Annex 9.1: Investment Policy Principles 2026

Nordean Pension Foundation is closed to new members. The foundation's liabilities are fully covered.

According to the foundation's investment strategy, the short-term objective is to ensure sufficient liquidity so that pension expenses and other costs can be covered without unprofitable realizations. The foundation's benefits are defined benefits, meaning that the benefits must be paid in all situations, and the members must cover their benefits regardless of investment performance. The foundation must always have at least as many assets as it has liabilities.

The long-term objective is to achieve at least the total return required by the technical interest rate and index increases. The long-term return target is 4.0%. The foundation invests its assets only in items eligible to cover pension liabilities.

The foundation aims to diversify assets into different asset classes based on market value as follows:

Asset Class	Target Allocation	Range
Equities	16%	10%–22%
Bonds	66%	50%–82%
Real Estate	17%	0%–25%
Cash	1%	0%–23%

All investments in government bonds, corporate bonds, equities, or real estate (tenants) are assessed based on their creditworthiness. The assessment of credit quality is based on an analysis of the fundamental factors of credit risk. Attention is paid to the issuer's cash flow, liquidity, and solvency, as well as possible collateral and/or (preferential) guarantees. A rating given by a credit rating agency to the issuer and the specific bond is part of the analysis but does not alone determine the outcome.

Especially investments in corporate bonds, such as high-yield bonds, are outsourced to specialized asset managers who have their own advanced internal scoring models and conduct their own fundamental analyses.

Equity investments are made in investment funds to ensure sufficient diversification.

The foundation considers sustainability risks in accordance with the principles of responsible investment. These principles are applied to all asset classes, including fixed income and equities, with attention to their specific characteristics. The aim of asset management is to ensure the stable and positive long-term development of the foundation's assets in a responsible manner. Another goal is to reduce long-term sustainability risks and create value by finding interesting and sustainable investments. The foundation seeks to promote the transition to a sustainable future by investing in sustainable solutions and activities that have positive, measurable, and sustainability-enhancing impacts on society and offer attractive returns. In the foundation's view, incorporating sustainability risks into the investment decision-making process can improve the risk-adjusted return of investments.

The assessment of the principal adverse impacts of investment activities is part of the foundation's operations, as described in the principles of responsible investment.

On the foundation's website, annual disclosures are published regarding the consideration of sustainability risks and adverse sustainability impacts in the foundation's investment activities.

The foundation's key methods for measuring and managing risks relate to the planning and management of operations, sufficient diversification of assets, and monitoring. The basis for management and monitoring includes the risk appetite policy, regular immediate stress tests (and reverse stress tests), and longer-term scenario analyses.

Investment assets are monitored monthly, and risks are managed by comparing investment returns to the return targets of the investment plan in the short and long term. Each asset class has benchmark indices against which returns are also compared. In addition, the foundation's solvency is monitored at least monthly. External asset management is used in investment activities, with Nordea Asset Management (NAM) operating under a full mandate, and real estate management is handled by Newsec Oy. The foundation has granted and, if necessary, grants mandates to asset management and/or the CEO and the chair of the board.