

Nordea

Information about policies for integration of sustainability risks

Nordea Bank Abp

Published March 2021. Updated June 2021



Information about policies for integration of sustainability risks in Nordea Bank Abp

Purpose

This document describes how Nordea Bank Abp (“Nordea”) integrate sustainability risks in investment decisions and in investment and insurance advice with respect to financial products. Sustainability risk is an environmental, social or governance (“ESG”) event or condition that, if it occurs, could cause a negative material impact on the value of the investment. In short, ESG risks that can negatively impact the value of an investment.

Sustainability risk integration in Nordea

Nordea’s principles and policies guide our decisions, work and behaviour. We consider relevant ESG principles when evaluating risks and opportunities. This includes the situations that can negatively impact the value of our customers’ investments.

We consider sustainability risks in our decision-making processes and our investment and insurance advice. We ensure this through our policies and internal procedures. Our policies and guidelines for integration of sustainability risks in investment decision-making and in investment and insurance advice are included in our internal documents. These include Guideline for Product Distribution Strategy, which refers to Nordea Responsible Investment Fund Distribution Policy and Nordea Sustainable Choice Framework

Investment decision-making

At Nordea, we perform discretionary portfolio management. This service adheres to policies for investment and insurance advice. Part of it is outsourced to Nordea Investment Management AB (“NIM”).

You can find information on how NIM considers sustainability risks in the document [Sustainability Risk Integration in the Investment Decision-making Process](#) and in their [Responsible Investment Policy](#). Nordea is responsible for the customer relationship for the outsourced service. We monitor NIM’s management of portfolios regularly.

Investment and insurance advice

We ensure that sustainability risks are considered in our advice through our requirements on managers and products. While all financial products we include in our advice consider sustainability risks, the approach differs. Yet, both managers and products need to meet specific requirements to qualify for advice to Nordea clients.

We require that all product providers have signed the UN Principles for Responsible Investments (PRI). They must commit to integrating ESG factors into their investment analysis, decision-making processes and active ownership practices.



In Nordea, we demand that all providers of financial products have a clear process of complying with these principles. This includes identifying and acting towards companies that are breaching international laws, norms on environmental protection, human rights, labour standards, and anti-corruption.

Financial products selected for advice are integrating ESG safeguards. That means they apply norm-based screening and exclusions towards specific sectors as a minimum standard. Furthermore, funds included in our advice must adhere to our Nordea Responsible Investments Fund Distribution Policy. This covers exclusion criteria for illegal weapons, nuclear weapons, coal-mining and oil sand extraction (hedge funds excluded).

External funds

Sustainability due diligence is performed on external funds (liquid funds) during the selection process. It covers the ESG approach both for the specific fund and the asset manager. Based on the due diligence, the fund is given an ESG score. This score need to exceed our threshold for the fund to be eligible for the next step in the selection process. The due diligence is updated every year.

Products with enhanced focus on sustainability

As part of our Sustainable Choice Framework, we have guidelines for assessment and selection of products with enhanced focus on sustainability. These include stricter requirements on managers and products to ensure ESG standards of high quality. Sustainability risk integration is a central aspect of the Sustainable Choice products and ESG factors are typically applied as a key selection criterion.