

Climate target methodologies

for Nordea Life & Pension

May 2026

About this document

The purpose of this document is to provide an overview of the methodologies underpinning the climate targets set for Nordea Life & Pension in line with its commitment and the guidance on target setting by the Net Zero Asset Owner Alliance (NZAOA). This publication has been prepared for information purposes only.

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1 Introduction

Nordea Life & Pension (NLP) co-founded the UN-convened Net Zero Asset Owner Alliance (NZAOA) in September 2019. All signatories have committed to a net zero target for 2050. As part of our commitment, NLP presented its first individual carbon-footprint target in 2021¹, which was achieved at the end of 2024.

NZAOA has received significant recognition and the UN Secretary General, António Guterres, has described it as one of the most ambitious and concrete climate actions. At the end of 2025, NZAOA included 87 signatories² with USD 9.2 trillion in assets under management (AuM), all of which have set intermediate climate targets, in addition to targets for engagement and dedicated investments into climate solutions.

Considering NZAOA's Target Setting Protocol, NLP in 2024 developed its climate and environmental targets for the period 2025-2029 (below called "2030 targets").

This document outlines targets, scope and methodologies applied. In line with NZAOA's guidelines, three targets have been adopted:

1. **Engagement target**, to contribute to an acceleration of net-zero alignment among high-emitting companies
2. **Climate and nature investments target**, to increase investments supporting nature and the climate transition
3. **Carbon footprint target**, to further reduce NLP's carbon footprint intensity, aligned with a 1.5°C pathway, to decouple growth from increases in greenhouse gas emissions.

Type	Target	Metric	Base year	Target year	Target level
Engagement	Engage with most material emitters on net-zero alignment.	# of companies	-	2029	30 companies engaged annually
Climate and nature investments	Increase the share of assets under management (AuM) supporting nature and the climate transition	% of AuM	2023	2029	+20%
Carbon footprint	Reduce the carbon footprint of NLP's combined portfolio	tCO ₂ e/USDm	2019	2029	-40–50%

Table 1: Overview of climate targets for Nordea Life & Pension

Scope

The scope of the targets relates to the insurance- and pension-based investment products, where NLP makes decisions as to which internally or externally managed instruments, such as funds, mandates, structured investment products or single securities, to invest in³. Additional information on scope is provided under each target description below.

Governance

The targets are developed by NLP's Responsible Investment Team, in close collaboration with the Nordic and local investment organizations.

¹ <https://www.nordea.com/en/press/2021-05-04/nordea-life-pension-all-asset-managers-to-have-a-net-zero-target>

² <https://www.unepfi.org/industries/investment/increasing-climate-ambition-decreasing-emissions-the-third-progress-report-of-the-net-zero-asset-owner-alliance/>

³ For remaining assets, where customers selects funds or individual securities at Nordea's fund selection platform, Nordea's Responsible Investment Product Distribution Policy applies. The vast majority of such investments are made in funds of Nordea Asset Management (NAM) and are then in scope of NAM's climate targets.

Target content and levels are anchored in NLP's Leadership and Executive Management Team, consisting of the Nordic and local CEOs, the Nordic Heads of Capital and Investments, Strategy, Legal, Risk Management, Compliance and People.

Final approval of climate targets are made by the Board of Directors of Nordea Life Holding as well as the boards of the local entities.

Progress towards the targets is regularly reported to various internal Nordic and local oversight bodies and externally as part of the Nordea Group annual report.

NLP's climate targets are reviewed, and if necessary revised, at least every five years to ensure consistency with the latest scientific findings. Moreover, base year data is recalculated if there are significant changes as to e.g., acquisitions or methodologies applied, to ensure relevance and consistency.

This methodology paper is reviewed annually by NLP's Sustainability Committee.

2 Nordea Life & Pension climate targets

2.1 Engagement

The target aims to accelerate the net-zero alignment among high-emitting companies.

Target

From 2025 to the end of 2029, Nordea Life and Pension (NLP) will each year engage with 30 of its most material emitters on net-zero alignment.

Measurement

NLP commits to engage with 30 selected companies during each calendar year until the end of 2029. Target progress will be reported quarterly and annually, as the number of ongoing engagements in relation to the defined engagement list goes up, to be 30 at the end of the year.

Scope and boundaries

Companies are selected from the AuM that represents NLP's insurance- and pension-based investment products, where NLP makes decisions as to which internally or externally managed instruments, such as funds, mandates, structured investment products or single securities, to invest in.

Clarifications and definitions

NLP's expectations are based on a methodology developed jointly by NLP and Nordea Asset Management (NAM) using the Net Zero Investment Framework as a foundation⁴. In these assessments companies are evaluated on 6 KPIs - Ambition levels, Targets, Emission performance, Disclosure, Decarbonization strategy and Capital allocation. Companies' net-zero alignment is classified as either "Not Aligned", "Committed to Aligning", "Aligning", or "Aligned".

NLP defines engagement as structured communication with a company in order to achieve an improvement on identified issues. Structured communication means that:

- NLP's expectations are pre-defined and presented to the company
- NLP's expectations are followed up on and tracked if the selection of companies enables tracking over time
- The fulfilment of expectations, or the lack thereof, forms the basis for communicating with investee companies

Engagement under this target can be carried out in three different modes, i.e. by NLP on its own, by NLP in cooperation with its asset managers or through coalitions of investors and other organizations where NLP is an active member. Determining which mode to select for any given company depends on the availability and practicality of either of these options.

Process to compile annual engagement list

During Q1 of each year, NLP will extract the list of its top-50 emitters, based on ESG data from the end of the previous year.

⁴ The Net Zero Investment Framework (NZIF) is a widely used guidance for investors who work to contribute to achieving global net-zero. It was developed by the Paris Aligned Investment Initiative (PAII), an investor-led forum established by the Institutional Investors Group on Climate Change (IIGCC), the Asia Investor Group on Climate Change, the Investor Group on Climate Change and the Ceres. The NZIF includes an alignment maturity scale, that groups portfolio companies into alignment categories. These alignment categories are defined by criteria outlined in the framework to which Nordea connects relevant data points.

The RI team will conduct a materiality assessment of each company on this list to arrive at the 30 most material emitters. The assessment of each company takes into consideration factors such as the amount of financed emissions, the size of NLP's investment, the current net-zero classification, the carbon footprint, the implied temperature rise and ongoing dialogues which were started in a previous year.

The resulting list of the 30 most material emitters forms the basis for NLP's engagement work during a year. Should a company become less material during a year, e.g. due to divestment, NLP may consider to select a replacement company from the current holdings list, taking materiality criteria into account.

2.2 Investments supporting nature and climate transition

The climate- and nature-transition requires re-allocation of capital. This target is set to contribute to that.

Target

Increase the share of assets under management (AuM) supporting nature and the climate transition by 20% from 2023 to the end of 2029

Measurement

The target is measured using the share of AuM supporting nature and the climate transition in percentage (%). The base year for the target is 2023 and the target year is end of 2029.

Scope and boundaries

The target covers AuM which relates to NLP's insurance- and pension-based investment products, where NLP makes decisions as to which internally or externally managed instruments, such as funds, mandates, structured investment products or single securities, to invest in.

The eligibility and accounting criteria for investments supporting nature and the climate transition is described as follows:

Asset class	In scope for nature and the climate transition investments
Listed equities	<p>A. AUM in targeted thematic investments with environmental characteristics.</p> <p>Such investments can be in the form of entire funds, or as dedicated side pockets of larger funds, where the side pocket follows a stricter set of environmental criteria compared to the rest of the fund. In such cases, we will only count the proportional amount into the target. The eligibility assessment and criteria are applied to both, entire funds and side-pockets, in the same way.</p> <p>To evaluate if the investment is in scope, NLP assesses factors such as SI commitment level, share of E vs. S&G investments, the holding list, SFDR disclosures, and the manager's intention and ambition with regards to the fund.</p> <p>For mixed funds with social and environmental investments, we count 50% of the committed amount</p> <p>B. AUM in listed equities that are assessed as Net Zero Aligned or Net Zero Aligning, according to Nordea's assessment methodology⁵.</p>
Listed bonds	<p>AUM in labelled bonds with environmental impact (corporate bonds, Sovereign, Supranational and Agency bonds). Green Bonds and Sustainability bonds are included in the scope.</p> <p>For Sustainability bonds, half of the AUM is counted as these type of bonds combine social and environmental use of proceeds. Data on the accurate distribution of proceeds between social and environmental categories is typically not available.</p> <p>Only bonds with second opinions are eligible.</p>
Direct real estate	<p>AUM in buildings that are aligned with the EU Taxonomy's requirements for the acquisition and ownership of buildings.</p> <p>Data is collected by third party technical advisors (except in Denmark where data is collected by in-house resources).</p>
Private Equity and Venture Capital funds	<p>Thematic funds with environmental characteristics.</p> <p>To evaluate if the investment is in scope, NLP assesses factors such as SI commitment level, IC SI level, share of E vs. S&G investments, and the manager's intention and ambition with regards to the fund.</p> <p>For mixed funds with social and environmental investments, we count 50% of the committed amount</p>
Other	<p>Thematic investments with environmental characteristics related e.g. to infrastructure or other real assets that are important for the transition.</p>

Table 2: Overview on eligibility and accounting criteria

Clarifications

From end of 2023 to end of 2029, NLP will increase the share of investments supporting nature and the climate transition from 32.2% in 2023 to at least 38.6% by end of 2029. This equals a 20% increase in the share of AUM.

⁵ This methodology is developed jointly by NAM and NLP using the Net Zero Investment Framework as the starting point when assessing the maturity of companies' climate work. Companies fall into the following categories: Aligned, Aligning, Committed and Not aligned. The assessment evaluates companies on 6 KPIs, e.g. Ambition levels, Targets, Disclosure, Emission performance, Decarbonization strategy and Capital allocation alignment. The data for these KPIs are sourced from reputable sources, e.g. MSCI, SBTi, CDP, TPI.

2.3 Carbon footprint

Target set to further reduce NLP's carbon footprint intensity, aligned with a 1.5°C pathway and to decouple growth from increases in greenhouse gas emissions. This is a continuation of the target used during the target period 2019-2024 with the scope expanded to also include newly acquired Danish operations.

Target

By 2030, NLP is to reduce the carbon footprint of its combined Nordic portfolios (Norway, Finland, Sweden and Denmark), for asset classes in scope, by 40-50 % compared to 2019.

Measurement

The target is measured with a carbon footprint metric measuring the tonnes CO₂ of financed emissions (scope 1 and 2) / mUSD invested. The base year for the target is 2019 and the target year is end of 2029.

Scope and boundaries

The target covers the combined carbon footprint of listed equities, corporates bonds and direct real estate.⁶

Target-setting method and benchmark scenario

The target is set following the third edition of NZAOA's target setting protocol which bases its requirements for members on the climate modelling published in the Intergovernmental Panel for Climate Change (IPCC)'s Assessment Report AR6, released in April 2022. Based on IPCC's no and low overshoot 1.5°C scenarios (c1 category), the Alliance identified a global average absolute emissions reduction requirement in the range of -40% to -60% by 2030 (AR6). The target reflects hence guidance from NZAOA, which requires members to reduce the carbon footprint by 40-60% vs. 2019 by 2030.

Clarification and definitions

NLP will apply the same methodology to calculate the carbon footprint as used during the first target period (2019-2024).

⁶ More asset classes may be added as emissions data becomes available but may need to relate to a more recent base year.

3 Limitations and other information

This methodology paper will be reviewed annually. Transparency will be provided in this document as to any changes implemented.

The carbon footprint target is based on the Target Setting Protocol issued by the Net Zero Asset Owner Alliance (NZAOA). The targeted range of reductions set by NZAOA reflects climate scenarios and models which are aligned with a 1.5°C temperature increase in 2100 with low or no overshoot. As NZAOA notes, scenarios, models, and thus target achievement, are highly dependent on government policy up to 2030. Significant changes to regional and / or global policy landscapes, e.g. a rolling back of related policies and ambition levels on a significant scale, will allow NLP to review the target definition and ambition level.

The nature and climate investments target regards an evolving field which means that the list of eligible instruments may expand up to 2030. Moreover, methodologies for measurement may change during the target period, which may require e.g. re-calculation of base year data or splitting up the target period into phases. Moreover, this target is highly dependent on government policy up to 2030, especially regarding the drive for companies to take actions to align with net-zero pathways. Significant changes to regional and / or global policy landscapes, e.g. regulation which aims to discourage or hinder corporate commitments and actions regarding net-zero pathways, will allow NLP to review the target definition and / or ambition level.

NLP's performance under carbon footprint and nature and climate investment targets can be negatively impacted by market developments (e.g. the role of enterprise value in the calculation of the carbon footprint). Such market developments include, but are not limited to, unusual or sudden drops in the market value of assets. If such market developments occur during the last 3 months prior to a target due date (end of year 2029), NLP is permitted to measure the target performance in the last month prior to the market development or use an annual average for the past 12 months as final outcome for the target period.

4 Disclaimer

This document contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Nordea believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Results could differ materially from those set out in the forward-looking statements due to various factors. These include but are not limited to (i) macroeconomic developments, (ii) changes in the competitive environment, (iii) changes in the regulatory environment and other government actions, and (iv) changes in interest rate and foreign exchange rate levels. This document does not imply that Nordea has undertaken to revise these forward-looking statements beyond what is required by applicable law or stock exchange regulations if and when circumstances arise that lead to changes following their publication.

5 Change log

Change date	Change area	Summary of update
May 2026	Alignment with NZAOA guidance	Updated framing to align with Net Zero Asset Owner Alliance target-setting guidance, and refreshed contextual disclosures versus the 2025 methodology.
May 2026	Engagement target (process)	Clarified how progress is reported externally, while maintaining the overall target architecture.
May 2026	Engagement target (process)	Adjusted the process for identifying the 30 most material emitters to ensure materiality
May 2026	Climate & nature investments target	Updating explanatory baseline data to reflect the latest reference data used for the calculation.