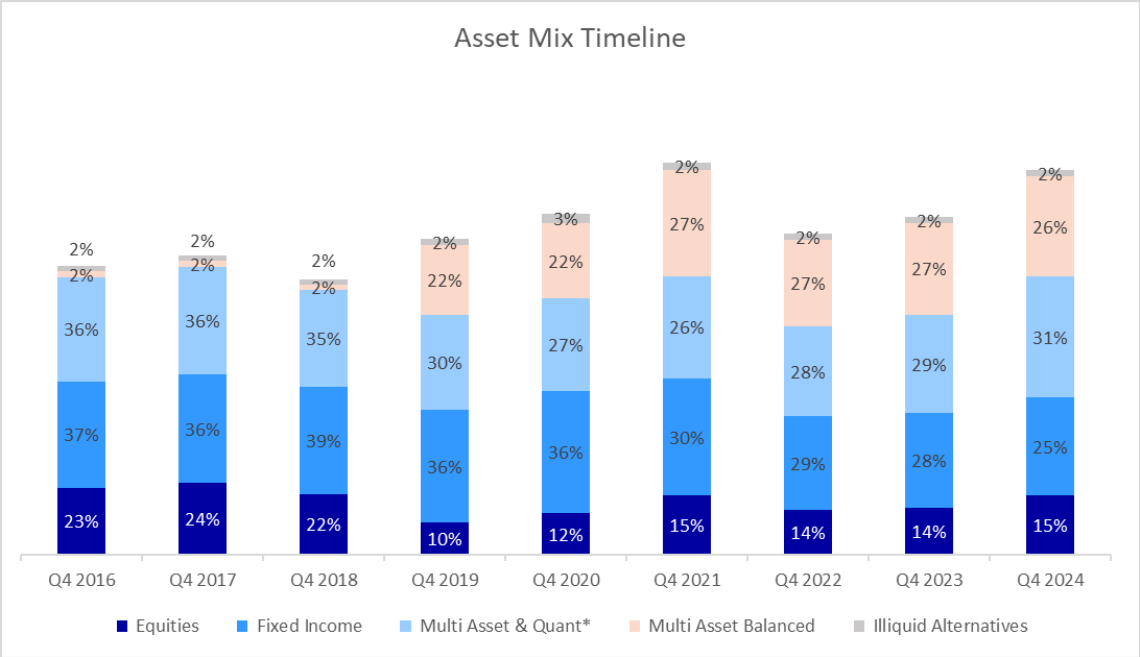


Figure 17: Asset mix timeline. Data as of 31.12.2024. *Includes Multi Asset Equities and Multi Asset Unconstrained (consisting of Flexible Fixed Income, Stable Return, Stable Equities and Hedge Funds). Please note that we updated figures for 2022 as Multi Asset & Quant in Q4 2022 included Multi Asset Equities and Multi Asset Balanced.

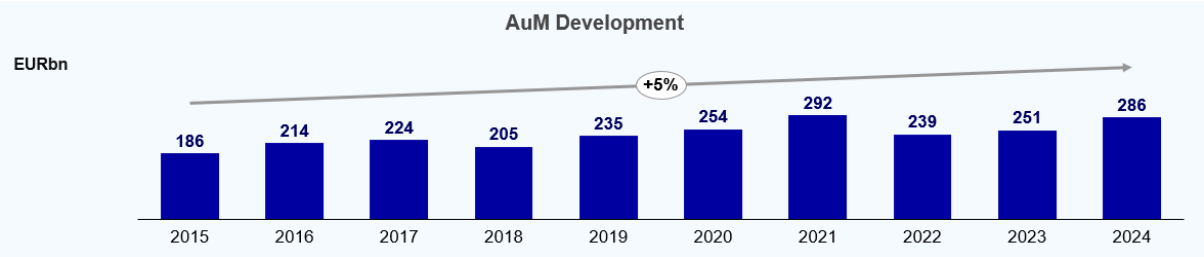


Figure 18: Development of Assets under Management. Data as of 31.12.2024

Incorporating clients' views on investment strategies

NAM's business is in investment products and solutions. These products and solutions can only succeed if they meet clients' needs, in both risk/return profile, and environmental/social preferences. Asset management is a constantly evolving business, with low barriers to entry, margin pressure, an extremely high degree of competition among products and their suppliers, and a rapidly evolving market and regulatory landscape. NAM's established market position does not make us complacent: we acknowledge that we must constantly earn our clients' trust and innovate our product offering to meet evolving needs.

For new and existing investment strategies, we seek clients' views as follows:

1. Annual (or more frequent) review meetings with our clients: to understand their needs and level of satisfaction towards the product we offer, on both the non-ESG (investment) and ESG side. Specific topics are their views on risk, liquidity, investment universe and investment horizon of a new or existing strategy. Their feedback is then used to improve our current product offering, to develop new products and ESG processes.
2. Informal one-to-one client meetings: to provide an update on their invested product, also in response to market and regulatory developments, as well as testing our new investment strategy ideas.
3. Client surveys: where we gather views on strategy and ESG preferences, changing demand patterns, and risk appetite. These are typically done on a yearly basis.
4. Events and conferences: both in-person and digital, where host roundtables and discussions on a variety of topics, inviting a wide range of participants, from clients, to prospects, to industry experts.

For new strategies, the continuous and open dialogue helps us fine-tune the investment strategy and clients' preferences and is a valuable input to the overall construction process: our mission is to deliver the best risk-adjusted returns to our clients, given their investment mandate preferences, and with a strong stewardship process underpinning it.

When a client awards us a specific mandate, we ensure that we have requested and incorporated their preferences on risk/return profile, liquidity of the asset class, time horizon, stewardship, and reporting requirements.

We have chosen this approach because we realised that depending on the client, the topics (improving existing strategies or developing new strategies), the time of the year (certain months tend to be quieter or busier, and outreach activities need to take this into account), the quality and amount of information can vary. By engaging clients in a variety of formats (formal vs informal, in-person vs remote, individual vs collective) we can collect better quality intelligence, which we then feed back to our client service, product development and portfolio management teams.

Time horizon

A large part of our institutional clients has a long-term horizon and assess our products and performance over a multi-year horizon (over 3 years). This is particularly true for our equity and fixed income assets. This is why our equity and fixed income investments typically have the same long-term horizon, over 3 years.

As for our Illiquid Alternatives, NAM has launched several solutions in the illiquid space, covering various asset classes and investment formats, from direct investments with commitment structures to funds of funds. For these products, the investment horizon is typically 10 years+.

Finally, our multi-asset funds have a shorter time horizon, in most cases around 3 years. Each NAM product and fund has a stated investment horizon which is duly communicated to clients to ensure full alignment on objectives and expectations.

Active ownership and stewardship

Active ownership is a pillar of our NAM-wide RI framework, and we are committed to act honestly, fairly and professionally in accordance with the best interest of our clients.

For clients who have their own stewardship policies, and own segregated accounts, we ensure that such policies are integrated into portfolio management and proxy voting. We appreciate any feedback and input: we take their concerns related to our stewardship process, practices, and holdings very seriously. We deliver any feedback or input to our Responsible Investment team to discuss it internally. Dependent on the type of concern and how it fits within our RI framework and policy, different approaches can be taken (e.g. materiality question).

Our active ownership tools include voting, attending AGMs, standard setting, engagement with companies, and filing shareholder resolutions. For our pooled accounts, we select the engagement approach deemed to be in the best interest of our clients, in consideration of the specific product's investment strategy, local laws and regulations, and our own internal policies. Each fund's features are duly explained to clients to ensure alignment of expectations.

For clients not wishing or able to have their own segregated accounts, we discuss their preferences on ESG matters and how they fit individual NAM funds. We ensure that clients understand the product offering and that they choose the fund best aligned to their preferences and objectives.

It is inevitable that clients invested in pooled funds may have different views on specific stewardship issues, and it is not always possible to accommodate all opinions because we need to manage pooled funds according to the individual fund's objectives, and our overarching stewardship policies. For example, it has happened that individual clients within our pooled funds express varying views on how they would vote at selected AGMs. We always remain at clients' disposal to discuss any concern and collect their opinions, but we manage pooled funds in a way which we believe serves all clients' best interests.

Client Reporting

For an investor, timely and adequate information is key. We support standardised and integrated reporting which incorporates material sustainability information with financial information.

Our regular monthly fund factsheets used to incorporate only financial data. Following clients' feedback, in May 2021 we introduced extended ESG reporting to our monthly reports, which in addition to financial data, it now also includes ESG-related KPIs and ESG rating data. In addition, on a quarterly basis, we publish more extensive ESG Reports that include voting statistics, SDG exposures and engagement content for our ESG STARS and Thematic funds.

Being transparent in the communication with our clients is a duty for us. We report transparently not just on investment performance, risk, and portfolio characteristics, but also on how we work and incorporate ESG in our responsible investment decisions and activities.

All these reports are available on our website:

- Daily/weekly/monthly statistical data and investment reports, both on our website and directly to clients depending on their stated preferences.
- Annually via our Responsible Investment Annual Report, where we disclose on several engagement cases, from collaborative to thematic, and the engagement rationale. We show how we take an active part in the industry-wide discussion around responsible investment, and how we promote best practices across the investment community.
- Annually via our Climate Report, where we disclose our climate strategy and targets, as well as how active ownership plays a role in our climate strategy.
- Annually via the PRI reporting framework, on the PRI website.
- Also available on our website, with client login needed: Annual corporate governance activities report.
- Monthly Nordic magazine, NAM Talks and ESG Matters webinars, and client presentations with engagement examples.
- Voting Portal, showing how we have voted in AGMs for stocks held across our funds.
- A wide range of ESG educative content in our online ESG e-learning centre, e.g. webinars and podcasts such as NAM talks; ESG Insights reviews and articles.
- Extensive ESG reports which include ESG data voting statistics, SDG exposures and engagement content for the ESG STARS and Thematic funds, available on our ESG STARS website.
- Our policies: the RI policy, Corporate Governance Principles, Engagement policy and Paris-Aligned Fossil Fuel Policy.

Improving our communication and reporting

We seek our clients' feedback on our communication methods. This takes various forms, so we can ensure that we have full coverage, and all our clients are heard at regular instances:

1. One-to-one meetings and calls with our clients (at least annually, or more frequently if the client demands it, and whenever a client requests it). These meetings are followed by a meeting report which is shared onto our internal reporting system, so that we can assess feedback on our performance and communication material. We act on this feedback to provide our clients with the information they need.
2. Events, both physical and digital, for our clients (several events a year). These are useful opportunities for communicating our thinking, receiving feedback, so we can shape and improve our offering.
3. Regular surveys (such as our annual ESG survey) for collecting clients' views about various aspects of sustainability. We discuss the findings with our clients aiming to share information and shaping more effective marketing contents and tools.

As a result of this process, we regularly adjust our communication style and content to reflect clients' feedback.

To assess our effectiveness in communicating to clients, we continued to run monthly Advisory calls throughout 2024, where we convene our country client service teams. During these calls, our country teams share their findings on clients' feedback in their region, and region and following each interaction with clients as described above. Client service and sales teams have thereby an opportunity to reflect on how client expectations and feedback are met by our existing methods of communication. Our client service and sales team can then adjust our offering accordingly with clients' expectations. Following analysis and assessment of both internal and independent client feedback our current assessment is that we are effective in our client communication. This group also includes Marketing Advisory specialists to take full advantage of this forum and improve internal communication and provision of external marketing collateral because of these discussions. One such example would be the dedicated Thematic Report for our flagship Nordea 1 – Global Climate and Environment Fund mentioned under Stewardship Reporting on page 56.

Evaluating our effectiveness in client communication

To assess our effectiveness in communicating to clients, we have set up monthly Advisory calls where we convene our country client service teams. During these calls, our country teams share their findings on clients' feedback in their region and following each interaction with clients as described above. Client service and sales teams have thereby an opportunity to reflect on how client expectations and feedback are met by our existing methods of communication. Our client service and sales team can then adjust our offering accordingly with clients' expectations. As outlined in the examples above Following analysis and assessment of both internal and independent client feedback our current assessment is that we are effective in our client communication.

Principle 7: Stewardship and ESG integration

ESG and stewardship integration in the research process and portfolio management

Creating long-term value relies on finding sustainable investments. Our investment research is integrated with, and augmented by, a double-materiality review of governance, environmental footprint and social impacts, risks, and opportunities.

As a general consideration, our stewardship activities are centralised and our beliefs apply to all companies regardless of the individual instrument we hold, and products those bonds or shares are held in. One example is to require all our invested companies to gradually become Paris aligned and our stewardship activities follow this belief. There are nuances of how quickly we expect companies to align, depending on sectors and geographies (more below). Hard to decarbonise sectors will require more time to align to net zero than carbon-light sectors, and our stewardship activities take this into account.

We passionately believe that companies should follow the best available science and sectoral pathways to decarbonise their operations. We use and apply the IPCC reports, IEA Net Zero scenario, the SBTi sectoral pathways to inform and guide our stewardship activities, independently of whether we hold equity or bonds.

Top down & sector allocation

The initial part of our process is identification of financially material ESG issues – those which are likely to influence the financial performance of a country, sector, or company and the material impact of the products and/or services provided by the company. We weigh these issues flexibly, according to their materiality for the specific sector and geographical location. We use the SASB materiality map as a guideline, and we supplement with our own insight into the specificity of each company. Which issues we consider material, and the weight we assign to them, will vary on a sector-by-sector basis. A software company, for example, will be dependent on skilled labour and intellectual property (social), and be vulnerable to data privacy regulation such as the GDPR (business ethics). A bank on the other hand will have a higher indirect environmental risk depending on their financing activities within heavy emitting industries such as the fossil fuel industry. Exposure to systemic risks (direct and indirect) such as climate change or biodiversity varies from sector to sector, region to region and are thus identified for each company as part of our ESG analysis.

Bottom-up stock selection

A key part of our ESG research is based on collaboration with our investment team and interaction and engagement with issuers. The outcome and knowledge of these activities flows into our research. Reputational risk and exposure to controversy is also something we consider at the issuer, sector and country-specific level. An issuer's responsiveness to investors' concern, its culture from the top to the ranks, and the direction as the issuer is moving to are also parts of the final evaluation.

A key part of the analysis is to evaluate the business model and its alignment with the UN Sustainable Development Goals (SDGs and the EU Taxonomy), this is also known as double materiality. We consider how a company's business aligns with the SDGs or the EU taxonomy, whether the service or product the company offers contributes positively to society, how significant aligned activities are, as a proportion of revenue, how much Capex or/and Opex is directed into them, and whether they are a visible driver of growth. This is relevant both because the SDGs present large and durable business opportunities, and because SDG alignment – or the lack thereof – is an indicator of a company's material impact on the world around it.

This approach ensures that our research includes both sides of "double materiality." Our assessment of the business model is weighted at 30%, as a baseline, in our internal scoring process. In other words, both how a company manages it financial ESG risk (e.g. the products and services they provide) and how it manages its impact on the environment and the society.

Ongoing monitoring

Our investment team systematically reviews all new and material information, both financial and non-financial, as part of our ongoing monitoring. This includes regular meetings and calls with the invested companies, as well as a systematic review of any recent changes at a macro, market, or sector level.

In 2024 we further developed our proprietary ESG platform, for example by launching an updated ESG Risk Score Engine during Q2 2024. The most significant changes were aligning the quantitative process to the analyst based scoring process and adding an SDG alignment component to the ESG risk score. Our ESG platform automates parts of this ESG analysis, allowing significant scale with its systematic coverage of thousands of issuers across multiple regions and asset classes. The ESG risk score is based on the SASB materiality map, which provides the material ESG issues per sector. These maps are populated with data points from several providers and calibrated by our ESG views and RI policy. We continuously work to improve our platform, and to align the produced scores with the scores our analysts produce.

A fundamental part of corporate governance is a dialogue between NAM and the companies invested in. This is done on a multitude of levels. The Portfolio Managers' and analysts engage on a regular basis with a sub-set of the issuers in the portfolio on financial matters. The Responsible Investment team interact with issuers on ESG related aspects, the Investment Stewardship team on governance related issues. Our three teams conduct company meetings and company analysis, focusing on different issues, but always sharing their findings and ensuring that the Portfolio Managers have all relevant information at hand when making investment or disinvestment decisions.

For example, Portfolio Managers may monitor investment exposure in their investee companies through meetings with their companies' investor relations teams and/or the management. At the same time, they rely on the ESG, and governance research produced and shared by our Responsible Investment and Investment Stewardship teams and made available through our systems.

Due to the scale and diversity of NAM's investment strategies, investment teams may employ distinctive styles and strategies when communicating and engaging with investee companies. For example, it might be deemed necessary to escalate a corporate governance issue to the highest levels of a company's management team. If this does not yield any result, a vote against the management on the specific issue at the annual general meeting ("AGM") might be warranted. We always strive to explain the rationale behind our votes against, either at the AGM or before, to companies and clients alike. When useful, we cooperate with other investors to increase pressure.

All our voting activities are shared publicly through our ISS voting portal. We are also tracking and sharing information of all our engagement activities with the investment teams.



For illustrative purposes only.

Exit strategy

Through our ESG platform we can quickly identify ESG changes which can lead to a change in the investment thesis. The same can happen after a re-rating, a material change in the company business, or a company meeting which highlighted issues leading to a change to the investment thesis. This will prompt our team to exit the trade in a way that minimises the impact on the rest of the portfolio.

Geographical considerations

A key part of our process is identification of financially material ESG issues – those which are likely to influence the financial performance of the company or a country. We weigh these issues flexibly, according to their materiality, local rules and laws for the specific sector and geographical location.

Certain countries are more advanced from a sustainability point of view (e.g. Europe), while others are less developed (e.g. emerging markets). As such, our expectations on ESG advancement are higher for companies in Developed markets compared to Emerging markets. This view is also reflected in our expectations to companies, and a view that is factored into our climate-related performance and transition plans. As an example, as part of our commitment to take PAI into consideration, we identity outliers on GHG emissions intensity, segmented by sector and geography. Additionally, when assessing sufficiency of company targets against Paris aligned pathways, we use pathways by International Energy Agency (IEA) and One Earth Climate Model (OECM) (among others). These agencies also acknowledge that EM countries will decarbonise at a lower rate and transition plans should not jeopardise energy security.

Our investment teams form their investment decisions taking regional differences into account, and adapt their stewardship activities to the individual regions, countries, and concerns to ensure they are appropriate for the individual companies' stage of development. As an example, dialogues about climate change with state-owned companies in some Asian markets is easier than human rights. Filing shareholder resolutions is more common practice at US companies than in other geographies. Our participation in market and industry associations ensures that we inform, and are informed by, what other investors and market participants do.

ESG and stewardship integration across different asset classes and strategies

ESG issues are an increasingly important source of risk and opportunity, and therefore we integrate ESG considerations into all our investment solutions with firm-level elements applicable to all our holdings. The strength of our approach is that our fund managers are involved throughout the ESG research process and can incorporate ESG information directly into their investment decisions. Both research and integration methods vary between asset classes and strategies.

Stewardship and ESG principles across all NAM's assets

ESG considerations apply across all our holdings, regardless of the investment mandate, include voting and engagement, our company wide ESG limits and exclusion list, individual company ESG analysis, and the provision of ESG data and research to all portfolio managers. This is all consolidated into our ESG data platform. Every NAM investment boutique has access to NAM's proprietary ESG Tool and ESG analysis from the RI team, as well as ESG data from external data providers – all via our proprietary ESG data platform, which covers more than 23,000 companies (making up to over 123,000 securities), aggregates information from multiple sources and supports both our investment and ESG analysts.

On a yearly basis, or more often, if necessary, we communicate to our ESG data providers our needs in terms of data and format, so that it can be integrated into our platform. On an ongoing basis, we assess the quality of the data and services from our data providers.

Regarding voting, for our equity holdings, and differently from engagement, which is entirely conducted by our internal teams, ISS provides our Investment Stewardship team with proxy voting support services and voting recommendations based on our Corporate Governance Principles. We perform regular due diligence to ensure operational integrity, quality of research and implementation of the Nordea custom voting policy. During 2024, we added an additional service provider, Glass Lewis, related to proxy voting research/recommendations. We communicate our voting principles to ISS once a year: our preferences are broken down by sub-category (e.g. under the category environmental, we express our criteria for climate and individual climate issues, like coal). More details on how we communicate and assess the service we receive from our service providers can be found under Principle 8.

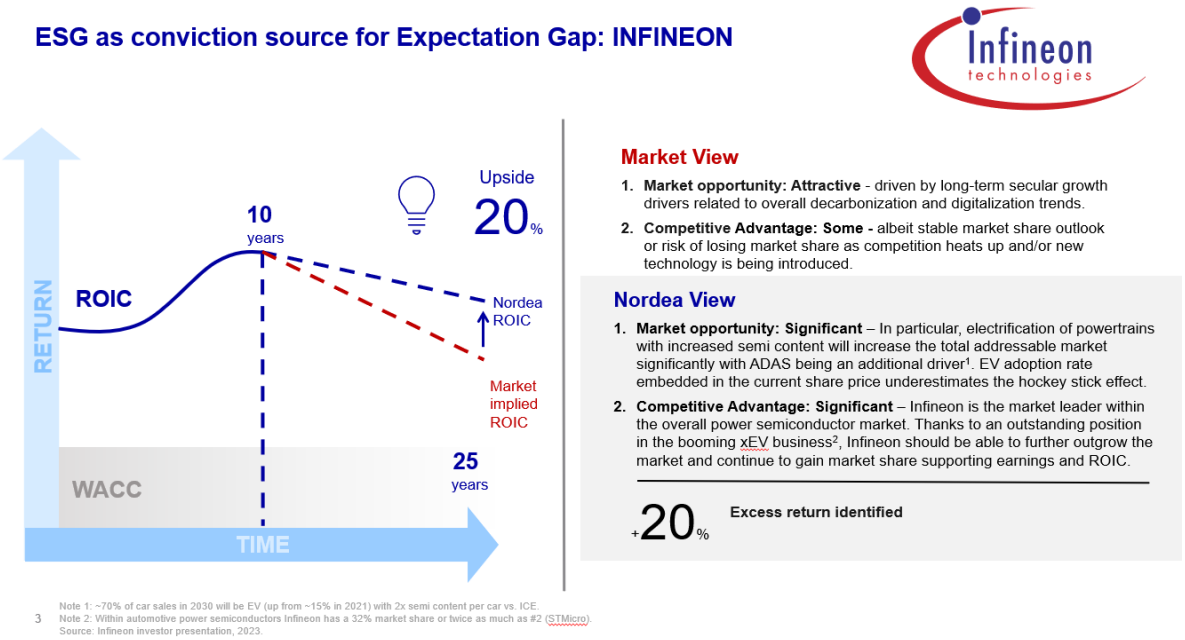
ESG risk exposure is included in our regular portfolio performance reviews, alongside financial data. At the same time, sustainability risks are taken into consideration in all investment decisions. Going a step further in ESG integration we have developed the ESG STARS concept, which implements enhanced ESG integration.

ESG integration in listed equity

Within our equity ESG research, portfolio managers (PMs) work closely with the RI team as we perform our ESG analysis and engagement dialogues. The resulting ESG scores that we assign to companies define the investment universe. ESG STARS products, for example, cannot invest in C-scored companies. Depending on the investment approach, the ESG score can affect both the discount rate a PM uses when valuing future cash flows, and how long the PM expects the company to generate above-average returns. Thus, the ESG score affects how we value both the risks and the opportunities a company is facing.

An example of ESG integration in listed equities

Infineon Technologies – global leader in semiconductors, top position in sensors microcontrollers and secure ICs. Infineon is an enabler of decarbonisation technologies in transport (EVs) and power solutions (grid, renewable energy production). Growth in electrification as well as energy efficiency needs will be beneficial for the company. Infineon also manages its material risks effectively. It has approved Science Based Targets for emission reductions, which is not a trivial task in semiconductor production, and it effectively manages its supply chain, sourcing and talent risks in this competitive industry. ESG is a significant conviction source in our investment case.



For illustrative purposes only.

ESG integration in listed issuers' corporate bonds

In 2024, we continued to enhance our approach to issuers where we hold a fixed income position, extending our coverage and expectations for credible transition plans to smaller issuers as well.

Engagements with companies where we hold a fixed income instrument is based on the same processes and with the same targets as for equity. Where the escalation tools for equity are filing resolutions, voting and share ownership, the escalation tool for fixed income is future participation in the ongoing financing of the company. The number of companies willing to engage on these issues is generally lower for smaller and private companies than for larger listed companies, but in recent years we have found that smaller companies were increasingly prone to listen as they receive fewer investor requests for dialogue, and their financing needs have escalated.

During 2024 we have, for example, engaged with Raiffeisen Bank International on three occasions. The engagement has been focused on their activities in Russia in general and one proposed transaction specifically. We have since the invasion monitored the efforts of Raiffeisen to reduce their activities in Russia and the precautions they have taken to not support the war effort directly.

Raiffeisen have not been able to sell their Russian activities and are not willing to shut it down for protection of owners' value and the employees in Russia – neither is Raiffeisen able to transfer value from Russia to Austria. In March 2024 Raiffeisen designed a link of transactions that would

end in Raiffeisen's Austrian bank taking possession of shares in the construction company Strabag that is currently owned by a sanctioned individual and is a frozen asset. This transaction involved a middleman (broker) that would buy a company in Russia from the sanctioned individual that owns shares in Strabag. Raiffeisen would then buy the company from the broker with assets already in Russia and subsequently transfer the shares of Strabag to the Austrian unit of Raiffeisen.

We engaged twice with Raiffeisen regarding this transaction as we assessed that the transaction violated the spirit and possible the letter of the sanctions. Thus, Raiffeisen would be exposed for fines or sanctions from US or EU authorities – further we assessed that the transactions indirectly aided the Russian invasion of Ukraine by transferring assets to sanctioned individuals. We thus advised Raiffeisen not to carry through the transaction.

Late April 2024 Raiffeisen announced that they are accelerating the scale-down of Russian activities based on pressure from EU and in the start of May 2024 Raiffeisen announced that they are cancelling the Strabag transaction as US authorities threatened to cut off Raiffeisen from the USD trading network if Raiffeisen carried out the transaction.

This example illustrates a case where the target of the engagement was financially material to the company and thus our investors. Further where the transaction, if carried through, would have weakened the pressure on President Putin, and thus reduced the effect of the sanctions put in place to stop Putin's invasion of Ukraine.

The tools, particularly at the time of escalation (more in Principle 11), are different but ultimately, we want to see all corporates we have an investment with implement and deliver on a credible transition plan.

For sovereign debt, we ESG assessment methodology based on country risks. The methodology provides a detailed assessment of ESG factors relevant to, among others, economic development, corruption, human rights, vulnerability to climate change based on various indices. We apply a manual overlay on top of sovereign ESG data/indices, this enables us to incorporate ESG factors in a forward-looking manner. In 2024 we outsourced and changed our EMD STARS strategies to traditional funds. The sovereign ESG STARs score is still used by our STARs bond funds; these funds predominately invest in Nordic and European bonds.

Since 2022 NAM has been engaging with issuers of covered bonds. The engagement programme has the purpose of incentivise issuers of covered bonds to disclose environmental metrics such as energy performance (EPC), energy use in KwH/m^2 and greenhouse gas emissions in tCo_2e/m^2. While the engagement programme was initiated in 2022, it was expanded in 2023 and 2024 to a total of 67 issuers engaged by the end of 2024, of which 34 issuers were engaged during 2024. So far, only a few engaged issuers have increased ESG disclosures during the period. While disclosures are generally missing, NAM recognise that the state of data that the issuers have available is often not sufficient for reporting purposes. NAM will continue the engagements, so issuers understand that there is a need for the data and ESG integration in covered bonds. NAM uses the information from the issuers to measure the level of sustainability of the funds containing covered bonds. Also, NAM utilises the environmental impact data in connection with ESG assessments of the issuers for security selection.

Furthermore, in 2024, NAM expanded ESG integration of financed emissions from covered bonds to include monitoring of portfolios with covered bonds vs the Paris-alignment pathways from CRREM[16]. This enables NAM to identify if a portfolio of covered overall is Paris-aligned or not.

[16] https://www.crrem.eu/

ESG integration in Private Equity and Private Credit

In this asset class we manage funds of funds. Our funds invest in private equity or private credit funds, which in turn invest in the equity or bonds of private companies. All investments are illiquid and primarily entered on a forward-looking basis. Consequently, ESG is integrated into the strategy prior to investing, through a combination of ESG-due diligence of the fund managers and exclusion of companies based on their exposure to activities that have been deselected based on current ESG standards covered by or NAM's responsible investment policies. As NAM does not have direct contact with the investee companies, engagement is done via the pre-contractual due diligence with the funds. Ongoing due diligence is conducted by the investment management team as part of the investment process. Due to the nature of the investments type, ESG integration is core during the initial ESG due diligence.

ESG integration in Private Loans

NAM invests directly in private loans and carries out a complete ESG assessments on each investment. Sustainability risks are included in the investment decision process as part of the overall risk assessment and are considered together with traditional investment risks (for example market, credit, or financial risk). Additional expertise in the sustainability risk domain may be provided by analysts within NAMs Responsible Investment team, which is responsible for supporting NAMs analysts and portfolio managers responsible for the investment decision process. Pre-investment due diligence engagements may be part of evaluating potential investments. While post-investment engagement is not appropriate, pre-investment engagement is very suitable for this asset class. This is because the investment manager typically has direct access to management during the due diligence phase. Management may also have relevant experience to share regarding the companies' environmental, social and governance improvement journeys within their industry.

ESG integration in Multi-Asset Funds

ESG integration in the Multi Assets boutique at Nordea Asset Management is comprehensive and data driven. The Multi Assets team has developed two key tools: a Climate Risk Assessment Model and a Gender Risk Assessment Model. These models use data from providers like MSCI and Bloomberg to systematically evaluate companies on climate and gender-related risks.

For climate risk, companies are assessed based on their inclusion in the Paris-aligned fossil fuel exclusion list, their sector impact, decarbonisation trajectories, green revenues, and greenhouse gas emissions. For gender diversity, the model evaluates board composition, executive-level representation, and CEO diversity.

These tools are used in different ways across the boutique's products. For the BetaPlus Sustainable Enhanced portfolios, companies classified as "very high risk" by these models are excluded from new investments. The tools are also used for ongoing monitoring of portfolio companies.

Our BetaPlus Sustainable Enhanced strategies employ a proprietary quantitative, multi-factor framework that capitalises on market inefficiencies to generate alpha. By systematically identifying the most effective factors across various market segments, BetaPlus Sustainable Enhanced Equity Strategies construct portfolios aimed at outperforming traditional market-cap weighted indices while integrating rigorous ESG criteria, including extensive exclusions, without necessitating benchmark changes.

The strategies avoid investing in certain companies and sectors that don't meet our ESG standards. This includes companies on NAM's Corporate Exclusion List due to serious ESG issues;

companies that violate international business conduct norms; businesses involved in harmful activities like alcohol, coal mining, gambling, weapons, pornography, and tobacco; fossil fuel companies without a solid plan to meet Paris Agreement climate goals.

Additionally, we actively seek out companies with strong ESG practices by aiming for an average MSCI ESG rating of A or better for the whole portfolio. We only include companies with an MSCI ESG rating of BB or higher. Finally, our portfolio's overall ESG quality score must be better than the benchmark.

The strategies also focus on reducing climate impact. The carbon footprint of our portfolio (based on companies' direct emissions and purchased energy) must be at least 25% lower than the benchmark.

For other Multi Asset products, the tools are available for portfolio managers to use in their investment processes, but exclusions are not necessarily mandatory. In 2024, the boutique also worked on developing an Article 9 fund that has stricter ESG requirements, including 85% sustainable investments and more stringent carbon reduction objectives.

Time horizon considerations

Our RI beliefs and policies apply to issuers regardless of the instrument we hold (equity or fixed income). Our multi-asset funds have an average time horizon of three years, whilst our alpha funds have three years+. Our clients' expectations are aligned with these time horizons. Our engagements are long term, with pre-set timebound deliverables determined on an annual basis.

ESG tools and systems

In 2024 we continued to develop our proprietary ESG data platform, which is the main tool that we use to maintain and develop analytical tools and solutions based on ESG Data and ensure that ESG Data is promptly and systematically integrated into the investment process. The platform is available to all our portfolio managers through a web-user interface as well as through systemic integration of data feeds to their relevant systems and NAM's portfolio management software tools. The ESG data platform is maintained by our ESG Quant team which works in an agile setup with data and software engineers on, amongst other things, the following modules:

- Applying ESG data to meet ESG regulatory requirements
- Develop and maintain ESG modules related to various ESG subjects, such as but not limited to, ESG Risk, Climate and Engagements
- Develop and maintain ESG analytical tools that allow for exploration and use of ESG data for research and analysis
- ESG risk score tool

Searching and selecting the most qualified external data suppliers that meet our search criteria. To that effect, all our Service Providers are selected to provide a specific service as detailed in Principle 2 and monitored for quality and effectiveness as detailed in Principle 8.

One of the modules maintained on the ESG Data Platform is the NAM ESG risk score tool, which produces a risk score with the goal of automating and assisting with an analyst's ESG analysis process and creation of an ESG profile for a selected issuer. Both the Quant ESG score and the Analyst ESG score are the result of an assessment of what the material ESG risks and opportunities of an issuer are, how they are monitored, mitigated, and reported, and considers the issuer's SDG alignment. The ESG risk score is equally considering financial risk to the company and the company's effect on people, climate and nature. The ESG score consist of an ESG anchor or each industry and an adjustment for financial risk and impact on people, climate and nature. It

thus makes it clear to portfolio managers if two companies with an average ESG score are equal or one perhaps is better on people, climate and nature. This allows the portfolio managers to have a nuanced input and assist them in selecting the right securities depending on the ESG profile of the investment fund in question. It also allows to easily identify the companies with best ESG financial risk management in the industry or the company with most positive impact on people, climate and nature. Changes in the ESG Risk Score trigger a deep dive into the issue responsible for the change, increased monitoring, and revaluation of the investment.

In addition to the tools described above, we have continued to develop regulatory tools, the Principal Adverse Impact (PAI) Engine and the Sustainable Investment (SI) Engine, respectively. The tools allow us to view the performance of a selected issuer (as well as portfolios and benchmarks of course), across regulatory requirements related to the PAI indicators and SI requirements (steps related to Good Governance, Do No Significant Harm and Environmental or Social contribution).

Investment exclusions

While our experience proves that active ownership can often be an effective tool to improve ESG performance, manage risk and identify opportunities, some types of economic activity or corporate behaviour are not compatible with our vision of returns with responsibility. Such companies are excluded as a matter of firm-wide policy. In addition, specific strategies have further screening criteria, corresponding to their level of ESG focus.

NAM excludes companies involved in serious breaches of international norms where engagement is deemed not to be possible or effective. For example, we ban investment in companies active in the production of controversial weapons, including – but not limited to – cluster munitions, anti-personnel mines as well as nuclear weapons.

In addition to this, we engage with our clients on an ongoing basis to understand their preferences for possible tightening of our policy exclusions on environmental and social issues. Following our internal review of our priorities, beliefs, and client feedback, in 2024 we decided to implement tightened thresholds in our Responsible Investment Policy, by implementing stricter policies on tobacco and palm oil production.

We review our exclusion list at least on a yearly basis to ensure that with the evolving science, our investment beliefs, stewardship practices and values, it is always appropriate. We are confident that our current stance is appropriate and aligned.

Our exclusion list is publicly available here.

In addition to the firm-wide exclusion list, a substantial and growing part of NAM's strategies is also subject to additional exclusions that are implemented on a fund level, such as our Paris-Aligned Fossil Fuel (PAFF) Policy which applies to approximately 210 funds. The PAFF policy excludes companies involved in fossil fuel production, distribution, or services if they do not have a recognised strategy to achieve an emissions path that is consistent with the Paris Agreement's goal [17]. More details on our PAFF Policy can be found here.

[17] This analysis builds on data from the Transition Pathway Initiative (TPI), among other sources. Information on the TPI can be found here.



2024 Examples of exclusion decisions

In 2024, the RI Committee decided on the exclusion of four companies from all NAM portfolios (47 in 2023, 39 in 2022, and 50 in 2021), three due to violations of established norms, and one due to involvement in nuclear weapons. Furthermore, in 2022, NAM added all issuers from Russia and Belarus to the exclusion list, because of the invasion of Ukraine. In total, we have 351 companies in our exclusion list.

Principle 8: Monitoring managers and service providers

RI data and service providers

We use various service providers to inform, assist and integrate our stewardship effort. We source data and research from market-leading providers globally. We recognise that each of the leading providers has its own methodology and inbuilt biases, but by taking inputs from a range of sources and applying our own proprietary analysis and approach we believe that we can gain a fuller understanding of companies we invest in. Comparing the data, we receive is crucial for us to assess the quality of the underlying information that we deploy in our strategies.

ISS was selected to provide proxy voting services after a thorough benchmarking and RFP process that included the major providers of proxy voting services. They were reconfirmed in 2023 after our annual review and after they acquired Nordic Investor Services, they provide customised voting recommendations based on our corporate governance principles. We have also decided to add Glass Lewis as a research provider. We make all voting decisions, whereas the external advisor only provide input and second opinion when prompted.

MSCI ESG, ISS ESG, CDP, Impact-cubed, Verisk Maplecroft, RepRisk, Clarity AI, Upright Project, and TrueValue Labs are our data providers for ESG data, and they were selected according to the same process.

Service providers monitoring

Proxy Advisors

We use ISS as proxy voting advisers to provide research and deliver our proxy votes. The actual voting decisions are also influenced by the engagements with companies, and the views of internal investment experts, such as the RI team and PM. Our investment stewardship team retain full control of their voting decisions and may not always follow the recommendations the advisor issues. On a day-to-day basis, voting is delivered on the ISS voting platform by the Investment Stewardship team with support from the RI and investment teams, who analyse resolutions and carry out ongoing dialogue with companies pre- and post-AGM with the aim of better understanding their strategy and pushing for continuous improvement in practices.

We perform annual due diligence of our proxy advisors to monitor how they perform and evaluate the quality of their service to ensure operational integrity, quality of research and implementation of the NAM custom voting policy based on our corporate governance principles. We have identified climate research as an area that the proxy advisors should strengthen.

Our Investment Stewardship Team performs weekly due diligence to ensure that they provide us with the contracted service, primarily proxy voting reports for our holdings, to ensure that we vote as close as possible to 100% of our assets. We have constant monitoring of our positions and systems built to ensure we can vote at General Meetings, using both our own and custodial data and the ISS voting platform. Reports to highlight upcoming AGM are received from the ISS platform and upcoming shareholder resolutions are monitored through the CA100+/PRI/ShareAction/Ceres platforms.

We participated in ISS client survey and roundtable also in 2024 to share our views on topics such as shareholder rights, climate, and remuneration policy. We also participated in similar survey orchestrated by Glass Lewis with topics such as board oversight, executive pay and ESG.

Other service providers, as mentioned in Principle 2, under the section on Responsible Investment Resources, we expanded our data and research capabilities in 2024:

1. Added Glass Lewis as a proxy voting research provider
2. Onboarded Iceberg Data Lab for biodiversity data, featuring their Corporate Biodiversity Footprint (CBF) metric
3. Integrated Denominator for Diversity and Inclusion data, offering standardised social data based on international frameworks
4.

These additions enhance our ability to assess corporate governance, environmental impact, and social performance across our investments.

All our service providers go through the same regular monitoring and due diligence. We seek to identify any significant discrepancies in terms of the outputs from different ESG or climate-related data providers, and (in addition to our standard ESG analysis) conduct a deeper analysis ourselves. For ESG rating providers, we analyse how they produce their ratings, understand the differences, and monitor any evolution in their methodologies. See also below and Principle 3.

Service providers assurance process

We have incorporated automated testing as part the data sourcing process, both where we are sourcing data from data feeds, as well as APIs. These tests include aspects such as mapping issued securities to the correct company, making sure the type of data received is correct, making sure that provided data is within a specific range, making sure that dates are within the correct range and data type, no duplicates are received and more.

For the ESG solutions we create in-house we use *unit tests* which verify that the output of the functions we create behave as they are intended. This is done to ensure that the data from providers align with their methodology. We also produce data confidence indicators which signal if the data received from the providers is stale, imputed/estimated or if it deviates from other data sources. We also use a strict 4-eye review process on any code changes related to data received from our providers.

For data: tests run automatically when we receive updated data from the providers. This is different for each provider, majority of them are on a daily or weekly basis but a few are updated monthly.

For methodology and service: Overall service is assessed on an ongoing basis. We formally review the parameters used for our ESG solutions (the parameters are based on data from providers) on a yearly basis. Intra-year, we are in continuous contact with our providers: with some of them we pose methodology questions and raise data challenges on a weekly to a monthly basis, and with all of them we carry out quarterly checkpoints.

We have a dialogue with our service providers and provide feedback when we identify issues in the data for example by speaking to the company about specific data. We then expect that service provider to review our input and let us know what their views are.

Thanks to this continuous dialogue and feedback mechanism, we are satisfied that our service providers meet our needs and provide us with the service we have contracted them for. The addition of engagement portal provider Esgaia in 2023 was a pivotal move to augment our existing relationship with ISS, which at the time wasn't fully meeting our evolving requirements. This expansion continued in 2024 with the onboarding of Glass Lewis for proxy voting research, Iceberg Data Lab for biodiversity assessments, and Denominator for Diversity and Inclusion data.

Notably, since integrating Esgaia and subsequently enhancing our provider network, we have not experienced the need to switch providers or escalate issues due to poor ESG data quality. This stability and satisfaction with our current data ecosystem underscore the effectiveness of our strategic approach to ESG data sourcing. The diverse range of specialised providers now at our disposal ensures we have access to robust, reliable, and comprehensive ESG information, enabling us to make well-informed investment decisions and fulfil our commitments to responsible investing across various dimensions, including corporate governance, environmental impact, and social performance.

Principle 9: Engagement

Engagement

Being an active owner is central to us achieving our mission of superior long-term risk-adjusted returns because it allows us to work with companies to address ESG risks and opportunities and help them make progress. This is true across our entire investment universe, as our active ownership activities span across all our products, whether they are dedicated ESG or not. This belief guides our engagement approach.

We believe that active ownership is a powerful way to protect shareholder value, enhance long-term returns and foster positive change. This is what our clients expect, and our RI approach is one of the key reasons why they invest with us. We are convinced that ensuring good ESG practices in our funds' holdings is an important part of safeguarding the long-term interests of shareholders and society. When we want to improve a company's management of its ESG risks, we exercise our ownership rights to support and influence the company. This is equally true whether we hold the shares or bonds of an issuer.

While we are fully prepared to exclude or exit companies when we deem it necessary, our experience proves that active ownership can often be an effective tool to improve ESG performance, manage risk and identify opportunities. Our active ownership takes place in two streams – engagement and voting – both are equally important and reinforce one another.

Our engagement approach

We believe that improved management of sustainability risks and opportunities is vital to creating returns with responsibility, and that engagement can result in competitive advantage, increasing the likelihood of companies being successful in the long run – benefitting companies, clients, and society at large. Engaging with our investee companies enables us to address material sustainability risks and opportunities and the adverse impacts their operations.

Our engagement activities combine the perspectives of portfolio managers, financial analysts and ESG specialists to form a holistic opinion and establish coherent engagement objectives. Portfolio managers actively participate in engagement activities together with our ESG analysts. Engagements often run over several years and are carried out either by NAM alone or in collaboration with other institutional investors. Collaboration with other investors is done either under the umbrella of one of the several investor collaboration initiatives described under Principle 4, or bi-laterally (more under Principle 10).

During the engagement period, we conduct regular email exchanges, calls and meetings with the company and track progress against predefined engagement objectives and milestones Engagement may entail a dialogue with the companies' executive bodies and non-executive directors such as the Chair, the Lead Independent Director, and the Chairs of the Sustainability/Remuneration/Nomination committees. Annual General Meetings are a particularly important occasion to express our confidence, or lack of, on individual corporate issues.

The dialogue allows us to put forward our expectations on corporates and to support them in enhancing their sustainability performance. Progress reports and outcomes of the engagement are communicated to portfolio managers and financial analysts, allowing the information to be considered in investment decisions. In cases where an engagement relates to critical issues for the specific investment case or the general investability of a company, failure to meet expectations

will entail escalation of the issue through other stewardship activities, such as voting against the Board or Board motions, and the consideration of quarantine or divestment.

NAM's engagement activities are carried out on behalf of all our funds, and follow this process:



Figure 16: Engagement process. Data as of 31.12.2024.

The overarching objective of our engagement is to help achieve our purpose of delivering the best possible annualised returns for given levels of risk, given our overarching sustainability beliefs. Environmental, social and governance factors can become material financial risks and exert a negative effect on company valuations, as well as potentially affecting a company's license to operate. Our clients want to know that by investing with us, they will contribute to the advancement of a sustainable environmental and social agenda, as well as make good risk-adjusted returns. Engagement is a valuable tool to manage these risks and achieve our purpose.

This agenda is equally important to our employees, and the achievement of our mission to accelerate progress towards a diverse, inclusive, and equitable culture within NAM and Nordea at large. Our sustainability commitments and activities have become, over the years, a key factor on which we can attract and retain our valuable employees.

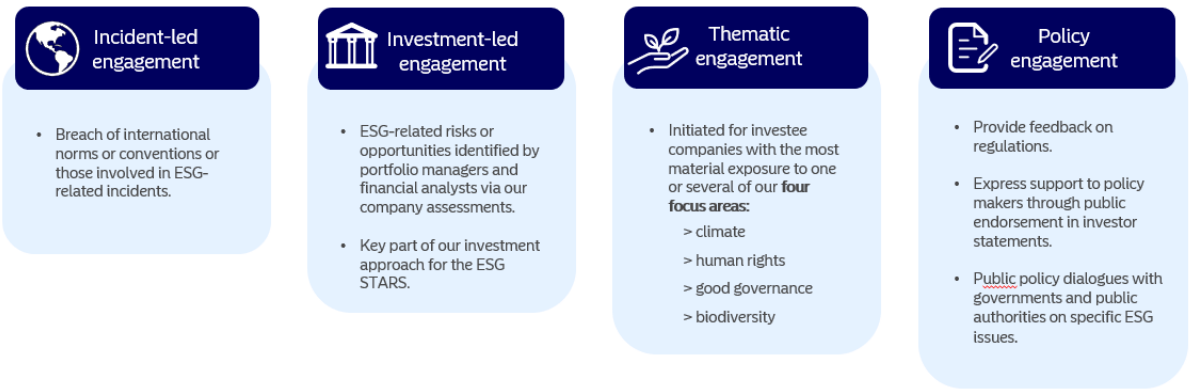
How we select and prioritise companies for engagement

NAM is invested in thousands of issuers globally. We cannot materially engage with all issuers, nor would it be desirable. We have therefore designed rules that determine which companies we will engage with, and with what priority and intensity, so that we maximise the impact of our stewardship activities.

Based on the overarching objectives above, and the priorities and expectations of our four sets of stakeholders (our clients, employees and communities, investment teams, and stewardship team), we have defined the most important drivers:

- ✓ Our commitment to the net zero transition, biodiversity, and a just society;
- ✓ Our business model and objective to maximise returns for any set level of risk;
- ✓ Our values.

Our engagement activities combine the perspectives of portfolio managers, financial analysts and ESG specialists to form a holistic opinion and establish coherent engagement objectives. In 2024 we added policy engagement to our approach, which now means our engagement activities fall into four different categories:



Each theme is closely aligned with the SDGs and relevant ESG risks and has been selected and defined through close collaboration between ESG specialists, portfolio managers, financial analysts, and clients. All our engagements are tracked in Esgaia, our engagement portal, and reviewed by the RI team to monitor progress. Esgaia is accessible to all investment teams in NAM.

Investment-led engagement

Investment-led engagements are identified by Portfolio Managers (PMs), financial analysts and/or the RI team, and are carried out in close collaboration across teams. Investment-led engagements are often proactive of nature and are carried out when material ESG risks are identified that may not be adequately managed, or when opportunities are not deemed to be fully capitalised on. Together, the PMs and the RI team establish the engagement objectives as well as the milestones towards fulfilling the objectives and engages and monitor how the company develops towards fulfilling the stated goals. The engagement goals vary, depending on the investment process and level of ESG integration of an individual investment product. For an example of an investment led case study, please see Varun Beverages in the Engagement overview in 2024 section on page 88.

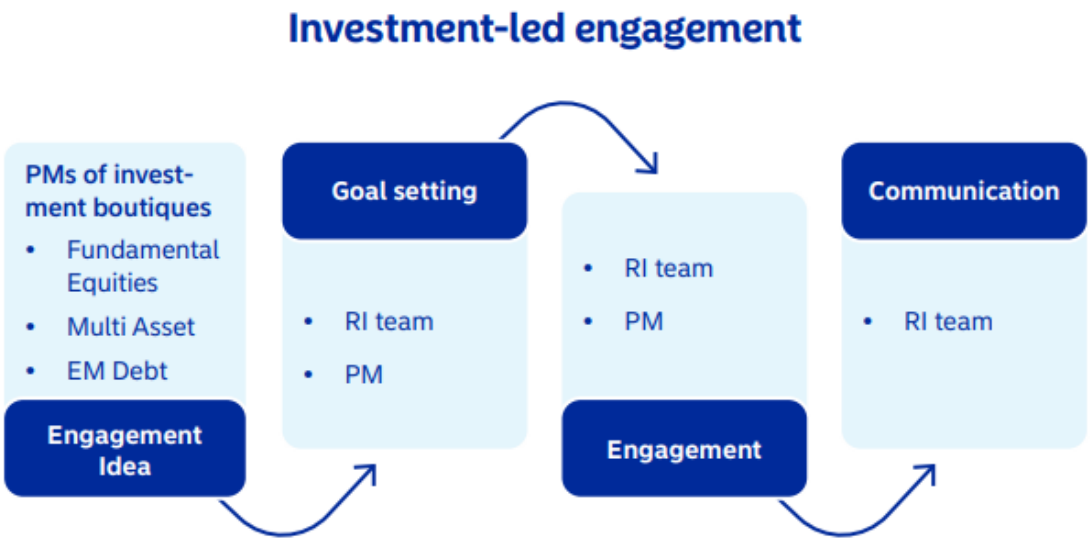


Figure 17: Investment-led engagement process. Data as of 31.12.2023.

The short- or intermediate-term engagement goal may differ between different investment boutiques, although the ultimate purpose of engaging is always to see companies materially improve on their environmental and social sustainability profile. The long-term climate engagement goals are identical, we want all companies to transition to Net Zero 2050, as consistent with our overarching commitment to transition our investments to Net Zero 2050.

For example, in *fundamental equity* products the short- or intermediate-term engagement focus may be on ESG topics that could impact the company's financial performance or valuation metrics. Our *multi-strategy and quant*-based investment products, on the other hand, can target ESG topics where a holding is underperforming and aim to improve the company's ESG score to retain it in the investable universe.

In *fixed income*, investment-led engagements may target issuers that are currently un-investable for a strategy due to their insufficient ESG performance and aim to improve it to be able to include them. Other cases are engagement to target issuers seeking to refinance their bond issue, whether with an ordinary or labelled bond issuance, to secure material ESG commitments.

Finally, our *thematic products* will naturally primarily focus their engagements to addressing topics and performance connected with the theme of the product. These engagements tend to be proactive of nature and focus on seizing thematic opportunities and/or managing risks related to, for instance but not limited to, the energy transition.

Incident and norms-based engagement (including PAI)

Our incident and norms-based engagements address companies suspected of breaches of international norms or conventions or those involved in ESG-related incidents. Engagements with these companies are initiated based upon decision from the RIC. Outliers in terms of Principal Adverse Impact (PAI) metrics may also be engaged. NAM's RI team maintains NAM's PAI monitoring system and identifies cases for analysis and potential action at an entity level. Once these have been analysed by the RI team, they are – where relevant – referred to the RIC. The RIC then decides on the concrete actions to be taken based on how critical the incident, affected norm or PAI scores are.

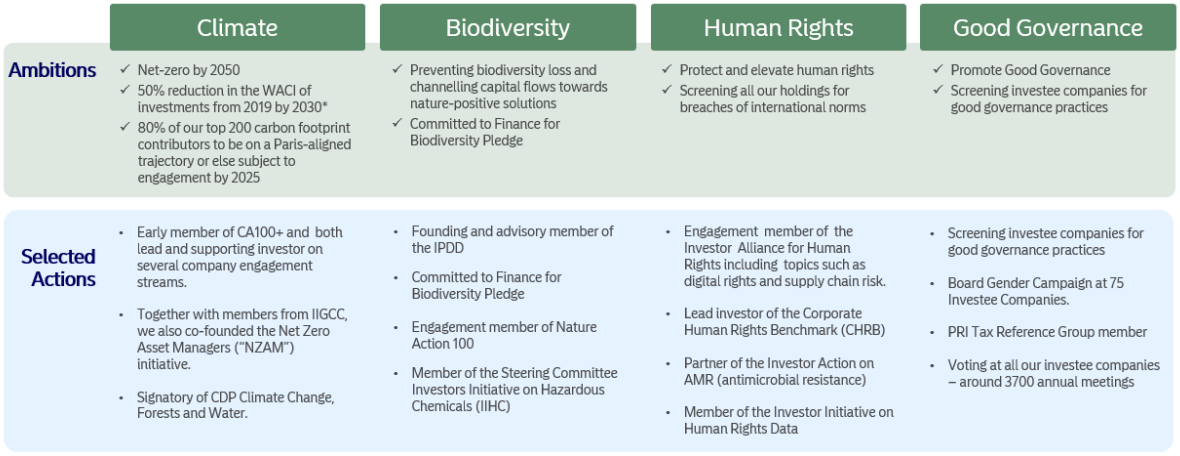
The objective of engaging a company in breach of international norms or conventions or those involved in ESG-related incidents or outliers in terms of PAI is to ensure that the company is taking sufficient measures to address the issues and to strengthen relevant policies and practices and reduce the risk of future norms breaches or incidents.

The RI team presents the RIC with an overview of the companies in breach with international norms or conventions, and PAI on a quarterly basis and provides a recommendation of the preferred action at the end of the pre-defined engagement period. Actions include closing the engagement due to sufficient evidence that the company has addressed the norms-breach or incident, or escalating through voting, collaborative engagement, or divestment, if the company has failed to display adequate measures to address the issue and to strengthen relevant policies and practices. Incident and norms-based engagements are inherently backward-looking, in that it is triggered only after the event.

Engagements that are based on outliers on specific PAI metrics can, depending on the specific data point and metric, be both backward-looking as well as forward-looking and already have the status of an incident or norms breach. Where feasible, we aim to engage in a forward-looking way, with the aim to pre-empt the identified issues from reaching the level of an incident or norms breach at a later stage.

Thematic engagement

NAM's thematic engagements will typically concern one or more of the core focus areas of interest identified in NAM's ESG strategy and ESG funds:



These thematic focus areas are related to major systemic and sustainability risks and opportunities, covering the double materiality perspective, which means that we can engage both on financially material ESG topics as well as topics that have material impact on the climate, nature, and society at large. By engaging on our focus themes, we contribute to the UN Sustainable Development Goals.

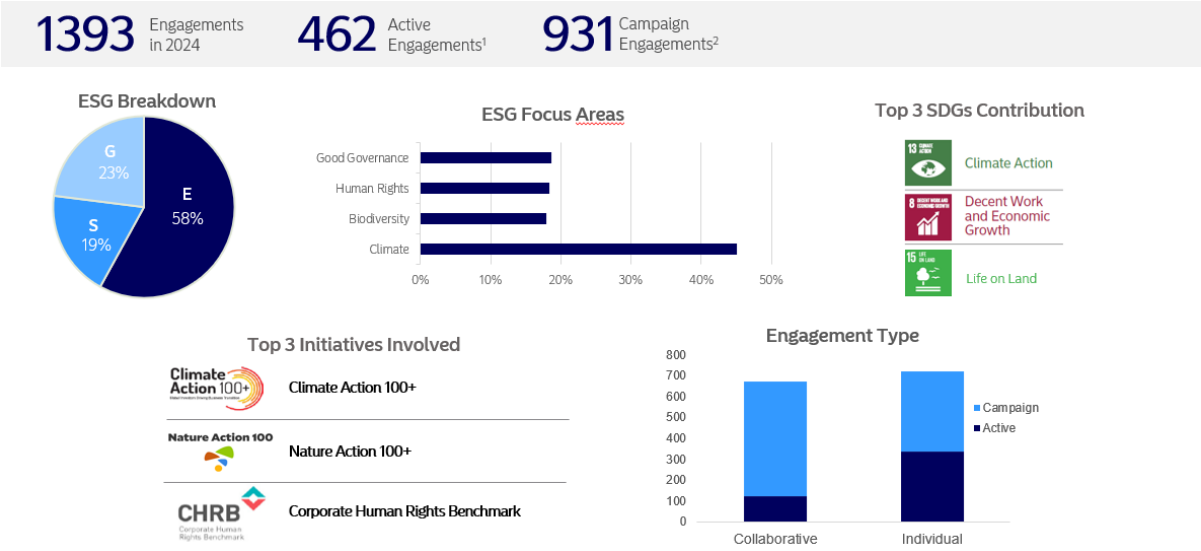
Thematic engagements are selected and defined through close collaboration between our ESG specialists, portfolio managers, financial analysts, and clients, based on material exposure. As in previous years, in 2024, we engaged across all our thematic focus areas. Each theme has theme-specific rules on how to determine which companies to engage with. Under Climate for example, we use the list of the Top 200 companies contributing to our financed emissions, see engagement example in the next section). Under Social and Human rights, we use for example our norms screening, controversy alerts, and Corporate Human Rights Benchmark (CHRB) assessments identifying human rights due diligence laggards.

Typically, our thematic engagements run for several years, and when the engagement is not successful, we use escalation tools such as voting against the Board and filing shareholder resolutions. Thematic engagements can be done individually, where we combine the perspectives of our portfolio managers, financial analysts and ESG specialists to form a holistic opinion and establish coherent engagement objectives and milestones, or in collaboration with other asset managers and asset owners. Collaborative engagements take place within the framework of investor initiatives such as Climate Action 100+, IIGCC, CEC, Nature Action 100, PRI, CDP, ISSB, the Investor Alliance for Human Rights, Investors initiative on Hazardous chemicals or through ad hoc initiatives. Typically, on topics such as climate and biodiversity, collaborating with other investors members of Climate Action 100+, Nature Action 100 and IIGCC proves to be remarkably effective, as we tend to have a common agenda and framework. In some cases, we are the initiator and lead of such initiatives. For all our engagements, we typically choose a mix of collaborative and individual engagement to ensure that we cover the most relevant companies to engage, and we maximise the effect of the engagement.

During the engagement period, we conduct regular meetings with companies and track progress against our pre-defined engagement objectives, milestones, and timeline. This process is the same for investee companies in both equity and fixed income funds. Progress reports and outcomes of the engagement are communicated to clients, portfolio managers and financial analysts, allowing

the information to be considered in all investment decisions. Should the engagement process fail, we will further escalate the issue through other stewardship activities such as co filing or voting for our equity holdings. Escalation related to fixed income holdings could include but not limited to quarantine, no reinvestments in new issuance of bonds, and as a last resort exclusion. As an example, please read our case study related to Climate (Equity) engagement on Diamondback Energy (OGMP 2.0) on page 91. A further example can be found on Biodiversity Fixed income PFAS engagement (FI) example: Avinor on the next page.

Engagement overview in 2024



Source: Nordea Investment Management AB. Data as of: 31.12.2024. E,S and G categorisations are not mutually exclusive. For analytical purposes, we count such instances separately under each applicable category. The resulting figures are then normalised to represent proportions of total engagements. [1] Active engagements are direct company-specific interactions, that involve proactive communication and may include both individual and collaborative efforts while. [2]Campaign engagements are initiatives targeting multiple companies with a shared thematic goal.

Engagement Cases[18]

2024 Biodiversity Fixed income PFAS engagement (FI) example: Avinor

During 2024, we continued our research efforts, focus and engagement activity on the topic of PFAS (per- and polyfluoroalkyl substances). PFAS, sometimes also referred to as 'forever chemicals' are a group of man-made chemicals which are characterised, amongst others, by their persistency in the environment and have been used in various industries for decades.

Given their persistency and the adverse health effects of some compounds within the PFAS family, regulatory pressure, especially in the United States and the European Union continues to increase. Litigation continues to be high risk for PFAS producers and users, mainly in the US, resulting in many costly settlements.

Considering these developments, we have assessed various investee companies' exposure to PFAS and initiated multiple engagements, across several sectors, with companies along the PFAS value chain. We will continue this work in 2025.

Background:
Avinor is a wholly owned state limited company under the Norwegian Ministry of Transport and Communications and is responsible for operating 43 state-owned airports. All Avinor's airports have one or more locations that are contaminated with PFAS due to previous use of firefighting foam. Avinor has, following an order from the Norwegian Environment Agency, initiated extensive clean-up work to prevent PFAS compounds from spreading in nature.

Since 2001, Avinor has used Perfluoroktylsulfonat (PFOS)-free firefighting foam and since 2012 has used firefighting foam completely without fluorine compounds. However, historical use has led to ground pollution at Avinor's airports. The pollution is primarily connected to active and disused fire training areas, as well as other areas that were previously used for training activities. These pollutants still contribute to some PFAS leaking into nature around the airports.

Engagement:
Nordea Asset Management decided to engage with Avinor as the legacy pollution is likely the largest source of PFOS/PFAS pollution in Norway with significant potential environmental and health impacts. We are following up on the actions being taken to secure strong ESG governance and transparency. We are also working to understand downside risks and potential future liabilities.

Nordea Asset Management continued to meet with the company in 2024 for a deep dive into PFOS pollution and to share our ESG governance and disclosure expectations. We continued the engagement in 2024 on strengthened ESG governance, increased transparency and climate and biodiversity.

Outcome:
Avinor is following up on several orders from the Norwegian Environment Agency to map and develop action plans and implement clean-up measures at PFAS contaminated sites. Avinor has carried out significant supplementary investigations and surveys (of the earth, water, sediment, and biota) and 14-15 airports are considered high priority for PFAS remediation. Current remediation methods include excavation and disposal, groundwater cleansing, and soil washing.

[18] Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration.

The company has been exploring new technologies for on-site remediation and working closely with environmental authorities on cleanup plans.

In 2024 we continued dialogue with the company on science-based targets for climate and strengthening their disclosures. The company had their near-term and net-zero targets covering all scopes validated by the science-based targets initiative in July 2024.

Avinor was also preparing for CSRD reporting and conducting various assessments, such as double materiality and climate and nature risk. Avinor is targeting to improve transparency and comparability through their CSRD reporting and confirmed they will consider CDP reporting in the future.

The clean-up work appears to be progressing as planned and Nordea will continue dialogue with Avinor during 2025 on PFOS pollution and biodiversity.

2024 Climate engagement (Eq) example: China Hongqiao Group

Background:
China Hongqiao is one of the world's largest producers of primary aluminium. The sector generates around 2% of global human caused GHG emissions. Especially in emerging markets, aluminium smelters are heavily reliant on captive coal-fired plants to satisfy their electricity needs. Given the vast production volumes and electricity needs that China Hongqiao has, the company has previously been one of our Top 200 contributors to our financed emissions. On this "Top 200" list, we track and analyse how our investments contribute to our overall financed emissions profile and subsequently guides our engagement should they not be on 'Paris-aligned' decarbonisation pathway.

Engagement:
During 2024, we continued the discussion with China Hongqiao for the 3rd year in a row. While the company is progressing towards reducing their emissions through the relocation of smelting assets to Yunnan province which benefits from abundant hydroelectric power, we nevertheless expect additional granularity regarding further emissions disclosure and disaggregation across the Group. Furthermore, we talked about their low-carbon product portfolio as well as recycling capacities and developments within the Group.

We highlighted that we would like China Hongqiao Group to explore emissions reduction targets, both at intensity and absolute, as well as craft a quantified emissions reduction plan which includes the key levers at their disposals, cost assumptions and abatement potential that will ultimately serve as a roadmap to achieve future targets.

Finally, since our last discussion, the company has implemented TCFD reporting which is greatly appreciated and useful to us. We further discussed some of the risks identified within this report and how it would be beneficial for us to better understand how actions and initiatives across the Group serve to mitigate these.

Outcome:
We are pleased to see China Hongqiao's progress on the reporting side through the introduction of TCFD and the continued productive discussions with the company regarding their decarbonisation journey. We aim to continue our dialogue in 2025 with an emphasis on disclosures, target-setting as well as the company-wide levers and initiatives which accommodate and work towards future-targets.

2024 Good governance engagement example: Board Diversity (Eq/Fi)

Background:
We expect a board to include a strong presence of independent non-executive members and to be diverse in gender, experience, age, and other factors. A board should preferably have at least 40% of either gender. This is part of our corporate values, and we want to see our invested companies improve on this metric.

Board Diversity campaign 2021-23, targeting 75 companies with zero female on the board, was successfully closed at the end of 2023. 56 % of the companies made successful developments, and the decision was made to launch a new campaign in 2024.

Engagement:
At the beginning of 2024, the Board Diversity engagement was re-launched, taking on some unsuccessful companies from earlier engagement as well as targeting new companies. In total 56 companies with zero females on their board were included. The companies were advised that if this ratio does not improve, we may vote against relevant directors at the next Annual General Meeting or when the election of directors is on the agenda.

Outcome:
By the end of 2024, 24 out of the 56 companies have acknowledge our expectations and expressed a willingness to act. Out of these 18 companies (32 % of the scope) have successfully acted and elected at least one female representative during 2024.

In December 2024 we followed up with the companies that did not give us a satisfying response and where we could not identify any progress in terms of improved ratio of female board directors. We expressed our intentions to escalate this through during the 2025 voting season.

2024 Water engagement investment led (Eq) example Varun Beverages

Background:
Varun Beverages is an Indian company which manufactures, bottles and distributes beverages. The company's operations are heavily reliant on freshwater; the main raw material used in its products. Thus, having the ability to draw groundwater from underneath its manufacturing plants and freshwater from surface sources is essential to its production process. Given that India is one of the most climate vulnerable countries on earth, and with an increasing frequency and magnitude of droughts, for a company like Varun it is paramount to properly manage water as their key raw material. We expect that this will help Varun to remain a viable business long-term, safeguard their market share and ensure their social license to operate, thus keeping it an attractive investment opportunity.

Since we started this engagement in 2018, we have seen progress from the company evidenced by increased disclosures surrounding their water figures, the auditing thereof as well as a recharge ratio that has outpaced the rate of consumption. For 2024 focus was increased on other material sustainability factors for Varun, including corporate climate targets and their plastic footprint, while continuously monitoring their progress and ambition in water management.

Engagement:
In 2018, we initiated our engagement with Varun by conducting a field visit to one of their manufacturing sites to hold dialogues with the plant manager and employees. In addition, during our trip we met with the CEO and Chairman in a separate meeting. In 2020, we followed up on our engagement to further discuss the topic of water management, highlighting that the company should increase the transparency of its water management activities and have these audited.

During 2023, we once again resumed our engagement with Varun to follow-up on their progress in related to water and to also introduce further sustainability-related topics into our long-standing dialogue with the company. such as climate targets and the reduction of their plastic footprint. These additional topics were followed up on during 2024 with a larger focus on material sustainability factors such as corporate climate targets and their plastic footprint.

Outcome:
Varun has made significant progress in their ESG reporting and initiatives. Their efforts include publishing their first TCFD report, disclosing to CDP Climate, and preparing their ESG report in accordance with GRI Standards. They have also received assurance for their carbon and water footprints from Deutsch Quality Systems (India).

Additionally, the company has set science-based targets, motivated by investor guidance and their desire to contribute to Pepsi's goals and be an ESG leader among suppliers. They have been working for years with Deutsch Quality System which also helped on data collection and successful submission to SBTi. Their approach to reducing emissions spans across all scopes.

Varun initiated a joint venture with Indorama to recycle PET and supply their operations with rPET, aiming for 30% by 2030. This initiative also has clear commercial benefits, helping them manage price volatility of virgin plastic and low availability of rPET.

In terms of water management, they're over-achieving their water positivity target, currently at 1.48 and aiming for 1.4x. This has been a competitive advantage, especially in India, and they're

working to replicate this success in Africa. They're also focusing on water-stressed areas, planning to reduce production in plants categorised as critical or overexploited.

ESG considerations are stated to be a part of all financial/business decision they make, which they consider being reflected in their compensation schemes across all levels of the organisation. We here encourage transparency in disclosure regarding alignment between remuneration and incentive structures with stated objectives in the climate transition plan. Their process for capital expenditure planning integrates both financial and non-financial criteria, but they don't specifically split the overall amount between decarbonisation and technological upgrades. We thus encouraged to in the ESG report detail the place of climate considerations in the capital allocation framework and how sustainability criteria are incorporated into investment and procurement decision-making.

Principle 10: Collaboration

As discussed in the previous section, NAM strongly believes that collaborative engagement is a crucial part of its engagement activities to achieve real world progress with the issuers of which we hold equity or bonds. Therefore, we invest a substantial amount of time in collaborating with other investors to magnify our impact.

In 2024, we participated in 672 collaborative engagements, leading 103 of these. Key collaborations focused on Climate Action 100+, Nature Action 100+, Corporate Human Rights Benchmark, Oil & Gas Methane Partnership 2.0 (OGMP), and Pharma Industry Engagement. Complementing these efforts, we also individually engaged with 721 companies during the same period, demonstrating our commitment to both collective and direct approaches in promoting sustainable practices.

The collaborative engagements where we are the most active are the following:

1. NAM's proprietary methane collaboration engagement (Equity and Fixed income)

Since 2022 we have been leading a collaborative engagement on methane with selected partners and clients with more than €3.7 trillion in assets under management. In 2024 we continued engagement with 65 oil and gas companies and utilities companies on the disclosure and mitigation of their methane emissions.

The primary ask is for the companies to achieve near-zero methane emissions backed by the Oil and Gas Methane Partnership 2.0 (OGMP 2.0) Gold Standard reporting. The OGMP 2.0 aims to deliver a 45% reduction in the industry's methane emissions by 2025 and a 60-75% reduction by 2030.

Methane is a powerful greenhouse gas, estimated to be contributing to 30% of global warming today. Reducing methane emissions is critical for our investee companies to achieve a 1.5-degree pathway and we believe that reducing methane emissions from oil and gas in the next decade is one of the most cost-effective forms of climate risk mitigation.

We saw substantive results from our engagement efforts in 2024. Six companies in the engagement group joined the OGMP 2.0 in 2024: Chevron, Exxon Mobil, OMV, Pertamina, Woodside and Vital Energy. Another eight companies in the engagement group - Aker BP, Chesapeake Energy (now Expand Energy), Coterra Energy, Diamondback Energy, EOG Resources, INPEX, Pioneer Natural Resources and Petrobras – were on the Gold Standard pathway in 2024 based on a credible implementation plan. Equinor achieved Gold Standard reporting for operated assets.

As part of a holistic approach including policy engagement and standard setting, we complemented our 2024 engagement activities with policy engagement with Environment and Climate Change Canada and interaction with leaders from oil and gas companies and utilities at industry events in Amsterdam, New York and Toronto as ways to effectively advocate for industry-wide methane mitigation. Nordea Asset Management also contributed to the Institutional Investors Group on Climate Change report Addressing methane emissions from fossil fuel operations to support investors to address methane risks in their portfolios.

Although we have seen strong engagement results in 2024, the engagement continues to experience resistance to joining the OGMP 2,0, especially from midstream and utilities companies and operators in the Permian basin and Canada. We are facing substantial regulatory headwinds

and uncertainty in the United States. The midstream segment is challenged by lower measurement technology maturity, the complexity of implementing direct measurement along vast pipeline assets and uncertainty around cost recovery. The utilities segment is constrained by state regulatory planning and approval processes that are not currently conducive to long-term commitments and investments such as those under the OGMP 2.0.

In 2025 the engagement priorities are to continue to grow OGMP 2.0 membership in North America; as well as among Oil and Gas Decarbonisation Charter (OGDC) signatories, such as Mitsui and YPF; and in under-represented markets. We are targeting that Canadian company Africa Oil Corp will join during 2025. Our other priorities are to drive progress towards Gold Standard pathway/reporting and to deepen engagement with the waste management sector on methane.

2024 Collaborative Engagement (Eq) example: Diamondback Energy

Background:
An example of progress where we lead a collaborative engagement is Diamondback Energy. Diamondback is an independent oil and natural gas company headquartered in Midland, Texas focused on the acquisition, development, exploration and exploitation of unconventional, onshore oil and natural gas reserves in the Permian Basin in West Texas, the basin with the highest methane emissions in the United States.

During 2022-2023, we engaged with Diamondback Energy on methane emissions, Paris alignment progress, and methane policy advocacy, focusing on this topic due to their emission volumes and the urgency of reductions. We assessed them as a suitable candidate for OGMP 2.0 given their existing commitments to continuous emission monitoring and methane intensity reduction targets, as well as their range of abatement opportunities. We believed that the additional asset-level methane data reported to OGMP 2.0 would help Diamondback target abatement efforts for their Permian basin assets.

Engagement:
In 2022 we sent a letter to the CEO of Diamondback encouraging them to join the OGMP 2.0 and met with the company on methane in the second half of 2022 and in 2023. We expressed our expectation that the company should follow the example set by several of their peers and business partners and improve their measurement and management of methane emissions.

We also engaged with the company on progress toward Paris agreement alignment and encouraged the company to report their scope 3 emissions, which are highly material for the company. In 2024 we continued to follow the company's progress towards being on a pathway aligned with the OGMP 2.0 'Gold Standard.' which was achieved in November 2024. We have commended Diamondback's alignment with the Gold Standard pathway and shared our updated oil and gas expectations for Paris agreement alignment with the company. The expectations have recently been expanded to include governance and policy advocacy.

Outcome:
The company joined the OGMP 2.0 in March 2023 and they were assessed as being on a Gold Standard pathway in November 2024. The company has three years to achieve the Gold Standard reporting for their operated assets.

Diamondback Energy has made progress on its climate and emissions reduction goals in 2024. The company achieved its target of implementing Continuous Emissions Monitoring Systems

(CEMS) on over 90% of its operated oil production, reaching 96% coverage by the end of 2023. The company also converted two of its four frac fleets to electric power, which helps reduce emissions and costs. Additionally, Diamondback collaborated with VoltaGrid to create a micro-grid in the Permian Basin that powers some field operations using associated natural gas from wells, further reducing emissions. Since 2023 the company has been reporting scope 3 emissions for category 11, use of sold products.

On methane, Diamondback is working towards its goal of reducing methane intensity by at least 70% from 2019 levels by 2024. Diamondback has implemented various methane reduction initiatives, including replacing natural gas pneumatic devices with compressed air units, installing vapor recovery systems, and conducting regular leak detection and repair using technologies such as FLIR cameras. Diamondback Energy has the status 'monitor' in the methane engagement meaning that we continue to monitor the progress of the company and will follow-up as required.

2. Climate Action 100+ and its European arm IIGCC

We are active participants in Climate Action 100+, a collaborative five-year global initiative led by investors to engage with the world's largest corporate greenhouse gas emitters to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures. We co-lead engagements for Air Liquide and Xcel Energy, and we are a collaborative investor in a further eight, including SSAB, Walmart, Samsung Electronics, and International Paper company.

In addition, we continued our work in IIGCC's Net Zero Engagement Initiative, which was founded in 2023, with a set up to complement the Climate Action 100+ focus list, including more companies on the fossil fuel demand side. The central ask of investor engagement via NZEI is a corporate net zero transition plan., that is in line with the Net Zero Investment Framework (NZIF) corporate criteria. These are the same criteria that we use for our own in-house Paris alignment maturity assessment. As of date we are lead on 9 NZEI engagements, including Hindalco Industries, Solvay, and Antofagasta.

2024 Collaborative Engagement (Eq) example: Petrobras

Background:
An example of progress in a collaborative engagement is Petróleo Brasileiro S.A, known as Petrobras. During 2022 we engaged with the state-owned Brazilian oil and gas company on their methane emissions and on other climate topics such as their net-zero reporting and targets, together with the Climate Action 100+ investor cohort. We also engaged with Petrobras as part of our initiative on methane.

We chose to focus our efforts on the topic of methane emissions based on Petrobras' methane emission volumes, their suitability as a candidate for the OGMP 2.0, and the urgency of reducing their methane emissions to achieve alignment with the Paris Agreement. International Energy Agency data has clearly identified high levels of abatable emissions at offshore oil and gas assets, where Petrobras is a dominant player. Petrobras is in a production growth phase and therefore it should be a priority to build engineering solutions which minimise methane emissions into the design of the new fields and production units. We saw a wide range of abatement opportunities at Petrobras, and we expect that additional asset level data on methane emissions would help in targeting abatement efforts.

Engagement:
We sent a letter to the CEO of Petrobras encouraging them to join the OGMP 2.0 and had meetings with the company on methane in the second half of 2022. We expressed our expectation that the company should follow the example set by several of their peers and business partners and improve their measurement and management of methane emissions.

Outcome:
The company acknowledged the importance of this issue and conducted an extensive technical review on the feasibility of reporting according to the OGMP 2.0 standard. In January 2023, Petrobras announced that they had joined the Oil and Gas Methane Partnership 2.0. Nordea continues to follow-up on Petrobras' progress on achieving Gold Standard reporting. In 2023 and 2024, UNEP assessed that Petrobras was on a Gold Standard pathway based on a credible implementation plan. The Gold Standard pathway has been awarded to companies who demonstrate an explicit and credible path to report all material assets at levels 4 and 5 within 3 years for operated ventures and within 5 years for non-operated ventures. The Gold Standard pathway designation is maintained by meeting the credible path and continuing to progress reporting to level 5 for most material assets.

Nordea Asset Management met with sustainability experts from Petrobras in New York in September 2024 and agreed that the company could support on engagement efforts by sharing their OGMP 2.0 implementation experiences with other National Oil Companies who are not yet members of the OGMP 2.0, such as YPF and PEMEX.

3. Corporate Human Rights Benchmark (CHRB)

Corporate Human Rights Benchmark (CHRB) provides a free and publicly available comparative assessment of the world's largest publicly listed companies. It assesses company's policies, processes, and practices related to human rights.

Between 2016 and 2020, we were a funding and steering committee member actively involved in the development of the CHRB, which has now been integrated with the World Benchmarking Alliance (WBA). During this time the CHRB produced five iterations of in-depth data on corporate human rights practices in five high-risk sectors - food and agricultural products, ICT and automotive manufacturing, apparel, and extractives - and 244 of the world's largest companies from 2018 to 2023.

The indicators of the CHRB are grounded in the UN Guiding principles on Business and Human Rights (UNGPs) and other international human rights standards. In 2020 the CHRB was integrated with the World Benchmarking Alliance and its core human rights indictors are now integrated in WBA Social Benchmark covering 2000 companies.

Since 2017 NAM has been a collaborative investor engaging with companies scoring zero on human rights due diligence. The engagements are coordinated by the Investor Alliance on Human Rights (IAHR) with more than 200 participating investors.

In the autumn of 2024, after seven years and five iterations of benchmarks, a comprehensive review of the Corporate Human Rights Benchmark was conducted. The review showed that although progress among sectors and topics is uneven, 64% of companies have progressed on their human rights performance in five years. Improvements have been more noticeable for the companies that were actively engaged by investors and in the automotive sector and the ICT sector.

The CHRB assessments and company scoring are also used in our on-going engagements with some very large companies on human rights and workers' rights. One successful example is Starbucks. The company has been involved in various labour disputes with staff in the US and the company's commitments on freedom of association and collective bargaining. We have had several meetings with the company and have used our voting power to support shareholder proposals asking for improved disclosure and performance regarding worker's rights and votes against directors. In 2024 Starbucks finally came to an agreement with the unions to begin the discussions on a framework designed to achieve collective bargaining agreements and fair processes for union organising. While the process is still ongoing, the company tells us they stay committed.

Three other examples of ongoing engagements on human and worker's rights are Amazon, Alphabet and Tesla. As these companies are progressing slowly, we escalated our engagement efforts in 2024. At Amazon we re-filed a shareholder proposal we co-filed at Amazon last year – asking the board to commission an independent, third-party assessment of Amazon's adherence to its stated commitment to workers' freedom of association and collective bargaining rights. The Proposal received 31.8% support last year, which is a very good result.

At Alphabet (Google) we co-signed an investor letter for Alphabet's board asking the board to act on a shareholder proposal that we supported last year. The proposal asked the board to publish an independent third-party Human Rights Impact Assessment ("HRIA") to examine the actual and potential human rights impacts of Alphabet's AI-driven targeted advertising policies and practices.

Tesla has for many years failed to respect union rights in the United States. In 2023 Tesla workers in Sweden went on strike because the company would not sign a collective agreement for its workers – the typical labour market model in Sweden. To escalate our on-going engagement with Tesla we co-filed a shareholder resolution on labour rights and the rights to freedom of association and collective bargaining at Tesla's 2025 AGM.

Another issue we have addressed in our engagement with Tesla is responsible sourcing of cobalt. Key to the electric vehicle technology is the battery, containing several different minerals, including cobalt. To improve our understanding of industrial mining of cobalt in the Democratic Republic of Congo, we commissioned a field study from UK based RAID (Rights and Accountability in Development). The research was published in 2021: The Road to Ruin? Electric vehicles and workers' rights abuses at DR Congo's industrial cobalt mines. We have shared and discussed the report with Tesla.

The demand for cobalt and other critical minerals will increase dramatically with the transition to a low carbon economy and so will the environmental and human rights challenges. We believe we can play a constructive stewardship role in the development of a mining sector that meets the needs of the society and companies in a responsible manner.

2024 Human rights/CHRB engagement (Eq) example: Starbucks

Background:
Starbucks is one of the companies that have been assessed by the Corporate Human Rights Benchmark (CHRB) since 2017, scoring low on human rights due diligence. We have engaged with the company on human rights and transparency for several years as collaborative investor. We also conducted individual engagement. We have seen progress related to Starbuck's human rights policy and CHRB score, but we and the other CHRB investors decided to continue engaging Starbucks on their overall CHRB score. Also, the company continued to be involved in labour disputes with staff in the US.

Engagement:
At the 2020 and 2021 AGMs Nordea has voted against the chair of the Nomination and Corporate Governance Committee due to the lack of progress and transparency on how the company addresses human rights. Although the lack of updates related to HRDD ahead of the company´s AGM in 2022 Nordea AM informed that given the 2021 CHRB assessment results we would continue to vote against. On May 2022 Nordea and the collaborating investors met with the company where Starbucks informed that they had published the Starbucks Fiscal 01 Global Environmental and Social Impact Report with human rights disclosure and their new Zero-tolerance indicators. In the 2022 assessment Starbucks has improved their score however they continue to have controversies on human rights.

For the 2023 AGM, a shareholder proposal asking the company to Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining Rights was filed with Nordea supporting the proposal.

Ultimately, the proposal received 52% of investor support. During the latter half of last year, we met with Starbucks representatives to discuss the norms case and their CHRB score. In December 2023, the company issued a letter to shareholders, on the back of the majority-supported resolution highlighting that they have engaged a third-party assessor to investigate past practices related to union activities and to deliver a "comprehensive and impartial report". The results of the report highlighted that while the company could have handled the topic better in a multitude of ways it "found no evidence of an anti-union playbook".

Following the disclosures and statements by the company, we met in early January 2024 to further discuss the implementation of the recommendations. In parallel, a proxy contest for the Board of Starbucks was ongoing, with the 'Strategic Organising Center' (SOC) fielding their own slate of candidates. Towards the end of February, a breakthrough was achieved when Starbucks released a joint statement together with Unions to work towards collective labour agreements. The company stated that they are committed to creating collective bargaining agreements for unionised stores and partners, a fair organising process for all not-yet-unionised workers as well as an end to all litigation. In March, the SOC withdrew its Board nominees following the agreement between the company and Unions, marking an end to the proxy contest.

Outcome:
Ahead of their upcoming Annual meeting, Starbucks reaches out again, this time to discuss the proxy contest at upcoming AGM in March 2024. At the AGM we supported the re-election of current board members and then evaluate the company's progress towards the labour agreement during 2024.

4. IIHC- Investors Initiative on Hazardous Chemicals

IIHC is a collaborative investor engagement initiative focused on hazardous chemicals. In 2022 we joined a collaborative engagement campaign targeting producers of hazardous chemicals such as PFAS. This engagement is coordinated by the Investor Initiative on Hazardous Chemicals (IIHC), which is supported by the Swedish NGO, ChemSec, and draws upon ChemSec's benchmark assessments, 'ChemScore', of the 50 largest chemical producers in the world. We are members of the Steering Committee of the IIHC and during 2024 were leads on three engagements, acting as support on two further engagements. Currently, 21 companies are actively engaged in the initiative and 9 companies are included in a new light engagement stream.

The three main asks in the initiative are:

1) Increase transparency, by disclosing the full list and production volumes of all hazardous chemicals produced globally.
2) Publish a time-bound phase-out plan of products that are, or contain, persistent chemicals. The phase-out plan should include a realistic road map with clear KPIs to track progress.
3) Develop safer alternatives for hazardous chemicals. Set a 2030 target for the share of revenue generated by safer solutions and publish a strategy to achieve it.

In November 2024, the new rankings, ChemScore report cards[19], were released and in tandem all 50 CEOs of companies assessed by ChemSec received letters including the three asks from IIHC. These letters are then followed up by each engagement team during the call season to support and monitor the progress of the companies towards the three asks.

One of the companies we have been engaging with since 2023 is 3M, which in 2022 announced that they will exit PFAS manufacturing as well as a phase-down of the usage of intentionally added PFAS across their portfolio by the end of 2025. During 2024, we continued the dialogue on the key asks of the IIHC engagement as well as more specifically on 3M's progress towards meeting their announced targets and how to disclose progress, especially towards the latter target.

Related to the Investors initiative on hazardous chemicals we´ve also supported public policy.

5. Finance for Biodiversity Pledge

The Finance for Biodiversity Pledge is a commitment of 194 financial institutions, representing over €23 trillion in AuM, to protect and restore biodiversity through their finance activities and investments. The Pledge consists of five steps financial institutions promise to take:

a. Collaborating and sharing knowledge
b. Engaging with companies
c. Assessing impact
d. Setting targets
e. Reporting publicly on the above before 2025.

We are contributing to the development of the initiative via our active participation in several working groups including the Engagement with Companies working group, which provides guidance on how to engage companies on biodiversity-related topics and identifying collective biodiversity engagement opportunities, the Impact Assessment working group which works to develop biodiversity measurements as well as guidance of how to integrate biodiversity into

[19] ChemSec (2024): ChemScore 2024

financial decision making, and the Target Setting working group which aims to establish a target-setting framework for financial institutions.

During 2024, at NAM we also conducted our first biodiversity impact and dependencies assessment, we have mapped our holdings to the 'Exploring Natural Capital Opportunities, Risks and Exposure' (ENCORE) dataset. The aim was to determine:

- The proportion of our holdings that are invested in sectors with the most material exposure to impact drivers
- The proportion of our holdings that are invested in sectors with the most material exposure to dependencies on ecosystem services

This was a first step in improving our assessment of our holdings' exposure to biodiversity risks and dependencies and will help to focus our efforts on the most material sectors, impact drivers and dependencies on ecosystem services in line with the expectations of the pledge. In 2024 we developed initiation targets in line with the FfB requirements, which focus on governance, education and strategy aspects across the organisation, as well as impact and dependencies assessments to help determine priority areas. These targets are to be published during 2025.

6. Nature Action 100

NAM is a member of Nature Action 100 which is a global investor engagement initiative representing over 200 investors with more than USD 26.6 trillion in assets under management launched in 2023 and focused on driving greater corporate ambition and action to reverse nature and biodiversity loss. The initiative focuses on key sectors crucial for reversing nature and biodiversity loss, targeting 100 companies identified as critical for biodiversity protection and restoration. NA 100 calls on companies to take six key actions: Ambition, Assessment, Targets, Implementation, Governance, and Engagement. To support investors in understanding and managing material nature-related financial risks and opportunities, NA 100 has developed a benchmark measuring progress on these six actions and related indicators. In 2024, Nordea Asset Management (NAM) is actively participating in seven corporate engagement streams across several sectors. Almost all companies in the initiative are currently failing the expectation related to a proper impact and dependencies assessment which has been one of the main focus areas during the first round of engagement in 2024.

7. The Investor Alliance for Human Rights (IAHR)

We are a member of this investor initiative focusing on the investor responsibility to respect human rights, corporate engagements that drive responsible business conduct, and standard-setting activities that push for robust business and human rights policies. We are currently a collaborative investor in several companies' engagement working groups which include the Corporate Human Rights Benchmark (CHRB) Investor Initiative; and the Investor Initiative on Digital Rights.

8. International Financial Reporting Standards (IFRS) Sustainability Alliance

We are founding member of SASB's Investor Advisory Group (IAG), which has now transitioned into the ISSB Investor Advisory Group (IIAG) after the consolidation of the Value Reporting Foundation's into the IFRS Foundation. As a founding member, and at the time, Chair of SASB's Investor Advisory Group (IAG), we encouraged global and sector specific standards for sustainability reporting enabling investors to accurately assess financially material risks and opportunities of their investee companies.

Throughout the active engagement period, companies received letters as well as invitations to Corporate Investor Dialogues. Overall, following a final review at the end of 2023, we see the

engagement as a broad success, with 231 (86.8%) companies out of the initial 266 having started to report at least partially SASB-aligned metrics. while 34 (12.8%) companies did not report in anyway in line with recommendations of SASB. One company was removed from the scope during the engagement period given a change in our holdings. As a result, we closed this engagement in 2024.

NAM remains present on the ISSB Investor Advisory Group through our Head of Responsible Investment as well as our Head of Climate & Nature. During 2024 the ISSB has focused on enhancing the SASB sector specific standard and supporting additional jurisdictions to adopt IFRS S1 and S2.

9. Digital rights

As stated previously, the application of Human Rights is large and with technological developments, digital rights have become a major topic for us. Information and communication technology companies have immense control over the lives and identities of their users and must commit to respecting freedom of expression and privacy on their platforms and services – such human rights in online environments are often referred to as digital rights. Companies' implementation of that responsibility should align with the expectations outlined in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

NAM is part of the Digital Rights & AI Accountability investor working group which focuses on digital rights risk which includes privacy, freedom of expression, democracy and security, worker's rights and child safety online. More than 30 investors participate in these engagements with tech companies. The group also collaborates with civil society stakeholders and digital rights experts.

In 2024 NAM joined UN in the "Children and the Digital Environment" collaborative engagement. This engagement is a Swedish investor engagement targeting Swedish telecom and gaming companies, with the goal to support UNICEF on addressing child online safety.

10. Investors Policy Dialogue on Deforestation (IPDD)

NAM is a founding member of the Investors Policy Dialogue on Deforestation (IPDD), a collaborative engagement aimed at initiating and coordinating a public policy dialogue on halting deforestation in selected countries, established in 2020. NAM is a member of the management committee as well as the Brazilian and Indonesian work streams. The IPDD engages with public agencies and industry associations on this issue.

A new IPDD Consumer Countries workstream was launched in 2022, which will engage with government-related authorities and associations, and other stakeholders in key consumer regions -European Union, United States, United Kingdom, and China- on deforestation-free commodity regulation.

Since Lula took office as president, Brazil have made several deforestation commitments and IPDD have had several dialogues on the implementation of these commitments. IPDD has also met with several stakeholders.

Indonesia held its presidential elections in 2024, which made government engagement more difficult. IPDD Indonesia engagement with other stakeholder such as the Indonesian Banking Association and co-organised a webinar on ESG Investing with Indonesia Stock Exchange (IDX) and Tropical Forest Alliance (TFA) in April, with more than 300 participants.

In November 2024 the IPDD co-chairs put out an investor statement in support of the European Union Deforestation Regulation (EUDR) and voicing concern on the amendments that would extend the delay in the EUDR's introduction and undermine the content of the legislation.

11. Responsible Tax Engagement

In 2024 we took the decision to step back from the collaborative engagement on responsible tax and instead focus our attention on other corporate good governance related engagements such as minority shareholder rights and executive compensation.

12. Nordea aquaculture engagement on nature and climate

Since 2023 Nordea Asset Management has been conducting an integrated nature and climate engagement with the aquaculture sector. In 2024 we continued our engagement dialogue with Bakkafrost, Lerøy Seafood, Mowi, Nordic Aqua Partners and SalMar. In collaboration with the Norwegian Veterinary Institute, the engagement asks seafood producers to implement biosecurity plans based on best operating practices to prevent disease occurrence, reduce mortality and secure fish health and welfare.

Sound biosecurity practices also contribute to efficient production of food that is safe to eat and reduces climate impact. In addition, the engagement outlines expectations for improved nature and climate disclosures and target-setting, and sustainable aquaculture certifications across all operations. During 2023 and 2024 several of the salmon producers in the engagement have had serious biology-related controversies that have significantly affected fish welfare and mortality. In the case of SalMar, the company received a record MNOK 30 million fine in November 2023 from the Norwegian Food Safety Authority due to severe breaches related to fish health and welfare. The Norwegian Food Safety Authority found several shortcomings in SalMar's fish farming operations, including inadequate fish health and welfare measures.

Nordea Asset Management continued engagement with the company in 2024 on several controversies in Norway and more broadly related to the company's biosecurity plans, policies, procedures and capabilities and investments in fish health and welfare. In encouraging early engagement progress SalMar announced In March 2024 an initial NOK 500 million investment in

‘Salmon Living Lab’, a collaborative innovation and R&D initiative focused on fish biology with the aim to reduce fish mortality and improve fish welfare. Nordea Asset Management continues to follow up with the company on the progress and concrete deliveries from the ‘Salmon Living Lab’.

Principle 11: Escalation

Escalation is a key part of our engagement process and stewardship tools. We set objectives, timeframe, and escalation strategy for each engagement we undertake. We prioritise issues for escalation based on progress of engagement, timeframe and our focus areas.

Our strategy differs between equity and fixed income investments. For equities, voting against the company or certain board members at the AGM is our most typical escalation strategy to manage insufficient progress. This is a global approach. At European and US companies where shareholder proposals are common, we support, or in some cases file, shareholder proposals as a means of escalating an engagement. Our escalation strategy is determined by the issue and expected company's responsiveness.

For fixed income assets, our strategy depends on whether it is a company or a sovereign issuer. If it is a company, and it needs to issue more bonds, we demand progress on our key issues or withhold from purchasing the new issue. We may also sell our bonds if we feel we cannot continue to support the company.

For a government, we demand progress on key issues, otherwise we may sell our holding and refrain from buying any further bonds from that specific sovereign issuer. In both cases, we typically continue to engage to pursue progress.

Escalation Tools

In 2024, we refined and formalised our escalation framework for engagements that do not meet our expected progress milestones. This structured approach enhances our ability to drive positive change in investee companies.

Collaborative Engagement

We believe that joining forces with other investors in engaging with companies is an effective way to achieve successful engagement outcomes. While we also engage individually, we see collaborative engagements as an important part of our Active Ownership work. Engaging in this way allows us to share views with other industry players, and to scale up the impact of our engagements.

Stakeholder Engagement

Interacting or partnering with other stakeholders such as trade or industry organisations, NGOs, experts, standard setters and regulatory bodies can be an efficient means of escalating an engagement.

Media and Events

Using different media channels, organising webinars and conferences to further engagements with companies or industries are another method to escalate engagements and raise awareness.

Public Statements

We may individually or jointly with other investors or organisations issue public statements to highlight our position on a key ESG topic, our differing views or our expectations on best practices and conduct.

Letters to CEO or Board of Directors

To make our voice heard at the highest levels in a company and to underline our expectations on key issues, we may send letters to either the CEO, the Board Chair, Independent Directors, or to

individual members of the Board, such as those chairing specific committees, either individually or together with other investors. These letters can be open or submitted in confidence.

Annual General Meetings

At AGMs, we can use our voting rights as well as the overall meeting to influence the company, escalate an engagement or lay out our support for or opposition to specific issues and votable items.

- Proxy Voting:

We aim to vote at all companies we are invested in and to do so we attend AGMs and use proxy voting. At the AGM we can use our voting rights and power to support or vote against directors, items and shareholder and management proposals. We can thus use our voting rights and power to influence companies on certain matters and to support and escalate our engagements.

- AGM Communication:

In addition to voting, we can ask questions, express concerns or read out statements (during the Q&A or submitted beforehand).

- Pre-AGM Meetings:

At pre-AGM meetings initiated by us or the company, we can discuss certain items on the ballot related to an engagement and discuss our voting intention and rationale with the company. These meetings allow us to further highlight our position on key issues and why we may be inclined to vote against management items or for specific shareholder resolutions.

- (Co-)filing of Shareholder Resolutions:

We may file or co-file shareholder resolutions with other investors to put an expected change of behaviour or disclosure up for vote at a company's AGM.

To gather support for a shareholder proposal which we have co-filed, we can initiate investor campaigns and/or file exempt solicitations.

- Pre-declaration of voting intentions:

We can also pre-declare our voting intentions, for example via the PRI voting platform, our own homepage or via other channels.

Quarantine

We may quarantine a company, meaning portfolio managers cannot increase their position, for all NAM funds or for a subset (for example in the STARS, Responsible and Thematic ranges) should a controversy arise related to the company. The quarantine will be kept in place until we have reasonable grounds that the company is addressing or remediating the issue. Should this not happen, we may ultimately exclude the company.

Exclusion

In cases of serious breaches of international norms on environmental protection, human rights, labour standards, anti-corruption, or other norms, we may initiate an internal assessment of the company and the incident, with the ultimate outcome potentially being exclusion across all Nordea funds. De facto exclusions may also be applied only for specific types of funds, for example our STARS, Responsible and Thematic ranges.

Our new escalation process for Incident and norms-based engagement

Additionally, in 2024, we formalised a new escalation process for Incident and Norms-based engagements. While all engagements may be escalated, we follow a clear, time-bound and delineated process for our 'RIC Norms' engagements. These engagements take place with companies that are alleged to be in breach of international norms or conventions or those involved in significant ESG-related incidents.

Using our data providers, we screen our investment portfolio for companies which are alleged to be in breach of international norms or conventions. Should a possible breach be detected, our Responsible Investment team assesses the case based on factors such as severity, magnitude of impact, as well as the company's degree of involvement and culpability. This assessment is presented to our Responsible Investment Committee (RIC), which is chaired by Nordea Asset Management's CEO and convenes on a quarterly basis.

Following the presentation of the case to RIC, the committee may decide that a direct exclusion is warranted or that the Responsible Investment team should initiate an engagement related to the breach to acquire further information and/or a commitment to remediation. If the matter is deemed by RIC to be inconsequential, the committee may also decide to take no further action.

If RIC decides that an engagement should be initiated, we follow a clear process, with time-bound milestones that must be met. Depending on the severity of the case, the response or responsiveness of the company, as well as additional information we receive during the engagement, we may decide to make use of the additional escalation tools described previously, quarantine or exclude the company.

Following the decision to engage, we contact the company highlighting the alleged breach and requesting a meeting with representatives of the company. We also highlight that an unsatisfactory conclusion of the engagement case may ultimately lead to an exclusion from NAMs portfolios.

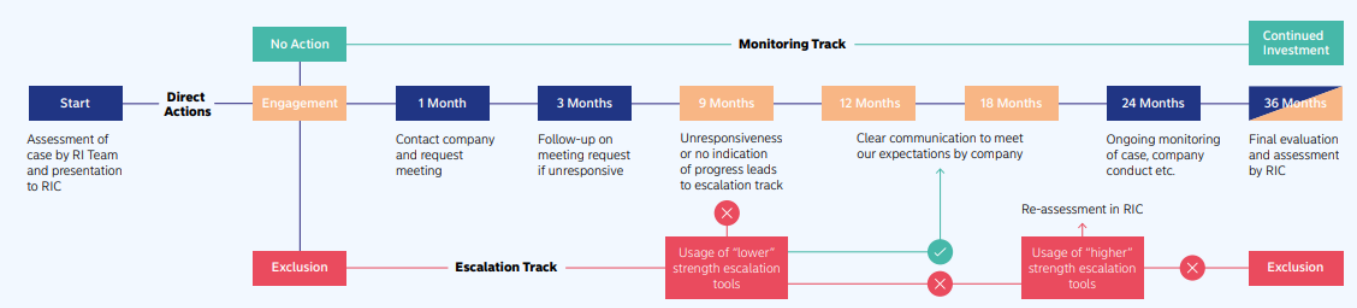
Should the company not respond, we follow up in regular increments. If the company remains unresponsive or there is no positive progress on the case around the 9-month mark, we will begin using "lower" strength escalation tools, as described in the escalation toolbox (please see 3.1.6. for further elaboration of the tools at our disposal). If we cannot achieve positive momentum in our engagement through the "lower" strength escalation tools, we will consider "higher" strength tools as well as present the case to RIC for re-assessment. Ultimately, should these tools not yield our expected change and positive progress, the escalation track may lead to an exclusion from NAMs portfolios.

After 18 to 24 months, we aim to have received clear communication by the company detailing its approach to remediation or meeting the objectives we have set for the engagement. Finally, we continue to monitor the case, the company's conduct and any new information that arises before presenting a final evaluation of the case and engagement to RIC.

Following the three years of engagement, we expect that a company has made meaningful progress towards our objectives which align with remedying the breach, strengthening processes and procedures to prevent reoccurrence etc. We may continue the engagement on a "lower" intensity to continuously monitor progress in complex cases, where for example litigation or longer drawn-out remediation may impact the process.

While this process details the steps we take, individual engagements may have different timelines on a case-by-case basis given the complexities and differences between engagements, the specific severity of impacts and the requirements for a positive outcome.

Furthermore, depending on our relationship with the company, the conduciveness and accessibility of different escalatory steps, and our degree of confidence in the company's bona fide intentions, the ultimate use of each element of the escalation toolbox will be tailored on a case-by-case basis.





For illustrative purposes only.

Escalation cases:

2024 Escalation engagement (Eq) example: Toyota Motors

Background:
Toyota Motors is a holding across several NAM's portfolios, including NAM's Climate Engagement strategy. According to our assessment, the company is failing to make progress on several climate-related issues, including its climate lobbying practices and its support for vehicle electrification.

Since the initiation of the investor engagement initiative Climate Action 100+ (CA100+), we have been engaging Toyota on aligning its business with the Paris Agreement's goals and trajectories. On the back of the launch of NAM's Climate Engagement strategy in 2022, we further elevated our involvement by conducting regular individual dialogues with the company, with a key focus on sold products ("Scope 3 Category 11" emissions) as well as their climate lobbying activities.

Engagement:
Two compliance scandals have become known during the past couple of years, one at the subsidiary Hino in relation to emissions performance cheating, and one at Daihatsu connected to cheating during security testing. In addition, CA100+ and the research organisation Influence Map have stated that Toyota's lobbying has actively sought to prevent the wider adoption of full-battery electric vehicles. With this as a backdrop, at the 2023 AGM NAM decided to vote against the election of Mr Akio.

In 2023 we voted in favour of a resolution concerning elevated transparency on climate lobbying activities to signal the need for Toyota to align its lobbying activities with the Paris Agreement's goals and trajectories. The resolution failed to pass, but following the AGM, Toyota expanded the lobbying review to cover additional trade associations. At the 2024 AGM NAM once again voted in favour of a similar resolution regarding corporate climate lobbying aligned with Paris Agreement.

Additionally, in August 2024, a meeting was held with the company, touching on several key issues. The company maintained its commitment to a multi-pathway decarbonisation strategy, though there were indications of scaling back BEV targets. Toyota acknowledged the need to clarify their decarbonisation path, especially regarding the role of hybrids in achieving net-zero emissions.

Outcome:
The resolution once again failed to pass the AGM, and we thus still wish to see a continued expansion of the scope of their lobbying review as well as clarity into the underlying assumptions behind the review. We consequently set out to continue to engage Toyota to further elevate the quality and scope of its lobbying assessment and will also seek the implementation of robust measures related to governance oversight. We also expect the company to increase its support for vehicle electrification, thus helping to decarbonise the use of sold products ("Scope 3 Category 11" emissions). We will continue to engage in 2025 with an emphasis on disclosures, target-setting and decarbonisation strategies.

2024 Escalation engagement (Eq) example: Hindalco Industries Ltd.

Background:
We have been engaging with the Indian aluminium producer Hindalco since 2022, both individually and more recently, collaboratively through IIGCCs Net Zero Engagement Initiative.

Due to significant energy needs, especially the smelting of aluminium can be very carbon intensive, even more so in countries where fossil fuels make up a large share of the grid, the usage of captive fossil fuel fired plants are prevalent or where hydroelectric power is not readily available for smelting operations.

India-based Hindalco exhibits significant emissions through their electricity needs which are primarily satisfied through captive-coal fired power plants. While the company has a 2050 net zero target as well as an interim reduction target, our engagement has focused on their transition-planning steps and the levers the company can influence to reduce emissions.

Engagement:
During 2023, we had a positive kick-off meeting with the company via the IIGCC initiative and welcomed their announcement of an International Aluminium Institute (IAI) emissions reduction initiative during COP28 later in the year. At the beginning of 2024, we followed up with the company to request additional information regarding the proposed contents of a transition plan as well as their process to formalise it during the year.

Following a period of unresponsiveness and our perception of a lack of transparency regarding progress in their climate transition planning, we communicated to the company that we intend to vote against the Chairman of the Board at the 2024 AGM.

Ultimately, we followed through with our voting intention and pre-declared this position on PRIs Voting Platform. Towards the end of the year, we signed a letter from IIGCC once again highlighting the core asks of the initiative which seek to confirm the development or intention to develop a transition plan that is consistent with the six core asks of the Net Zero Investment Framework (NZIF).

Outcome:
While we continuously aim for two-way dialogues with our investee companies, we will not hesitate to take escalatory action should the dialogue break down, for example through our voting behaviour or otherwise, to highlight our position on key issues as presented in this case.
Going forward, we aim to resume our engagement with the company and hope for a continued, constructive dialogue regarding Hindalco's transition plan and overall climate ambitions.

2024 Escalation engagement (Eq) example Tesla

Background:
Tesla, a leading EV maker, presents both opportunities and challenges in ESG. As EV sales soar globally, Tesla ambitiously aims to produce 20 million cars annually by 2030. While crucial for a carbon-free future, EV supply chains raise significant concerns about human rights and environmental issues.
We recognise that EVs are a critical technology supporting the transition to a carbon-free economy. However, EV supply chains also present environmental and human rights concerns such as labour rights issues, child labour, water pollution, and deforestation. Key to the EV technology is the battery, containing several different minerals and lithium, nickel, and most importantly - cobalt. The demand for these minerals is expected to increase dramatically and could potentially mean opening of hundreds of new mines.

The Engagement:
Since 2017, we've been part of a collaborative effort based on CHRB assessments. We also use the CHRB as a means of tracking companies 'progress on their human rights performance. In 2020, 30 companies in the car manufacturing sector, including Tesla, were assessed for the first time. Tesla as well as the overall average score of this sector received low scores on their overall performance on human rights as well as on human rights due diligence. In 2022, Tesla's initial low scores on human rights performance have shown some improvement, but concerns persist.
To improve our understanding of the challenges related to the green transition, we commissioned a field study from RAID (Rights and Accountability in Development), published in 2021: The Road to Ruin? Electric vehicles and workers' rights abuses at DR Congo's industrial cobalt mines. The study looked at five of the biggest cobalt mines in the DRC owned or operated by multinational mining companies which together produced then nearly half of the global supply of cobalt.
The report describes widespread exploitation of workers at many of the DRC's industrial mines. The research traced cobalt from these five biggest cobalt mines to the supply chains of several EV makers and electronics manufacturers that purchase and use the batteries made from cobalt.

Following the publication of the RAID report, Nordea had a meeting with Tesla to express our concerns and to understand how they responded to and were addressing the findings of the report. The company's responsible sourcing team had just returned from a trip to the DRC and had some helpful information and updates to share. Tesla said it commits to international standards on business and human rights and says that sourcing from industrial mines is a means to remove human rights issues and child labour in artisanal mining in the DRC from their supply chain. Investors, including Nordea, remain, however, concerned about the high exposure of the company to persistent human rights risk.

Outcome:
While we are continuing our engagement efforts regarding Tesla, we have received feedback that the report has had an impact on EV manufacturers, the mining industry in the Congo and for workers. The report mentions several electric car manufacturers: General Motors, Renault Group, Tesla, Toyota, Volkswagen and Volvo Cars. We have had meetings with a number of these companies regarding the report.

Several companies previously considered purchasing from industrial mines meant that they were buying "clean cobalt", i.e. that they then minimised the risks of child labour and other violations of human rights and controversies linked to cobalt that occur in small-scale mines in the Congo. Our report showed the EV manufacturers that there are also human rights issues in the industrial

mines, especially regarding subcontractors and non-permanent miners. Most EV manufacturers were unaware of this fact.

Several companies considered that the report has "changed the conversation you have with cobalt suppliers - you now ask how they handle labour rights and employees via staffing companies in their companies and pressure them when it comes to paying living wages". One company mentioned that they always take the report with them when meeting with suppliers.
Following the report several electric car companies made visits Congo and met suppliers but also interest organisations and trade unions for the first time.

The report has also had an impact on the mining industry in the Congo:
Knowledge of the working conditions in the industrial mines has gone from non-existent to high. RAID's assessment is that it is on the agenda in one way or another in most mining companies in the Congo.

Many mining companies are now looking at the problems associated with using subcontractors and not having their own employees. The proportion of workers via subcontractors is decreasing and the proportion of employees directly from the mines is increasing. This means better working conditions and higher wages.

For the first time in the Congo, a worker with an occupational injury won a lawsuit against a mining company – he got his job back, his hand restored, and compensation and it set an important legal precedent.

Proxy Voting:
Proxy voting is an important part of our active ownership. It is also a way to express our position on various issues to companies that we are invested in. At Tesla's 2022 AGM several human rights- and climate-related shareholder proposals went to a vote. Nordea supported these resolutions and voted against two board of directors due to poor board and management oversight of ESG risk exposures at the company. We have since then continued to escalate our engagement efforts towards Tesla.

In 2023, we escalated our efforts towards the company. We co-signed with other 16 investors, an open letter to Tesla's Board, highlighting concerns about Musk's overcommitment and human rights risks regarding the company´s exploration of cobalt form the DRC, as well as evolving scandals with child and forced labour. We also urged shareholders to vote against certain board members and supported shareholder proposals on human rights and climate at the AGM.
In December 2023, we joined 15 other Nordic institutional investors in addressing worker rights issues in Sweden. To express our continued concern as shareholders and demonstrate public support related to worker´s rights at Tesla, we decided in May to pre-declare our voting intentions for the shareholder proposal on Freedom of Association filed at the AGM scheduled for 13 June. We used the PRI voting platform to do this.

The 2024 Annual Meeting marked a crucial moment in our engagement. We co-signed a shareholder letter advocating for specific voting actions at the Tesla board election. The letter urged shareholders to vote against the re-election of board directors Kimbal Musk and James Murdoch, the only two directors up for re-election at that time. Additionally, it recommended voting against the 2018 compensation package for Elon Musk, which had been recently revoked by a judge and was valued at $56 billion. The company also asked shareholders to vote on changing the corporate domicile from Delaware to Texas. A shareholder proposal on Freedom of Association was also filed – Item 9 on the ballot.

Moreover, it is common practice for filers of shareholder proposals and shareholder letters to organise investor webinars and present their proposals and reasons for filing to other investors. Ahead of Tesla´s 2024 AGM we attended two investor webinars organised by lead filer SOC Investment Group – one on the Vote Against Directors and the 2018 pay package, and one to discuss Tesla's anti-union practices and the shareholder proposal asking for a Non-interference and Collective Bargaining Policy at Tesla.

We also attended a meeting with Glass Lewis, one of the major Proxy Advisors firms. Both Glass Lewis and ISS Proxy advisors later recommended that shareholders vote against Kimbal Musk and the 2018 pay package.

Despite our efforts, Musk announced wide margins of support for key resolutions just before the AGM. The AGM confirmed the passage of the advisory vote and the proposal to relocate the company to Texas. Analysts suggested shareholders may have been influenced by concerns over Musk's potential departure as CEO and his hints about developing AI outside of Tesla. Kimbal Musk and James Murdoch were re-elected to the board, while a shareholder proposal on freedom of association did not pass.

In October 2024, a union filed a second lawsuit against Tesla over labour conflicts, and Tesla lost the court case against the Swedish union regarding a license plate issue. In a significant legal development, Delaware Judge Kathaleen McCormick rejected Tesla's second attempt to award Musk the 2018 pay package.

2024 Escalation engagement (Eq) example Amazon

Background:
Amazon is red-listed by ISS-ESG because it is not remediating its anti-competitive behaviour in Italy. NAM disagrees with ISS-ESG's assessment of the remediation because during the same period the company was in negotiation with EU on the same issue. EU and Amazon reached an agreement in December 2022, which would remediate issues brought in the Italian court case. The Italian appeals court stated in October 2022 that it would not review Amazon's appeal while the company was negotiating with the EU. Now the case has not been resolved in Italy because Amazon is appealing the size of the fine. However, NAM stands behind its position that Amazon is remediating its anti-competitive behaviour in EU.

The Engagement:
In January 2022 we signed an investor letter addressed to Jamie S. Gorelick, Chair of the Nominating and Corporate Governance Committee – on the role that worker representation plays in supporting companies in identifying and managing operating risks, and that workers should be free to exercise their freedom of association and right to collective bargaining without company interference, which are internationally recognised human rights.

On 14 May 2022 we had a pre-AGM meeting with the company on human and labour rights issues, the ISS Ethix red listing and tax proposal. At the AGM in May 2022, we voted against Chair Jeff Bezos for poor board oversight of ESG risk exposures at the firm and against Judith A. McGrath for failure to manage and mitigate workplace health and safety related risks. We also supported shareholder resolutions on workers' rights including freedom of association &collective bargaining (FOACB), health & safety and gender & racial pay gaps.

At the AGM the FOACB proposal received support from 47% of independent shareholders. But since the vote, the Board has not indicated its intention to implement the proposal and address shareholders' concerns in a meaningful way. So, in October 2022 we signed an investor follow-up letter to Amazon's BoDs, related to the 2022 shareholder proposal on freedom of association. The letter asks the Board to conduct an independent third-party assessment of Amazon's commitment, policies, practices on freedom of association.

In December 2022, Tessie Petion, Head of ESG Engagement at Amazon, responded to our letter. The Board did not respond directly or offered to meet to discuss the issues raised in the letter. Also, we find the letter insufficient to address shareholders' concerns on the matter.

At the 2023 AGM we voted for the shareholder proposal on requesting additional reporting on freedom of association, which received 44% support. Still, the Board did not respond directly or offered to meet to discuss the proposal nor address shareholders' concerns on the matter sufficiently.

In December 2023, we co-filed the re-filed shareholder resolution at Amazon asking the board to Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining.

In March 2024, Amazon.com, Inc. confirmed its intention to include our shareholder proposal in its proxy statement. Following this, in April 2024 we co-filed an Exempt Solicitation with the SEC, urging shareholders to support the proposal – Item 12 on the agenda (Shareholder Proposal Requesting Additional Reporting on Freedom of Association).

The virtual AGM was held on 22 May 2024. The Amazon Board of Directors recommended voting AGAINST the proposal; however, ISS and Glass Lewis recommended voting FOR. Despite these recommendations, the proposal received only 31.8% support and did not pass. We also voted against the Chair Jeff Bezos, who was nonetheless voted in for another term.

Outcome:
In December 2024, as a means of escalating our engagement with Amazon, we re-filed the shareholder proposal we had co-filed the previous year asking the board to commission a third-party assessment on the company's Commitment to Freedom of Association and Collective Bargaining.

2024 Escalation engagement (FI) example: Askim og Spydeberg Sparebank

Background:
Askim og Spydeberg Sparebank is a local Norwegian savings bank serving private and business customers in Viken county with finance, insurance and savings products. The bank is headquartered in Askim and has three additional branches in Spydeberg and Ski. As of January 2021, Askim og Spydeberg Sparebank left the Eika alliance and is now part of the newly established LOKALBANK alliance.

In November 2021, there was negative press coverage regarding the bank's CEO and pell-mell transactions with some of the bank's clients and an agent/client. BDO was hired to investigate the relationships and transactions as well as doing a review of the bank's guidelines, policies and internal control. In March 2022, the BDO report concluded with lack of compliance and suspicion of serious breaches to internal controls. The BDO report was provided to the Norwegian Financial Supervisory Authority (NFSA) who published their report in September 2022 highlighting long-standing compliance and risk management issues, including weak internal controls in the credit processes and conflicts of interest. The bank has posted losses of MNOK 100 during the past 3 years because of these compliance cases.

Engagement:
Nordea has been engaging with Askim og Spydeberg Sparebank in recent years and during 2022-2024 on compliance concerns. These were escalated in 2022 by holding further meetings and communicating our concerns. In 2022 there were some changes in the board and leadership. The chair of the board did not take a new term, and the bank appointed a new CEO in 2022. The board was heavily criticised by the NFSA for not intervening in the compliance cases and the remaining board members left the board based on the NFSA's evaluation. We requested meetings with the new Chair and CEO to formally communicate our expectations.

Outcome:
The bank has made some progress in improving their governance structures and risk management frameworks. However, due to the issues spanning many years and significant systemic weaknesses observed, Nordea took a decision in February 2022 to quarantine (hold/sell position) Askim og Spydeberg Sparebank. Nordea met with the company again on their progress in June 2022 and upheld the quarantine. Nordea continues to meet with the bank during 2023 on these issues and observed a strengthening of the risk and compliance function with the addition of key resources and capability building at all levels, including the board. The company has undertaken extensive measures to improve their routines, process, tools and internal controls. Based on the changes made at bank, Nordea decided in April 2023 to take the company out of quarantine (hold/sell position).

The company received a NOK 9.5 million fine from the NFSA at the end of 2023 for historical non-compliance with the Money Laundering Act and related regulations, as well as a series of follow-up actions and questions from the FSA. Nordea followed up with the company on these issues in March 2024.

During 2024 the bank provided regular status updates to the NFSA. The bank further strengthened their risk management, reporting and risk scoring models in 2024, as well as the scenarios for transaction monitoring. They have re-built their training and internal control system and further increased capability with a full-time resource responsible for money-laundering prevention. The outstanding concerns from the FSA are now closed. This was communicated to

Askim & Spydeberg Sparebank by the FSA in February 2025. Nordea will close the engagement with the company in Q1 2025.

Principle 12: Exercising rights and responsibilities

Exercising our rights and responsibilities is a core part of our stewardship process. We believe that sound corporate governance contributes to shareholder value and adds value to all types of investments. Corporate governance is essential for a transparent relationship between companies and investors (shareholders and bondholders), in which investors play a vital role in improving the performance of a company. As a significant owner and bondholder in several listed companies, NAM plays a key role in promoting the companies' progress towards better results by being an active owner.

Exercising rights and responsibilities, across asset classes, is achieved by:

a. Taking part in Nomination Committees
b. Participating in shareholders' meetings
c. Voting at AGMs (equity investments only)
d. Holding regular dialogue with the companies concerning key ownership issues
e. Other ways of engagement.

We require our invested companies to timely disclose this relevant and material information:

- financial and operating results
- company objectives
- risk factors
- stakeholder issues and governance structures
- description of the relationship of the company with other group companies
- data on major shareholders and other parties that control or may control the company
- information on special voting rights, shareholder agreements, the beneficial owner of a controlling interest or of large blocks of shares
- significant cross-shareholding and cross guarantees
- differential voting rights and related party transactions.

This approach is applied across all the issuers we have exposure to:

- Multi-asset class funds are invested in listed equities, sovereign bonds, and corporate bonds. Stewardship, including exercising rights and responsibilities, is done for individual issuers, so it feeds into our exposure to that issuer, whether it is in listed equities, sovereign bonds, and corporate bonds;
- With corporate bond investments we do not have the right to vote at companies' AGMs, but we still exercise sound corporate governance practices to promote long-term financial viability in the investee companies, adoption of sustainable environmental and social practices, and ensure the repayment of principal and interest;
- Sovereign bonds fall into our engagement efforts with individual governments, particularly if there are ESG issues (see our example of our engagement with Australia and Climate change. We support governments such as Australia to establish a credible net zero transition plan and to improve disclosure on climate risks and opportunities");
- For illiquid investments: our private equity investments are all through funds of funds, for which we engage with our managers setting out our stewardship expectations from them. For private debt, we engage with the companies as we do for our corporate bond investments.

For commingled funds, our approach to exercising rights and responsibilities does not vary. We adapt to local regulations, but our guiding principles are identical.

For segregated managed accounts, we implement our client's instructions if different from our standard policy.

Cooperation with other investors plays a significant role in exerting influence when necessary. This can be done through many different means, including working groups or ownership committees, as well as nomination committees in those markets in which this is the norm. We strive to enhance proper corporate governance practices by working with other institutions and joining working groups.

Our Voting Policy

Our Voting Policy determines the principles for our proxy voting in equity investments. We have an aggregated voting strategy, meaning that we strive to vote in the same way for most, if not all, the total holdings we have in any given company.

Except on specific clients' request (segregated managed accounts only), we regard the following principles as best practice. Of course, national characteristics, laws, and regulations differ between the markets our Funds invest in, and pragmatism shall be applied in our corporate governance work.

Voting Policy Key Features

- *Ownership rights.* The exercise of ownership rights by all shareholders shall be facilitated, including giving shareholders reasonable notice of all matters with respect to which shareholders are required to or may act in the exercise of voting rights.

- *Equality among owners.* Boards shall treat all the companies' shareholders equitably and shall ensure that the rights of all investors, including minority and foreign shareholders, are protected.

- *Unequal voting.* Companies' ordinary shares shall feature one vote for each share. Companies shall act to ensure the owners' rights to vote. Divergence from a 'one-share, one-vote' standard that provides certain shareholders with power that is disproportionate to their equity ownership shall be both disclosed and justified.

- *Access to the vote.* The right and opportunity to vote at shareholders' meetings hinges in part on the adequacy of the voting system. Companies shall explore initiatives to expand voting options to include the secure use of telecommunication and other electronic channels.

- *Shareholder participation in governance.* Shareholders shall have the right to participate in key corporate governance decisions, including the right to nominate, appoint and dismiss directors and the external auditor, and the right to approve major decisions.

- *Shareholders' right to convene a meeting of shareholders.* Each company shall provide holders of a specific proportion of the outstanding shares of a company, no greater than ten percent (10%), with the right to convene a meeting of shareholders for the purpose of transacting the legitimate business of the company.

- *Shareholder questions.* Shareholders shall be given the right to ask the board, management, and external auditor questions at shareholder meetings.

- *Major decisions.* Major changes to the core businesses of a company and other major changes in the company which may, in substance or effect, materially dilute the equity,

erode the economic interests, or share ownership rights of existing shareholders, including major acquisitions, disposals and closures of businesses, shall not be made without prior shareholder approval of the proposed changes.

In the update of the Corporate Governance Principles that was conducted during 2024 a new section on shareholder litigation was added. Also, the risk oversight section was updated with our methane expectations and nature as separate headings.

Our Voting Policy is called Corporate Governance Principles, available here.

Customised Voting

For our pooled funds, proxy voting shall be exercised based on the shareholders' best interests, which are guided by our stewardship, governance and engagement processes and activities. Clients in pooled funds cannot vote differently.

Clients with segregated mandates can require us to apply their own voting policy, subject to an agreement on appropriate fees. In these cases, clients may override our voting decision under their policy.

We welcome discussions with all clients on their perspectives on voting issues, outside of the peak season. Where we have a voting-related concern, within practical limits we contact the company ahead of the meeting to discuss.

Proxy advisors

We currently use one proxy voting advisor services to support us on proxy voting – Institutional Shareholder Services (ISS). Starting 2024 we decided to add Glass Lewis. We receive recommendation based on our Corporate Governance Principles. We take all voting decisions; the external advisors only provide input and a second opinion when prompted to inform our decisions.

Execution and monitoring of voting rights

We use the ISS voting platform to cast our votes, and our back-office team to monitor its execution.

We have constant monitoring of our positions and systems built to monitor our rights to vote at Annual General Meetings, using both our own and custodial data and the ISS voting platform. Reports on upcoming AGMs are sent by the ISS platform to our Corporate Governance, RI and Investment teams for consideration. The Investment Stewardship team leads on the voting decisions, after consultation with the RI and Investment teams. One unanimous decision must be reached for each voting right.

Voting statistics

In 2024, we voted on more than 3,550 shareholder meetings, voting on thousands of agenda items covering critical issues including climate change, diversity, remuneration, and capital mandates. Although we experienced a slight decrease in participation compared to 2023 due to shifts in fund composition, we nonetheless exceeded our objective of voting in over 90% of our investee companies' meetings.

To help us monitor our shares and voting rights, we use several external and internal technical applications, such as Broadridge, ISS and our internal systems.

Voting against management

While we generally aligned with management proposals, we exercised our discretion to vote against 10% of agenda items. Our reasons for voting against may vary case by case but requires that the proposal be deemed not be in the best interest of our unitholders or goes against good governance expressed in our Corporate Governance Principles.

A vote against management is likely to be considered if these criteria are met:

1. We have repeatedly engaged with the company on the same topic over a period of several years;
2. We have not seen progress.

All our votes are logged on our Proxy Voting Dashboard, which is publicly available here.

Overview of our voting activities in 2024

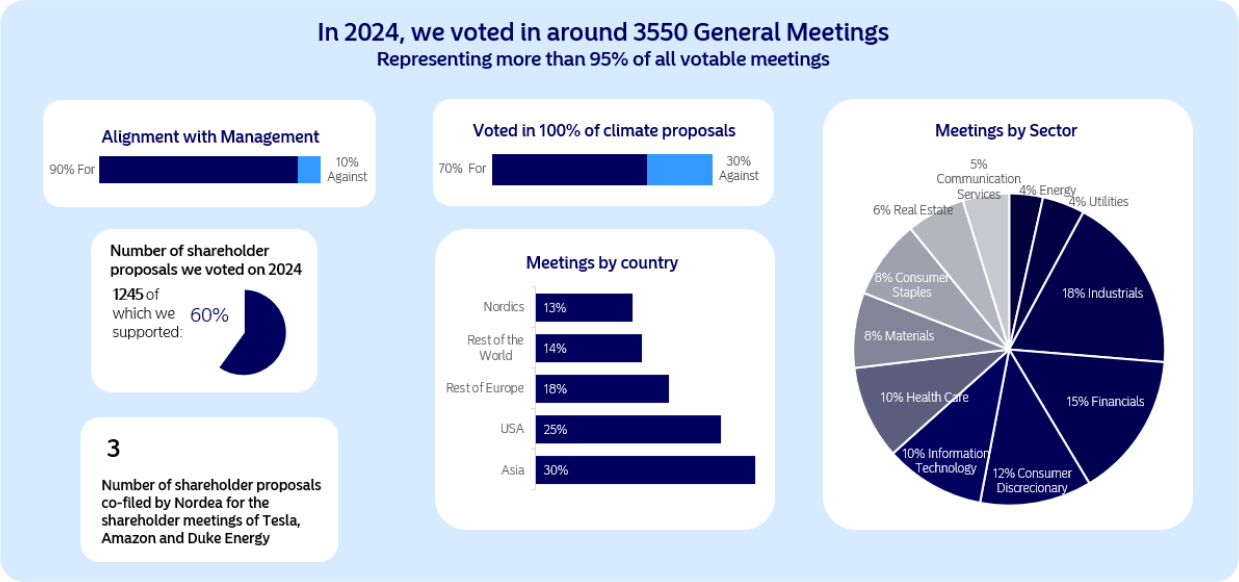


Figure 19: Overview of voting in 2024. Data as of 31.12.2024

More detailed voting information can be found on our Proxy Voting Dashboard.

Voting on climate proposals

We leverage climate votes to influence corporate climate strategies, expecting boards to oversee and disclose climate risks due to their potential impact on company value. The Investment Stewardship team, collaborating with Portfolio Managers, evaluates significant climate resolutions, particularly "Say on Climate" initiatives in high-impact sectors.

In 2024, a lot of our work revolved around alignment with the Paris Agreement. Our activities here were wide ranging, from shareholder proposals in favour of aligning targets for indirect scope 3 emissions with the Paris Agreement, like we did with Total Energies and Shell, to requesting better reporting on GHG emissions targets with Public Storage and reporting on Corporate Climate Lobbying practices with Toyota Motor Corp. On proposals that require companies to disclose information about its governance, strategy, risk management and targets related to climate risks, we voted in favour. We voted for nineteen "Say on Climate" board proposals and against the proposals in TotalEnergies, Woodside Energy Group and Canadian Pacific Kansas City Limited. In total, we voted on 127 climate-related shareholder proposals where we have supported 70% of them.

Board composition

One of the most important tasks of a company's board is to provide strategic direction and monitor and evaluate top management, and in our view this aspect can be compromised if the CEO of the company also serves as chair of the board.

Over the last couple of years, we have supported many shareholder proposals to split the roles CEO/chair, including in companies like Cisco, Meta and Amazon. We regularly engage with companies to explain this voting rationale, and we try to be as proactive as possible to get the companies, to alter the board proposals to be in line with our expectations. In 2024, NAM voted against the combination CEO/chair at 127 shareholder meetings.

NAM believes that a board should be diversified in terms of gender, experience, age and other factors. A board should preferably consist of at least 40% of either gender. The board should also have a majority of independent directors, and they should have sufficient time to dedicate to board work.

Remuneration

NAM takes a positive stance towards reasonable share-based incentive programs for employees in investee companies. Incentive programs should incentivise long-term ownership of shares and be designed to include requirements of own investment, and financial as well as ESG performance criteria. We have long promoted simple pay packages with a few targets, and our aim is to identify the structures that are misaligned with long-term value for shareholders. In 2024, and mainly at US companies, we voted against proposed executive remuneration in which performance criteria in share-based incentive programs were inadequate or non-existent, combined with excessively generous outcomes.

We also actively urge companies to link material ESG targets to executive remuneration. This topic is on the agenda at most of our engagement meetings as we expect companies to develop targets tied to the long-term business strategy. It is important that the proposed criteria are material, relevant, transparent and that the targets are challenging. In high-impact sectors, we attach particular importance to climate related targets to narrow the gap between climate commitments and implementation of activities. In 2024 we voted against 1,804 board proposals related to executive compensation.

Voting Case: Millicom

Millicom's new management compensation plan was presented to us by the Chair of the Board and Chair of Compensation. While we appreciate their transparency and effort to seek shareholder input, we were unable to support the proposal. Our primary concern is the shift away from performance-based Long-Term Incentive (LTI) awards, which were a key feature of their previous plan. At NAM, we believe compensation plans should directly link to both individual and company performance, incorporating both financial and ESG metrics. This approach encourages long-term share ownership and aligns with shareholder interests. We've recommended reducing or eliminating Restricted Stock Units from the plan. Additionally, we're concerned about how this new structure aligns with shareholder interests, given the multiple factors influencing share price performance. The plan also raises questions about potential risks, including short-term decision-making and ethical considerations

Capital management

In line with our Corporate Governance Principles, we generally oppose authorisations to issue shares that would comprise more than 10% of a company's capital without preferential rights for existing shareholders. This aims to protect our unitholders from undue share dilution. Nevertheless, we may consider supporting such proposals if the company provides compelling justification. In practice, Nordea has voted against board proposals when companies suggested either excessive dilution or overly long mandates for share issuance without sufficient grounds.

Additionally, we have seen a growing trend of companies proposing multi-year authorisations for share issuance or repurchase. Although this practice is common in certain countries and sectors internationally, NAM believes that authorisations from annual general meetings should only be valid until the next annual general meeting, effectively limiting them to one year. Consequently, we actively engage with companies to encourage the adoption of one-year mandates.

Nomination Committees

Increasingly we are being invited by companies in the Nordics to join their owner-led Nomination Committees. Membership of Nomination Committees is a very efficient way to engage with the companies we have large holdings in, and it enables us to drive real change when evaluating and proposing board members– for instance on the Board gender ratio issue. During 2024, we joined 42 Nomination Committees. Joining Nomination Committees is a big investment of our team's time, but we see it as an important opportunity to help shape companies' boards and their sustainability agenda.

Co-filled shareholder proposals:

When voting on existing agenda items at Annual General Meetings (AGMs) or engaging with companies, doesn't provide sufficient leverage or impact, we may resort to filing or co-filing shareholder proposals. This approach allows us to directly address issues at companies' general meetings. In 2024, we co-filed three shareholder resolutions.

1) Shareholder Proposal: Tesla Inc,

To escalate our engagement with Tesla we will co-file a shareholder resolution on labour rights at Tesla´s 2025 AGM, asking the board to adopt and disclose a Non-interference Policy upholding the rights to freedom of association and collective bargaining in its operations, in line with ILOs Declaration on Fundamental Principles and Rights at Work We supported a similar proposal at Tesla´s 2024 AGM, a proposal that did not pass.

2) Shareholder Proposal: Amazon Inc,

To escalate our engagement with Amazon, we re-filed the shareholder proposal we co-filed last year. This proposal requests the board to commission an independent, third-party assessment of Amazon's adherence to its stated commitment to workers' freedom of association and collective bargaining rights. These rights are outlined in the company's Global Human Rights Principles, which explicitly reference the ILO's Core Conventions and Declaration on Fundamental Principles and Rights at Work. We made some updates to last year's proposal, including adding new controversies that have occurred, primarily in Europe, and highlighting that other major companies, such as Starbucks and Apple, have already conducted similar assessments. At the 2024 AGM the proposal received 31.8% support, but Amazon has not responded to the shareholder proposal request.

3) Shareholder Proposal: Duke Energy Corp.

We co-filed a shareholder proposal at Duke Energy concerning their climate lobbying communication. This action was part of our ongoing engagement with the company, conducted both individually and through the Climate Action 100+ initiative. As a result of these efforts, we reached a successful withdrawal agreement. The company committed to two key concessions: publishing an updated list of policy attributes aligned with their decarbonisation goals in their 2024 Impact Report and providing a detailed table showcasing their activities and positions on specific climate-related policies. Given the challenging U.S. climate policy landscape, this outcome enhances Duke Energy's lobbying transparency.

Examples of individual votes in 2024 are shown below.

Company	Tesla	Tesla	Amazon.com	Alphabet
Summary of agenda item	Advisory Vote to Ratify Named Executive Officers´ Compensation	Shareholder proposal: Adopt a Non-Interference Policy Respecting Freedom of Association	Shareholder proposal: Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining	Shareholder proposal: Publish Human Rights Risk Assessment on the AI-Driven Targeted Ad Policies
Nordea vote	AGAINST	FOR	FOR	FOR
Rationale	We do not support the proposal as it does not protect or enhance long-term shareholder value creation.	We support the proposal due to materiality and concerns company's current strategy and lack of oversight	We support the proposal as the company's current disclosures provide insufficient transparency to properly assess the associated risks and opportunities	We support the proposal as it improves transparency on material ESG issues such as human rights risk
Outcome of vote %	20,6% dissent	22,8% FOR	31,8 % FOR	18,8% FOR
Significant vote	The vote addressed material issues in large holdings	The vote addressed material issues in large holdings	The vote addressed material issues in large holdings	The vote addressed material issues in large holdings
Implication of outcome	We escalated our engagement and will co-file resolutions for 2025 on the same issues	We escalated our engagement and will co-file resolutions for 2025 on the same issues	We escalated our engagement and will co-file resolutions for 2025 on the same issues	We escalated and co-signed letter to Chair on the same subject

Company	Meta	Viaplay	Apple	Microsoft
Summary of agenda item	Shareholder proposal: Report on Child Safety Impacts and Actual Harm Reduction to Children	Approve Discharge of CEO Anders Jensen	Shareholder proposal: Report on the use of Artificial Intelligence	Shareholder proposal: Report on Risks of Operating in Countries with Significant Human Rights Concerns
Nordea vote	FOR	AGAINST	FOR	FOR
Rationale	We support the proposal as it improves transparency on material ESG issues such as human rights risk	We do not support the proposal as it does not protect or enhance long-term shareholder value creation.	We support the proposal based on factors related to a material controversy or thematic issue that have not been adequately addressed	We support the proposal as it improves transparency on material ESG issues such as human rights risk
Outcome of vote %	18,5% FOR	More than 10% voted against*	37,5% FOR	32% FOR
Significant vote	The vote addressed material issues in large holdings	The vote addressed material issues in large holdings	The vote addressed material issues in large holdings	The vote addressed material issues in large holdings
Implication of outcome	We will escalate our engagements	We will continue to monitor	We will escalate our engagements	We will escalate our engagements

*According to Swedish regulations, discharge has not been approved if more than 10% vote against. Actual numbers of votes are not disclosed from Swedish General Meetings.

Company	Hindalco Industries	Total Energies	Toyota Motor
Summary of agenda item	Re-elect Kumar Mangalam Birla as Director	Approve Report on Progress of Company's Sustainability and Climate Transition Plan	Shareholder proposal: Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement
Nordea vote	AGAINST	AGAINST	FOR
Rationale	Voted against the Chair due to inadequate transition planning and lack of response during the	We do not support the proposal as it is not in line with our expectations on climate.	We support the proposal as it improves transparency on material ESG issues such as alignment with Paris Climate Agreement goals
Outcome of vote %	23,1% dissent	20,3% dissent	9,2% FOR
Significant vote	The vote addressed material issues in large holdings	The vote addressed material issues in large holdings	The vote addressed material issues in large holdings
Implication of outcome	We will continue our engagements	We will continue our engagements	We will continue to monitor

Stock lending

At the time of the creation of the Corporate Governance Principles and throughout 2024, there was no securities lending program in action. If it is in the best interest of the shareholders that securities remain in a securities lending program the NAM Funds are not obliged to remove them from the lending program.

Fixed income rights and responsibilities

Fixed income investments do not come with voting rights, but we apply the Corporate Governance Principles set above and throughout this document to pursue the long-term success of the company and its ability to repay its obligations. We aim to maintain good relations with many bond issuers as well as a wide range of intermediaries so that we have access to the information we need. This is true as for example our participation in the several collaborative investor initiatives we are part of. ESG analysis and our diverse types of firm-wide engagement also include fixed income issuers.

As bondholders we have the largest effect in our stewardship process when companies need to refinance their bonds. In those cases, we find that we make the most progress in our asks if we tie improvements to their corporate governance practices, and any ESG issues, to our purchase of their next bond issue.

Due diligence

We continue enhancing our due diligence process for labelled bonds and minimum requirements for when a use of proceeds bond is eligible for investment.

All bonds are assessed following the process prior to investing, to ensure the use of proceeds bonds is evaluated based on public offering documents, such as Prospectus and Subscription Agreement, to ensure that we fully understand and accept the repayment terms, coupons, tax status, callability and rank in the capital structure. The assessment is done in collaboration between the investment teams and the RIC. This enables us to prepare PMs in deals where negotiate with the company on terms, ahead of the issuance is possible.

The fast-developing market of Green Bonds and Sustainability-Linked Bonds (SLBs) is of high interest to us. For these instruments, our standard corporate-bond due diligence is enhanced by a full review of the use of proceeds (green bonds only), KPIs (Key Performance Indicators) and SPTs (Sustainability Performance Targets) associated to the bond issue.

SLB proceeds are used for general purposes, thus SLBs represent a high risk of greenwashing. In addition to the review of the KPIs and SPTs, our assessment includes an evaluation of the impact of the coupon step-up such as the size of the step-up and timeliness of the step-up relative to the maturity date of the bond.

We have developed our own process for analysing and assessing the ESG and sustainability quality of labelled bonds. The process ensures that bonds which we labelled as Green, Social, Sustainable or Sustainable linked bonds are living up to our governance criteria, do no significant harm, are issued under a NAM approved framework e.g., ICMA, have a pre-issuance second party opinion (SPO) by recognised verifiers approved by NAM. Labelled bonds which fail to live up to one of these criteria, will not be classified as sustainable or labelled. Examples of such bonds which are failing to live up to our criteria:

In 2024, Carrefour SA, a major French multinational retailer, launched its sixth Sustainability-Linked Bond (SLB). This financial instrument included Key Performance Indicators (KPIs) tied to two environmental goals: 1. Reducing Scope 1 and Scope 2 greenhouse gas emissions 2. Decreasing food waste. However, upon analysis, we found that the KPI related to Scope 1 and Scope 2 emissions only addressed 1.8% of Carrefour's total greenhouse gas emissions. Given this limited scope, we determined that this KPI was not sufficiently material to the company's overall environmental impact. As a result of this assessment, we decided not to invest in this Sustainability-Linked Bond. Our decision was based on the principle that SLBs should target the most significant areas of a company's environmental footprint to drive meaningful change.

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