

Introduction

This document serves to meet the requirements described in the Finnish Corporate Governance Code 2020 page 69 in the section 'Information on the remuneration of the rest of the management team'.

The content in this disclosure is focused on remuneration paid in 2020 for members of the Group Leadership Team (GLT) excluding the Group CEO and interim Deputy Managing Director in the following referred to as 'other GLT members'. The Group CEO and interim Deputy Managing Director's remuneration has been disclosed in the Remuneration Report for Governing Bodies 2020.

Nordea's decision-making procedures concerning remuneration for other GLT members

As with the Group CEO and the interim Deputy Managing Director, the Board Remuneration Committee prepares alterations in salary levels and outcome of the Executive Incentive Programme (EIP) for GLT, grants of conditional shares from Long-Term Incentive Plan (LTIP) as well as other changes in the remuneration package for the other members of Group Leadership Team (GLT), for resolution by the Board.

Principles of remuneration

Remuneration is offered to facilitate performance of the members of GLT in driving Nordea's vision of becoming a strong and personal financial partner who provides great customer experiences and delivers on financial targets as well as creates value for shareholders.

Nordea offers competitive and market aligned total reward offering needed to recruit, motivate and retain the members of the GLT and in consideration of their leadership, expertise and strategic decision making. Market alignment constitutes the overriding principle for the remuneration to the members of the GLT at Nordea. The remuneration will be consistent with and promote sound and effective risk management and not encourage excessive risk-taking or counteract Nordea's long-term interests.

A key aspect of remuneration for the members of the GLT is the concept of pay-for-performance. This is facilitated by using variable remuneration for the members of GLT, which ensures that a sufficient portion of the total remuneration is dependent on performance.

Accordingly, variable remuneration awards (in the form of short-term incentives and long-term incentives) are determined based on performance against pre-defined financial and non-financial goals and targets on group, business area/group function and individual level.

These goals and targets are derived from Nordea's business strategy, long-term interests and vision of becoming a strong and personal financial partner while creating value for shareholders. These also considers sustainability by for example setting goals and targets which relate to risk and compliance, customer satisfaction, employee engagement or other relevant goals.

Adherence to Nordea's purpose and values, business principles and Group Internal Rules are key considerations which are taken into account for determining variable remuneration awards.

Deferral of variable pay awards with post-vesting holding periods supports the delivery of sustainable performance and the long-term interests of shareholders.

Remuneration elements

Remuneration for the other GLT members consists of:

- Fixed base salary
- Short-term incentive plan, Executive Incentive Programme for GLT members
- Long-term incentive plan
- Pension costs
- Benefits

The actual paid amounts to GLT members in 2020 are outlined in the table below.

Executive Incentive Programme for other members of the GLT

In 2020, all other GLT members participated in the Executive Incentive Programme (EIP for GLT members), which had predetermined targets at group, business area/group function and individual level, and included both financial and non-financial goals and targets aligned to the delivery on our key priorities to meet Nordea's 2022 financial targets and included specific goals and targets. The EIP 2020 had a one-year performance period. The financial goals cover income, return on equity and cost/income ratio, while the non-financial goals were related to the behavioural aspects of the delivery on our key priorities including customer satisfaction, business focus and an engaged workforce. Additionally, risk, compliance and conduct requirements were included.

The weight of group, business area or group function and individual goals were determined collectively for other GLT members heading a business area or group function except for the Chief Risk Officer who had no group financial goals in 2020, in line with regulatory requirements.

The outcome from EIP 2020 could not exceed 75% (down from 100% in 2019) of fixed base salary except for the Chief Risk Officer who had a maximum cap of 100% of fixed base salary.

The outcome from the EIP for GLT members is based on the CEO's and the Board of Directors' assessment of performance against the predetermined targets. Any awards were determined on the basis of achievement against the agreed goals and targets following appropriate risk adjustments.

The outcomes from EIP 2020 will be paid out partly in cash and partly in shares over a five year period, and are subject to forfeiture clauses. Domestic rules and practices are taken into account where relevant. 40% of the EIP 2020 outcome will be delivered in 2021. The remaining 60% will be paid-out annually pro-rata over 5-years with 12% vesting each year. 50% of the EIP 2020 outcome is delivered in Nordea shares (excluding dividends) at each vesting event, which are subject to retention for 12 months when the deferral period ends.

Long-Term Incentive Programme

In 2020, the Board of Directors decided to launch the Long-Term Incentive Programme 2020-2022 (LTIP) which includes other GLT members except for the Chief Risk Officer. This was granted on the same principles of the Remuneration Policy for Governing Bodies applicable for the CEO and the interim Deputy Managing Director.

The main purpose of the LTIP is to further align the GLT's interests with those of shareholders. The LTIP has a three-year performance period from 2020-2022 and deferral and retention periods according to regulations.

To rebalance the variable remuneration structure for other GLT members to long-term performance, the maximum possible outcome of the annual STIP (EIP for GLT members) was reduced by 25% when launching the LTIP.

The LTIP performance requirements have been set so that the maximum outcome will require achieving exceptional performance.

The assessment of performance during the LTIP performance period will be based equally on the following performance criteria:

- Relative Total Shareholder Return (rTSR) measured against selected Nordic and European peer banks
- Absolute Total Shareholder Return (Absolute TSR)
- Absolute cumulative Earnings Per Share (Absolute EPS)

A risk adjustment underpin is included.

The number of shares to be granted will be determined after the end of the performance period.

The total maximum number of shares that can be distributed under the LTIP was nominally distributed among the participants in 2020 as conditional share awards. In 2023, based on Nordea's performance against the LTIP performance criteria, the number of shares which corresponds to the performance delivered will be awarded.

The first portion of shares of the potential award will be delivered in 2023, subject to performance.

The rest of the shares will be deferred and delivered annually in five equal portions during 2024-2028. Each share delivery is subject to a 12-month retention period.

Unvested shares will not be delivered where employment terminates before the award payment, however, subject to local regulations and leaver provisions.

Share grants may be reduced in part or in full subject to risk and compliance adjustments. The nominal allotment of conditional share awards in 2020 corresponded to approximately 75% for other GLT members.

Other GLT members must hold a significant number of shares granted until the total value of the shareholding in Nordea corresponds to 100% of the gross annual fixed base salary. Such shares must be held until the end of the GLT membership.

Pension

In addition to fixed and variable remuneration, other GLT members are in most cases subject to pension agreements offered in accordance with market practice in the country of which they are permanent residents. Hence, the pension agreements for other GLT members vary according to local country practices.

Pension agreements are defined contribution plans, but some defined benefit plan agreements exist as a result of commitments made in the past. Other GLT members who are based in Finland are covered by the Finnish statutory pension scheme, which is not included in the table below, and in addition have a defined contribution plan corresponding to 8.5% of fixed salary.

Benefits

The levels of benefits are determined by what is considered fair in relation to general market practice, and primarily include car benefits, tax consultation and housing benefits as well as liability insurance.

Notice period and severance pay

Other GLT members have a notice period of 6 months and Nordea a notice period of 12 months. Entitlement to severance pay of up to 12 months' salary is provided to be reduced by the salary the executive receives from other employment during the severance pay period.

Remuneration paid in 2020 to other members of the GLT

EIP 2020 for other members of the GLT are not paid in 2020 and hence not shown.

The LTIP launched in 2020 (LTIP 2020-2022) has not been paid in 2020 as the performance period ends in 2022.

Remuneration disclosure for other members of Nordea's Group Leadership Team

EUR	Paid 2020				Total remuneration
	Fixed Salary ¹	STIP earned pre 2020 ²	Pension expense DBP & DC schemes ³	Benefits ⁴	
Group Leadership Team:					
9 (9) individuals excluding Group CEO and Interim Deputy Managing Director:	6,236,460	1,990,058	1,027,375	89,443	9,343,336

¹ Fixed salary is paid in local currencies and converted to EUR based on the average exchange rate each year. The fixed salary includes holiday pay and car allowance where applicable

² STIP earned pre 2020 includes variable pay awards paid to other members of the GLT in 2020 originating from deferrals from 2013-2019 performance periods, and includes both awards delivered in shares and in cash

³ The pension expense is related to pension premiums paid under defined contribution agreements (DC) and pension rights earned during the year under defined benefit agreements (DBP) (Current service cost and Past service cost and settlements as defined in IAS 19).

⁴ Benefits primarily include car benefits and tax consultation. Benefits are included at taxable values after salary deductions (if any).