

Nordea

Climate Change Policy

Nordea Life & Pension



December 2025

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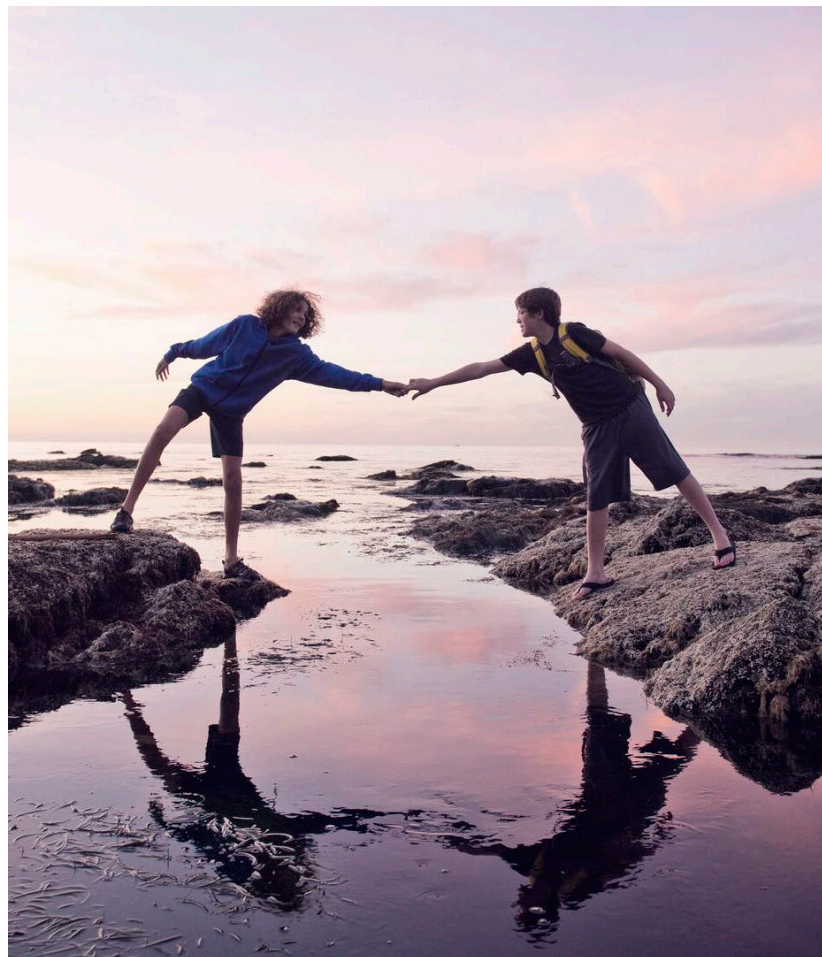
**Being a
responsible
investor is
a central
part of our
investment
philosophy**

1/ Scope and applicability

This policy applies to all insurance- and pension-based investment products, where Nordea Life & Pension makes decisions as to which internally or externally managed instruments, such as funds, mandates, structured investment products or single securities, to invest in¹. The policy does not cover investments in derivatives. For illiquid assets, the policy that was in place at the time when capital was committed applies.

Exceptions to comply with this policy could be made exceptionally in certain cases and subject to Nordea Life & Pension's escalation procedures to Nordea Life & Pension's Sustainability Committee, e.g. if applying this policy would have significant negative impacts and where such actions would be deemed as not acting in the customers best interest.

In circumstances where applying this policy would interfere with local regulations or other mandatory requirements such requirements will overrule this policy.



¹ For remaining assets, Nordea's Responsible Investment Product Distribution Policy applies (available at nordea.com under [Policies &](#)

[sector guidelines](#)). Exception applies to single equities, single bonds and unlisted holdings where the customer makes the selection.

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Introduction

Climate change is one of the largest threats to our planet, ecosystems and communities as well as a critical issue for long-term investors

Nordea Life & Pension views climate change as the largest threat to our planet, eco-systems and communities, as well as being a critical issue for long-term investors. We recognise that climate change and the transition to a low-carbon economy both pose a threat to shareholder value and present new investment opportunities.

We support the objectives of the Paris Agreement to limit the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

We acknowledge our role and responsibility as a large investor in contributing to this transition through our investment decisions and active ownership practices. We further acknowledge that we must adapt to elevated physical climate risks already at current levels of global warming and also in a future 1.5°C aligned world.

As an investor we have a duty to manage our financial exposure to climate related risk and an opportunity to capture opportunities arising from the low-carbon transition for our clients.



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Our commitments on climate change

We are a co-founder of the UN-convened Net-Zero Asset Owner Alliance (AOA) and we have committed to transition our investment portfolios, across all asset classes, to net-zero emissions by 2050, at the latest. We will set targets in line with the target setting protocol of the AOA every five year and publicly report on our progress annually.

We support the recommendations from the Task Force on Climate Related Financial Disclosures (TCFD) and commit to disclose our climate related exposures, strategies, targets and governance in Nordea Group's annual

report in compliance with the requirements of the Corporate Sustainability Reporting Directive (CSRD).

As part of the Nordea Group, we commit to disclose our financed emissions for relevant asset classes according to the accounting standards of the Partnership for Carbon Accounting Financials (PCAF).

We are a signatory to the Principles for Responsible Investments (PRI) and are thus committed to integrate ESG issues, including climate change, in our investment decision processes.



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Our approach

As with other environmental, social and governance (ESG) related aspects, climate change is an integrated part of our investment decision and risk management processes.

We actively seek to understand and monitor how climate change may impact our portfolios and how our portfolios impact the climate. These insights help us guide our investment decisions, allocation strategies and engagement efforts. To support us, we base our work on the following pillars.

4.1 Target setting

Besides our long-term net-zero commitment we set interim targets every five years informed by the best available scientific knowledge. Our 2030 targets are presented further down. Targets should progressively include different asset classes, as methodologies and data become available, until all relevant asset classes are covered.

To support system-wide change and to ensure aligned interests, we also require from our managers to commit to transition their assets to net-zero by 2050².

When we closed our first interim target period (2021-2024), the world was not decarbonizing fast enough. Due to this delayed transition, we added two targets to our overarching commitment to reduce the carbon footprint

intensity of our portfolio by 40-50 percent by 2030 (base year 2019).

- By annually engaging with our top-30 emitters we aim to motivate investee companies to align their businesses with net zero alignment.
- By increasing the share of assets under management in investments that support nature and the climate transition, we will reallocate capital to companies that are investing in actions and solutions that need to be scaled up.

2030 climate targets

- We will reduce the carbon footprint of our combined Nordic portfolios (Norway, Finland, Sweden and Denmark) by 40-50 percent compared to 2019. Assets in scope are listed equities, corporate bonds and directly owned real estate.
- From 2025 to the end of 2029, we will each year engage with 30 of our most material emitters on net-zero alignment.
- We will increase the share of assets under management supporting nature and the climate transition by 20 percent from 2023 to the end of 2029.

For further information about our targets, please see [the methodology paper](#).

² Nordea Life & Pension requires public information or other confirmations to us of an ambition level or practices that are equivalent to this requirement. In the assessment, Nordea Life & Pension takes

materiality and data availability, as well as aspects related to the individual asset class and investment type into account.

4.2 Climate resilience monitoring

We continuously monitor³ our climate risk exposures and use a combination of both forward- and backward-looking metrics and scenario analysis to future-proof our portfolios and assess their climate resilience.

Climate risk exposures and the management of these are regularly assessed, considered in the investment organization and reported to bodies overseeing the work, including Nordea Life & Pension's Nordic and local boards.

4.3 Climate related exclusions and restrictions

We apply the following restrictions and exclusions in our portfolio:

Coal mining

- We do not invest in companies with sustained and substantial exposure to coal mining, defined as having a 5 percent revenue threshold on thermal coal and a 30 percent revenue threshold on total coal (including metallurgical coal).⁴

Unconventional oil and gas

- We do not invest in oil and gas companies extracting fossil fuels with unconventional methods (arctic drilling, oil sands, shale oil, shale gas and fracking) due to its negative impacts not only on climate but also on biodiversity and ecosystems more broadly.

Conventional oil and gas

- We do not invest in oil and gas companies⁵ unless they have taken

concrete steps to transition their activities in line with a trajectory that limits global temperature rise to well below 2 degrees.⁶

- We do not invest in service companies specialized in the oil and gas sector⁷ unless they have taken concrete steps to transition their activities in line with a trajectory that limits global temperature rise to well below 2 degrees⁸ or are included in an investment strategy that explicitly engages companies on climate and net-zero.

Power generation

- We do not invest in power generation companies⁹ unless they have taken concrete steps to transition their activities in line with a trajectory that limits global temperature rise to below 2 degrees¹⁰ or are included in an investment strategy that explicitly engages companies on climate and net-zero.
- We do not invest in power generating companies which plan major or strategic expansion of coal power capacity.

4.4 Financing the transition

We recognize the need to reallocate capital to companies and assets that are undergoing a transition which is in line with the objectives of the Paris Agreement. In addition, we seek to actively identify opportunities to invest in companies and assets that meet our risk and return requirements while significantly contributing to climate change mitigation and adaptation. As reflected in one of our 2030

³ The term "monitoring" summarizes various methods of obtaining and assessing information on our investments. We apply different methods as data availability varies across asset classes. Methods include, but are not limited to, quantitative and qualitative screenings and assessments, performed at varying time-intervals. Combinations of different methods can be applied.

⁴ Includes thermal and metallurgical coal, lignite and anthracite.

⁵ Companies in the energy sector which derive more than 5 percent of their revenues from the exploration, extraction and production of oil and gaseous fuels.

⁶ Companies must be on a path to net zero, as evaluated by our internal assessment methodologies, which are based on e.g. the Transition Pathway Initiative and the Net Zero Investment Framework, developed by IIGCC/PAII.

⁷ Companies which derive more than 50 percent of their revenues from services essential and specific to the extraction of oil and gaseous fuels

⁸ See footnote 6.

⁹ Companies in the electricity sector generating more than 5 percent of revenues from fossil power generation

¹⁰ See footnote 6.

climate targets, we aim to over time increase the share of such investments.

4.5 Active ownership

Climate change is a prioritized area in our active ownership strategy where both our voting and engagement practices are important tools to improve our portfolios' climate resilience and to contribute to emission reductions in the real economy.

We use a risk-based approach and focus engagement efforts on portfolio companies and sectors most exposed to climate risks. We engage with companies both through individual dialogues and together with other investors and investor coalitions.

We are in regular dialogue with the asset managers who manage assets on behalf of us to ensure their active ownership practices and policies are aligned with our views and requirements.



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Position and expectations

We set expectations on our investee companies and asset managers with regards to climate change

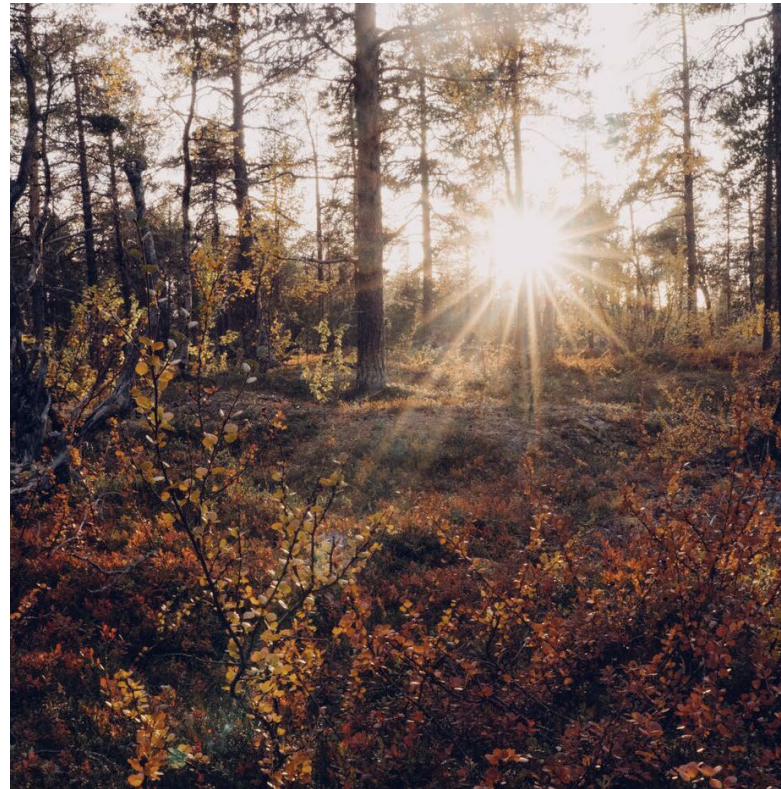
We expect investee companies and asset managers to:

- Disclose climate-related information in line with the recommendations provided by TCFD and/or the climate reporting standard of the CSRD, including publicly disclosing scope 1-3 emissions
- Establish a robust governance of climate risks and report on the cost and implications of both physical and transition risks and how remuneration is linked to climate-related performance
- Set strategies and targets aligned with a trajectory that limits global temperature rise to well below 2 degrees, including taking social considerations into account to support a just transition
- Support a just and orderly transition to a low-carbon economy when engaging with policy makers and refrain from participating in any direct or indirect advocacy activities aimed at weakening climate policy

We also follow and adhere to the expectations on investee companies set out in [Nordea Group's Position Statement and sector guidelines](#).

Moreover, we support [the position papers](#) published by the Net Zero Asset Owner Alliance on the oil and gas sector, and on coal.

These additional documents inform and guide Nordea Life & Pension's due diligence activities, active ownership practices and asset manager selection procedures.



6/ Reporting

We shall be open and transparent towards customers, authorities and other external stakeholders with regards to how we work with and incorporate climate change aspects in our investment decisions, how climate change impacts our portfolios and how our portfolios impact the climate.

We report and disclose on climate change in accordance with current regulatory requirements and according to the commitments we have made.

We shall disclose climate related information in line with the requirements of the Sustainable Finance Disclosure Regulation (SFDR) Corporate Sustainability Reporting Directive (CSRD) and the Partnership for Carbon Accounting Financials (PCAF). On an annual basis, we shall also disclose our performance in relation to the net-zero targets we have committed to.

Internal reporting on climate change is regularly provided to the investment organisation as well as decision-making and oversight bodies, including Nordea Life & Pension's Nordic and local boards.

7/ Other

For information about Nordea Life & Pension's other ESG policies (Responsible Investment Policy and Engagement Policy), please visit the Nordea's website section [Policies & sector guidelines](#).

