

Nordea
ASSET MANAGEMENT

Climate and Nature Report 2025

Our environmental objectives depend partly on investee company action and broader regulatory, technological and market developments.
As transition pathways, available solutions and external circumstances evolve, we may adapt our approach and actions.
Entity-level objectives do not guarantee any particular outcome for an individual fund, portfolio or investee company.

Advertising for professional investors only.

Any investment decision in the sub-funds should be made on the basis of the current prospectus and the Key Information Document (KID) or the Key Investor Information Document (KIID) for UK investors.



Overview

1. Foreword 4

2. Climate and nature at a glance 5

3. Governance 6

4. Strategy 8

4.1 Commitments and convictions 8

4.2 Risks and opportunities 11

4.3 Climate Value-at-Risk 13

4.4 High priority sectors 15

4.5 Tools 17

5. Risk and opportunity management 20

5.1 Integration into processes and products 20

5.2 Product innovation 27

5.3 Stewardship activities 28

5.3.1 Individual company engagements 29

5.3.2 Collaborative engagements 31

5.3.3 Voting activities 35

5.3.4 Policy engagement 36

6. Metrics and targets 38

7. Outlook 43

Nordea

Nordea is the largest financial services group in the Nordic region and one of the biggest banks in Europe. We want to make a real difference – for our customers and for the communities in which we operate – by sharing our extensive expertise based on 200 years in the banking business.

About Nordea Asset Management

Nordea Asset Management (NAM) is part of the Nordea Group. We are an active asset manager with a global business model, offering services to institutional clients in Europe, the Americas and Asia. We manage investments across the full spectrum of asset classes. Our third-party distribution franchise services a wide range of international fund distributors, including many of the leading global wealth managers. We distribute our products through banks, asset managers, independent financial advisers, insurance companies and family offices. Our client base is equally split between Nordea Group-related and external clients. With EUR 325bn (31 December 2025) in assets under management, we have been experiencing strong growth over the past decade.

Our Climate and Nature reports have been combined into a single report in accordance with the TCFD and TNFD recommendations:

- **2017:** The Task Force on Climate-related Financial Disclosures (TCFD) published a set of recommendations for climate-related financial disclosures, structured around four pillars: governance, strategy, risk management, and metrics and targets. We were one of the first companies worldwide to commit to the TCFD recommendations
- **2020:** We published our first TCFD-aligned climate report
- **2021:** The Taskforce on Nature-related financial disclosure (TNFD) was formally launched. The TNFD framework followed the same structure as that of the TCFD around four pillars: governance, strategy, risk and impact management, and metrics and targets

Core elements of recommended climate- and nature-related financial disclosures[1]



Governance
The organisation's governance around climate- and nature-related dependencies, impacts, risks and opportunities

Strategy
The actual and potential impacts of climate- and nature-related risks and opportunities on the organisation's business, strategy and financial planning

Risk management
The processes used by the organisation to identify, assess, prioritise and manage climate and nature-related dependencies, impacts, risks and opportunities

Metrics and targets
The metrics and targets used to assess and manage relevant climate- and nature-related dependencies, impacts, risks and opportunities

1) Adapted from the TCFD four-pillar disclosure structure and the TNFD disclosure recommendations.

Foreword

The investment environment has become harder to read. Political signals are less predictable, regulatory frameworks are evolving quickly, and geopolitical risk has moved from a background assumption to a daily consideration. For long-term investors, this makes discipline more important, not less. Periods of heightened uncertainty reinforce the value of active management: the ability to distinguish structural change from short-term noise, and to invest with conviction where the long-term direction remains clear.

Climate and nature sit firmly within that context. The transition is no longer driven only by policy commitments, corporate promises or investor pressure. Increasingly, it is being shaped by economic and technological fundamentals. Electrification, renewable power, grid investment, storage and energy efficiency are becoming central to competitiveness, resilience and capital allocation across sectors.

Energy security is one of the clearest examples of this shift. For many years, security of supply and decarbonisation were often presented as competing objectives. Recent events have challenged that framing. Greater electrification, more diversified energy systems and investment in domestic renewable generation can reduce exposure to volatile fossil fuel markets while supporting long-term resilience. In our view, energy security and the transition are increasingly mutually reinforcing.

At the same time, the path ahead is not simple. Artificial intelligence is a powerful example. We see meaningful opportunities to expand the use of AI across Investments & Responsible Investments to assist our specialists in a way that creates value for our clients, but the rapid expansion of AI infrastructure also places material demands on electricity, water and land. This is why selected technology companies are becoming more important in our engagement work: not because of their sector label alone, but because of their growing influence on energy demand and natural resources.

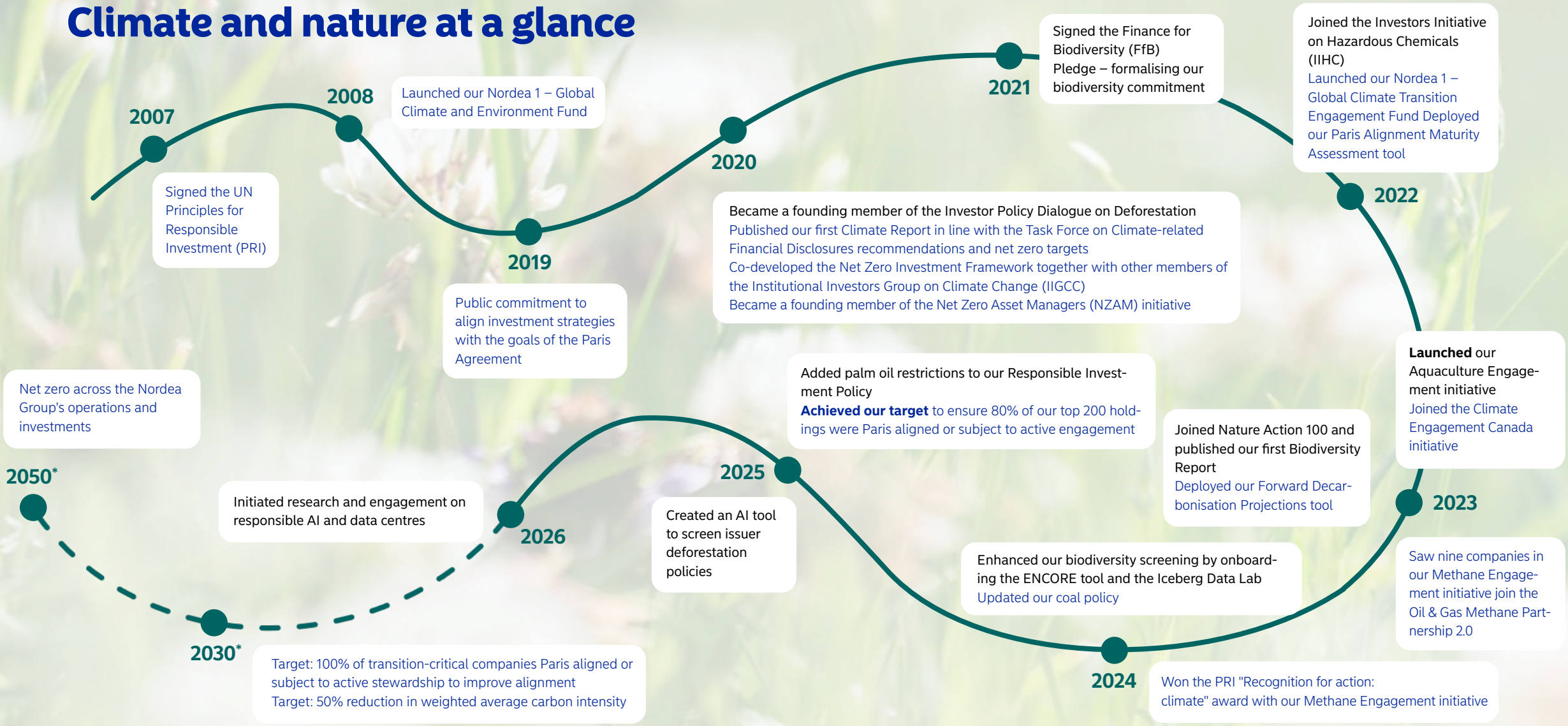
This year's report also marks an important step in the development of our work by integrating nature alongside climate for the first time. We do this with ambition, but also with humility. Nature-related risks are financially relevant across many sectors, and the links between climate change and biodiversity loss are becoming clearer. At the same time, data, methodologies and market practice are still maturing. This report is therefore both a record of progress and a statement of direction.

Our conviction is that understanding these structural forces is essential to long-term investment success. The following pages set out how we are building capabilities, engaging with companies and applying disciplined analysis to support better outcomes for our clients.



Kasper Elmgreen
Chief Investment Officer
Fixed Income & Equities

Climate and nature at a glance



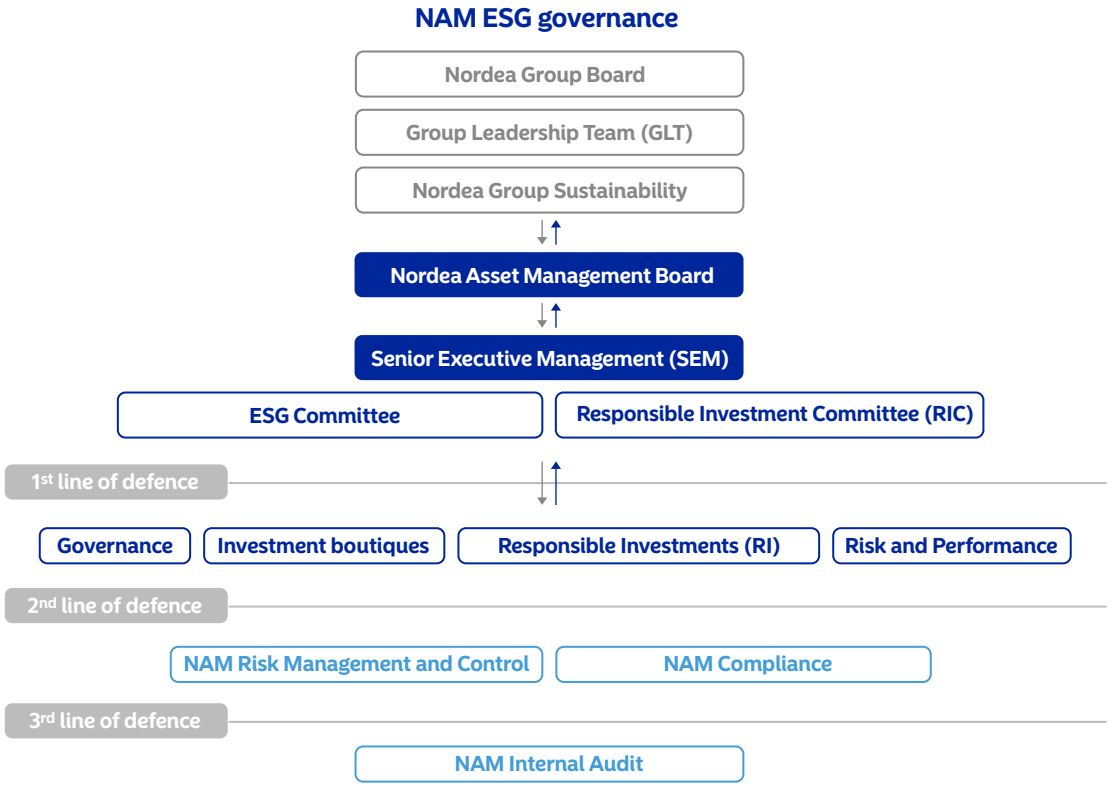
* Achievement of the 2030 and 2050 objectives depends partly on investee company action and broader regulatory, technological and market developments. We support these entity-level objectives through interim reduction and stewardship targets and may adapt our approach as circumstances evolve. The objectives do not guarantee any particular outcome for an individual fund, portfolio or investee company.

Governance

At Nordea Asset Management (NAM), the commitment to climate-resilient and nature-based investments comes from the top. The Board oversees our strategic direction, reviews the development of our ESG and climate policies, and is updated at least annually on the policies' implementation. The Senior Executive Management team is kept well informed on climate- and biodiversity-related matters and several members sit on the ESG Committee, which is responsible for overseeing the strategic delivery of our climate and biodiversity commitments. The ESG Committee convenes regularly throughout the year, to monitor progress and decide on significant changes to our Responsible Investment Policy and processes. On a yearly basis we report progress on our commitments to the Nordea Group.

Additionally, our Responsible Investment Committee (RIC), created in 2009 and chaired by the NAM CEO, meets every quarter to discuss whether to engage with or divest from companies that are failing to meet our responsible investment expectations. The heads of the investment boutiques are responsible for integrating ESG risks, including risks arising from climate change and nature degradation such as pollution, into investment analysis and decisions. Various resources are available for the investment teams to monitor climate and biodiversity risks and opportunities in the portfolios, including a climate dashboard included in regular risk reports.

Finally, our Responsible Investments (RI) team plays a central role in advancing our ESG ambitions. It develops and recommends strategic priorities and targets, and ensures the implementation of the Responsible Investment Policy. The RI team monitors progress and reports regularly to senior leadership. It also manages key operational areas such as ESG research, ESG data platforms, and active ownership practices. Through these efforts, the team supports the integration of ESG principles across our investment offerings and governance framework. Workshops and training sessions on climate and nature are regularly conducted for the investment teams and other functions to increase knowledge and awareness.



Our ESG governance is supported by a three-layer model. The first layer consists of business units and investment teams managing ESG risks in daily operations. The second layer comprises independent control functions such as Risk Management and Control and Compliance, which oversee and monitor adherence to ESG policies and commitments. The third layer is Internal Audit, which provides independent assurance to the NAM Board on the effectiveness of governance, risk management, and ESG-related controls.



Overview

1. Foreword 4
2. Climate and nature at a glance 5
3. Governance 6
4. Strategy 8
4.1 Commitments and convictions 8
4.2 Risks and opportunities 11
4.3 Climate Value-at-Risk 13
4.4 High priority sectors 15
4.5 Tools 17
5. Risk and opportunity management 20
5.1 Integration into processes and products 20
5.2 Product innovation 27
5.3 Stewardship activities 28
5.3.1 Individual company engagements 29
5.3.2 Collaborative engagements 31
5.3.3 Voting activities 35
5.3.4 Policy engagement 36
6. Metrics and targets 38
7. Outlook 43

Commitments and convictions

Climate change has been a strategic focus for us since we became a signatory to the UN-supported Principles for Responsible Investment (PRI) in 2007.

Key milestones include our first climate-related divestment from coal mining in 2015, a public commitment to align our investment strategies with the Paris Agreement in 2019, and becoming a founding member of the Net Zero Asset Managers (NZAM) initiative in 2020. Nature and biodiversity have similarly been a long-standing ESG focus area, and one where we have steadily increased our attention – culminating in us becoming a signatory to the Finance for Biodiversity Pledge (FfB) in 2021, aiming to halt and reverse biodiversity loss in line with the Kunming-Montreal Global Biodiversity Framework.

In 2025 we met our organisational climate targets under the NZAM initiative, as well as our initial targets under the FfB Pledge. Together, these outcomes reflect our broader ambition to build climate and nature-related resilience while capturing the opportunities presented by the transition to a low-carbon economy.

Our ambition is structured around two key external commitments, the Net Zero Asset Managers initiative and the Finance for Biodiversity Pledge, entailing specific responsibilities that guide how we prioritize and execute our work.



These commitments reflect our current approach. As frameworks, transition pathways and external circumstances evolve, we may adapt our approach and actions accordingly.

Commitments and convictions – climate

NZAM commitment[2]		What this means for us	Additional information
Client information	Provide clients with information on climate-related financial risks and opportunities	Deliver decision-useful climate reporting beyond headline metrics through proprietary analytics that translate climate risks and opportunities into actionable portfolio insights. **Focus** • Advance our measurement of physical climate risks • Continuously enhance our climate analytics and tools	4.5 5.1.2 5.2
Client support	Support clients in delivering on their climate goals through climate solutions, transition finance, and climate-resilient investments	Help clients translate climate ambitions into investment outcomes through climate-integrated strategies, customised mandates and forward-looking analytics. **Focus** • Maintain a broad suite of climate-integrated investment strategies • Develop customised climate mandates with asset owners • Provide attribution analysis to explain portfolio decarbonisation	5.1.2 5.2
Target setting	Set near-term climate targets consistent with the global net zero goal, reviewed periodically	Deliver on our 2030 alignment and engagement target by focusing effort where it can have the greatest influence on real-economy outcomes. **Focus** • Ensure transition-critical investee companies are Paris aligned or under active stewardship by 2030 • Track portfolio decarbonisation against our weighted average carbon intensity (WACI) objective and explain the key drivers	6.1
Investment stewardship	Implement stewardship strategy to support investees with material climate risks/ opportunities	Use engagement and voting to accelerate decarbonisation, prioritising transition-critical companies and escalating where progress is insufficient. **Focus** • Lead collaborative engagement in high-emitting sectors, including through our Methane Engagement Initiative • Prioritise transition-critical companies for engagement • Use voting, including votes against management, as an escalation tool	5.3.1 5.3.2 5.3.3
Investment system engagement	Engage with key investment system actors to encourage climate-appropriate services	Work with data providers and standard setters to improve the quality and investor relevance of climate data and methodologies. **Focus** • Improve scope 3 emissions data • Advance investor-relevant measurement of physical climate risk	6.1 5.3.2
Policy advocacy	Ensure policy advocacy does not undermine commitments	Contribute investor perspectives that help create a supportive policy environment for effective climate transition. **Focus** • Support ambitious methane policy and regulation • Contribute investor perspectives to reporting standards and target setting frameworks • Advance sustainable finance regulation, including the Sustainable Finance Disclosure Regulation (SFDR)	5.3.4

2) This is a shortened summary of the NZAM commitment. The full commitment can be read here: https://www.netzeroassetmanagers.org/commitment/. Participation in NZAM commitment does not constitute product certification, independent verification or a guarantee that the commitments will be achieved.

Commitments and convictions – nature

FfB Pledge commitment[3]		What this means for us	Additional Information
Collaboration and knowledge sharing	Share knowledge on biodiversity metrics, targets and financing approaches for positive impact	Collaborate with peers, clients, non-governmental organisations (NGOs) and other stakeholders to improve and refine our approach and share best practice across the industry. **Focus** • Actively participate in collaborative engagements and initiatives such as Nature Action 100, the Institutional Investors Group on Climate Change (IIGCC) Deforestation Investor Group (DIG) and others • Participate in FfB working groups to support the development of frameworks and methodologies	NAM Responsible Investments Report 2025 5.3.2
Engagement with companies	Embed biodiversity criteria in ESG policies and engage with companies on their biodiversity impacts	Use our stewardship tools to engage with investee companies, focusing on key areas such as hazardous chemicals and deforestation. **Focus** • Further integrate the topics of climate and nature into our engagements	5.3.1 5.3.2
Impact assessment	Assess investments for significant biodiversity impacts and identify drivers of loss	Assess the data landscape to improve our own understanding of dependencies and impacts and build on existing analyses, including with AI tools. **Focus** • Develop internal tools and frameworks to better support investment teams and clients in measuring and managing the dependencies and impacts of their investments • Continuously engage with data providers to review and learn about different methodologies and data sets	NAM White Paper on Nature and Biodiversity 2025 5.1.2 5.1.3
Target setting	Set and disclose targets to reduce negative biodiversity impacts and increase positive ones	Continuously increase our internal ambition and set meaningful goals underscoring our commitment. **Focus** • Follow FfB target setting guidance to work towards the possibility of setting portfolio targets	6.3
Public reporting	Report annually on our contributions to global biodiversity goals	Report on challenges, activities throughout the year, and progress made. **Focus** • Use public reports and case studies for public awareness raising and knowledge sharing • Align disclosures with frameworks such as that of the Taskforce on Nature-related Financial Disclosures (TNFD) and continuously work towards disclosing more metrics	NAM UK Stewardship Code 2026 Activities and Outcomes Report

3) This is a shortened summary of the FfB Pledge commitment. The full commitment can be read here: https://www.financeforbiodiversity.org/ffb-pledge/. Participation in FfB Pledge commitment does not constitute product certification, independent verification or a guarantee that the commitments will be achieved.

Risks and opportunities

As the largest asset manager in the Nordics, we invest across all major asset classes and are therefore exposed to a broad range of climate- and nature-related risks and opportunities that may affect long-term portfolio value.

Climate change and nature and biodiversity loss share common drivers and often affect the same sectors and geographies. Climate change drives nature degradation, while nature loss can amplify climate risks by weakening carbon sinks and resilience, creating compounding financial risks. We recognise that companies may both depend on and impact nature, and that failures to manage these interdependencies may result in financially material risks.

Our analysis reflects the concept of **double materiality**, considering both the **financial risks** that sustainability issues pose to investments and the **principal adverse impacts** of investment decisions on the environment. **We categorise climate- and nature-related risks into transition and physical risks**, while also identifying investment opportunities arising from the transition to a low-carbon and more nature-positive economy, supporting robust risk management and alignment with regulatory and stakeholder expectations.

By applying a consistent structure to the assessment of climate- and nature-related transition and physical risks, we ensure a comprehensive and forward-looking view of environmental risks across portfolios. This approach supports the **identification of vulnerabilities, effective engagement with investee companies and the allocation of capital** to opportunities aligned with a low-carbon and nature-positive economy, contributing to long-term sustainable value creation.

Transition risks

- **Climate:** Stricter climate policy, technological shifts, market dynamics and reputational pressures expose companies – particularly in high-emitting sectors – to the risk of stranded assets and higher operating costs. The gap between current commitments and the Paris Agreement suggests continued regulatory escalation, while also creating opportunities in decarbonisation, clean energy and climate adaptation
- **Nature:** A rapidly expanding regulatory landscape – including the European Union (EU) Deforestation Regulation, PFAS restrictions, the EU Biodiversity Strategy for 2030 and the Kunming-Montreal Global Biodiversity Framework – is increasing expectations for companies to address nature-related impacts. Companies exposed to key drivers of biodiversity loss face compliance costs and market access risks, while those supporting ecosystem restoration or circular economy models may benefit from emerging opportunities

Physical Risks

- **Climate:** Acute risks (extreme weather events) and chronic risks (rising sea levels, shifting precipitation, temperature increases) can damage assets, disrupt supply chains and reduce productivity
- **Nature:** Ecosystem degradation and the loss of ecosystem services pose material risks to sectors such as agriculture, forestry, fisheries and extractive industries. Biodiversity loss also reduces ecosystem resilience, amplifying climate physical risks, with both acute events (for example, pollution incidents) and chronic degradation being relevant

Risks and opportunities

Primary time horizon	Category	Primary drivers	Implication for NAM
1–10 years	**Climate**		
	Direct transition risks and opportunities	• **Evolving regulations and expectations:** Evolving standards for climate-related reporting; increasing client demand to manage climate-related risks	• We monitor and participate in leading climate-related investor initiatives • We engage with customers and expand our climate-related product offerings
	Transition risks and opportunities transmitted through investments	• **Policy and legal:** Higher carbon pricing; regulation and litigation • **Reputation:** Negative stakeholder feedback • **Technology:** Obsolete technologies; CapEx for new technologies • **Market:** Changing consumer demand; rising material costs; new entrant disruption	• We focus engagements on the most exposed companies and countries • We integrate climate risk metrics into our risk reporting • We restrict investments in companies fundamentally unaligned with the Paris Agreement • We identify companies in critical sectors with aggressive decarbonisation strategies
1–10 years	**Nature**		
	Direct transition risks and opportunities	• **Evolving regulations and expectations:** Evolving standards for nature and biodiversity-related reporting	• We monitor and participate in nature-related investor initiatives
	Transition risks and opportunities transmitted through investments	• **Policy:** Nature-related regulations such as the EU Deforestation Regulation, PFAS restrictions and others impacting investee companies' operations and valuations • **Reputational:** Client and stakeholder perception of our nature-related impact and risk management	• We aim to participate in relevant initiatives and collaborations to better understand and act upon nature-related risks and impacts
>10 years	**Climate**		
	Physical risks associated with investments	• **Acute:** Increased severity and frequency of extreme weather events • **Chronic:** Rising sea levels, mean temperatures and weather pattern variability	• We identify which sectors/companies are most exposed to the effects of climate change
>10 years	**Nature**		
	Physical risks associated with investments	• **Chronic:** Gradual changes to the state of nature	• We aim to continuously improve the availability of data so we can adequately assess and respond to long-term nature-related risks

Climate Value-at-Risk (CVaR)

Climate Value-at-Risk (CVaR) is a forward-looking metric that estimates the financial impact of climate risks and opportunities across corporate investment portfolios, expressed as a percentage of enterprise value. We use MSCI's CVaR model, which combines three sub-categories into a single aggregated metric, assessed across three Network for Greening the Financial System (NGFS) climate scenarios: (from most to least ambitious) Net Zero by 2050, Delayed Transition and Nationally Determined Contributions (NDCs).

Policy risk	Technology opportunity	Physical risk
Reflects the financial costs that companies face as governments implement measures to reduce greenhouse gas emissions, primarily through carbon pricing and shifting market demand away from high-carbon products. The more ambitious the climate scenario, the greater the policy risk.	Captures the potential financial benefits arising from the development and deployment of low-carbon technologies. Companies well positioned to develop or adopt cleaner technologies can benefit from new revenue streams and improved competitiveness, with opportunities greatest under the most ambitious scenarios.	Encompasses the expected costs stemming from business interruptions and damage to physical assets resulting from climate-related events, including extreme heat, flooding, and tropical cyclones. Unlike transition risks, physical risks increase as climate ambition decreases. These costs tend to materialise over a longer time horizon (10 to 30 years), making them more financially material for equity investments than for corporate bonds.
Net transition risk		**Physical risk**

We view scenario analysis as a tool for illustrating how different climate pathways may affect our portfolio through both physical and transition risks. At the same time, we recognise that current models for physical risk focus primarily on direct impacts on real assets. These models do not fully capture all dimensions of climate-related risk and uncertainty for investment portfolios. For example, they do not capture complex value chain impacts, adaptation responses, systemic and macroeconomic impacts, or the compounding effects of multiple events occurring at once. It is therefore important to view scenario analysis as indicative rather than predictive.

Climate scenario characteristics:

	Net Zero 2050	Delayed Transition	NDCs
Temperature outcome	~1.5°C	~2°C	~3°C
Policy risk	Highest	Moderate	Lowest
Technology opportunity	Highest	Moderate	Lowest
Physical risk	Lowest	Moderate	Highest
Key driver	Aggressive carbon pricing and shifting demand away from high-carbon products	Deferred but eventually accelerating climate action	Greater warming leading to increasingly frequent and severe extreme weather events

Climate Value-at-Risk (Climate VaR)

	Net Zero 2050			Delayed Transition			NDCs		
Climate VaR as at the end of 2025[4]	Policy risk (%)	Technology opportunity (%)	Physical risk (%)	Policy risk (%)	Technology opportunity (%)	Physical risk (%)	Policy risk (%)	Technology opportunity (%)	Physical risk (%)
Nordea Asset Management									
Listed equities	–10.2	1.6	–0.6	–3.6	0.3	–1.0	–2.5	0.4	–1.5
Corporate bonds	–3.2	0.0	0.0	–0.4	0.0	0.0	–0.3	0.0	0.0

CVaR integration into our risk monitoring framework

Sustainability risk is a key pillar within our risk monitoring framework and is considered as part of the investment process across all funds. For listed equity funds, policy CVaR is calculated at the fund level and is used to help determine the internal risk class. While offering useful insights, the CVaR model does not address certain climate risk dimensions, notably companies' forward-looking mitigation efforts and supply chain disruptions due to physical climate hazards. We therefore also conduct issuer-level climate alignment analysis in high-risk sectors to better assess how these risks and opportunities are managed.

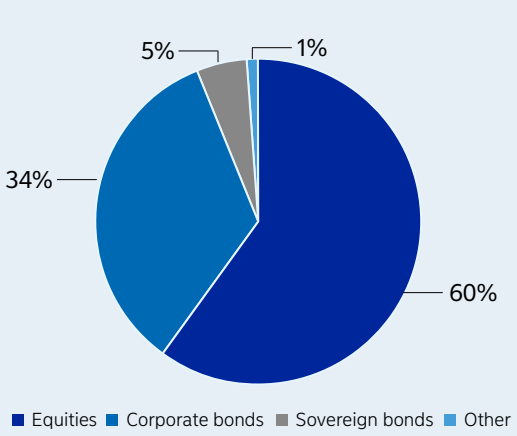
4) Source: Nordea Asset Management AB and ©2026 MSCI ESG Research LLC. Reproduced by permission.

High priority sectors – climate

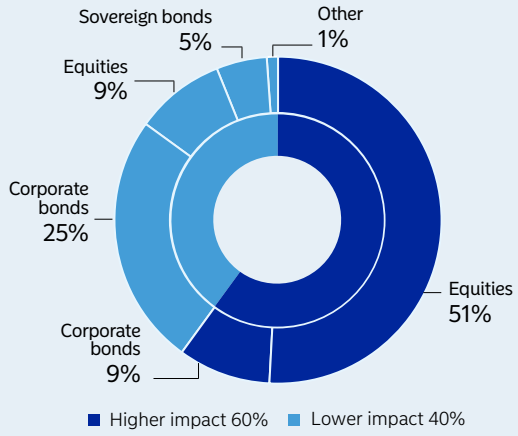
Our climate risk mitigation strategy rests on three pillars: (i) investing in companies that enable real-world decarbonisation, including climate solution providers and companies with credible transition plans; (ii) engaging with investee companies to accelerate decarbonisation; and (iii) restricting investments in activities with limited long-term relevance in a low-carbon economy, including coal mining, coal-fired power generation and unconventional fossil fuel extraction.[5]

It is our core conviction that achieving net zero requires us to maintain exposure to sectors that are essential to a low-carbon economy but that are also among today's highest emitters, such as utilities, steel and cement. Rather than divesting from these sectors, we seek to accelerate their transition through active ownership. Approximately 60% of our assets under management (AuM) are in sectors defined as climate material in accordance with Net Zero Investment Framework 2.0 guidance.

The distribution of our AuM as at 31 December 2025



94% of AuM (~5000 entities) are in listed equities or corporate bonds (including mortgage bonds)



60% of AuM (~3000 entities) are in climate material (higher impact) sectors

Within the climate material universe, to focus stewardship, we identify sectors that we consider to be transition critical. These are sectors that

- contribute materially to global and financed emissions
- face significant regulatory pressure to decarbonise, or
- are expected to play a critical role in shaping the pace of the transition

Technology is included solely under the third criterion. The rapid expansion of AI and data centres is driving an unprecedented increase in electricity demand. The International Energy Agency projects that global data centre electricity consumption will increase by around 150% by 2030 compared with 2024 levels, primarily due to AI. Companies with significant AI and data centre exposure are identified through internal analysis.

Transition-critical sectors[6]	
The sectors that contribute the most to global emissions, face the greatest regulatory pressure to transition, and are most capable of being influenced by us.	Basic materials (cement, chemicals, mining, iron/steel and paper)
	Utilities (electric and gas utilities)
	Transportation (aviation, automobiles and shipping)
	Energy (oil and gas)
	Tech (AI and data centres)

Our 2030 target is to ensure that all transition-critical companies are Paris aligned or subject to stewardship to improve alignment. This includes companies in transition-critical sectors where investment exposure exceeds EUR 25m. For more information, see 6.1 "Climate targets".

5) Our Paris-aligned Fossil Fuel Policy illustrates the first and third pillars by reallocating capital away from fossil fuel companies that lack credible transition strategies. See 5.1.1 "Integration into policies" for further information.
6) Source: https://www.iea.org/reports/key-questions-on-energy-and-ai (2026) and https://www.iea.org/reports/energy-and-ai (2025).

High priority sectors – nature

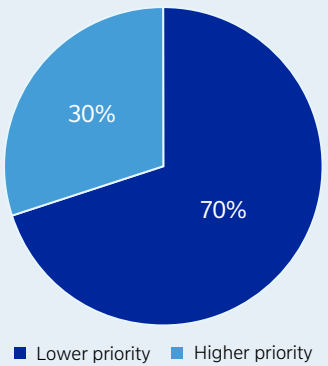
Nature and biodiversity encompass a broader set of considerations than climate alone, including dependencies, such as reliance on water availability, and impacts, which may arise from activities that lead to soil pollution. Given this complexity, our aim is to identify and classify investments with exposure to material dependencies and impacts in this area.

To determine which sectors warrant closer attention, we adapted the priority sector classification set out in the TNFD's "Additional Guidance for Financial Institutions".[7] We then cross-referenced this with the primary and secondary priority sectors identified in the FfB "Nature Target Setting Framework"[8] before mapping the combined results onto the sector classification we use in-house.

Higher priority sectors and activities include "Utilities" at the sector level, "Mining" and "Food" as industry groups, and "Rubber and plastic products" as an industry subgroup.

We expect our understanding and prioritisation of specific sectors to further develop over time. In the table we have highlighted our five largest exposures in the higher priority sector category, along with some illustrative dependencies and impacts, which exemplify the variation of topics and issues across different sectors and the value chain.

	Higher priority sectors	Select principal dependencies and impacts (across scopes)
Top five exposures within higher priority sectors, including select principal dependencies and impacts	Semiconductors	• Freshwater supply and availability • Non-GHG air pollutants • Toxic soil and water pollutants
	Pharmaceuticals	• Genetic material and biomass provisioning • Water supply and purification • Toxic soil and water pollutants
	Electric utilities	• Water supply and flow regulation (incl. cooling and hydro) • Land and freshwater ecosystem use • Non-GHG air pollutants
	Food	• Land use change • Fertiliser and nutrient pollution • Soil quality, pollination, and water supply
	Auto manufacturers	• Water supply and availability • Toxic soil and water pollutants • Land use change (supply chain)



The distribution of our AuM as at 31 December 2025.

7) Priority sectors adapted from TNFD (2024): Sector Guidance: Additional guidance for financial institutions, pages 20–25.
8) FfB Foundation: FfB Nature Target Setting Framework for Asset Managers and Asset Owners.

Tools: climate and nature risk and opportunity analytics

We have developed a **proprietary suite of climate and nature analytics tools**, drawing on data from established third-party providers, including the Transition Pathway Initiative (TPI), the Science Based Targets initiative (SBTi), Climate Action 100+ and the Carbon Disclosure Project (CDP), supplemented by in-house modelling and analyst research. The tools generate actionable insights across our full investment universe and support investment analysis, stewardship prioritisation and portfolio construction.

Tool	Focus	Features	Description	Current use cases
Paris Alignment Maturity Assessment	Climate	• Forward-looking transition assessment • Aligned with the Net Zero Investment Framework (NZIF) maturity scale • Quant driven with analyst overlays	Companies are assessed against six core criteria: 1. GHG disclosure, 2. Long-term ambition, 3. Short-term targets, 4. Current performance, 5. Decarbonisation strategy, 6. Capital expenditure alignment. Each criterion serves both as analytical input and as a basis for categorising companies as aligned, aligning, committed to aligning, or not aligning.	• Engagement prioritisation • Portfolio alignment monitoring • Portfolio construction
Forward Decarbonisation Projections	Climate	• Scope 1 and 2 emissions forecasting • Credibility-weighted prediction	Projects decarbonisation trajectories based on historical emissions, stated targets and transition strategy. The more mature a company's transition strategy, the more weight is placed on its target trajectory relative to historically derived trend lines.	• Climate-tilted portfolio construction, optimising for exposure to companies expected to deliver the largest absolute emissions reductions over time
Production-Based Intensity Assessment	Climate	• Physical output-based intensity (for example, tCO_2e per MWh, tCO_2 per tonne of cement) • Insulated from financial volatility (inflation, market valuation)	Assesses current carbon performance by measuring emissions relative to physical output – the actual goods and services a company delivers to society. Performance is benchmarked against TPI sector-specific pathways and adjusted for regional differences.	• "Do no significant harm" assessments • Input into the Climate Risk Assessment tool
Climate Risk Assessment	Climate	• Integrates current production-based intensity and forward transition indicators	Assigns a climate risk score to companies in transition-critical sectors by combining current production-based emission intensity with forward-looking Paris alignment indicators.	• Portfolio risk monitoring • Portfolio construction (limiting exposure to high risk companies)
Biodiversity Screening Assessment	Nature	• Screens companies against biodiversity-related Principal Adverse Impact (PAI) indicators	Screens across multiple biodiversity loss drivers, including activities negatively affecting sensitive areas and impacts from hazardous waste generation and emissions to water.	• Regulatory reporting • Engagement triggers
Deforestation Policy Screener	Nature	• Assesses the strength of companies' deforestation policies	Uses AI tools to assess companies' deforestation policies, including their key elements and their strength.	• Engagement triggers (future)

Tools: complementary climate tools

Our climate tools are designed to capture distinct dimensions of the transition, serving different and complementary aims, from **reducing portfolio risk by limiting exposure to high-emitting laggards to maximising real-world decarbonisation by selecting companies in high-emitting sectors that are credibly transitioning**.

Paris Alignment Maturity Assessment

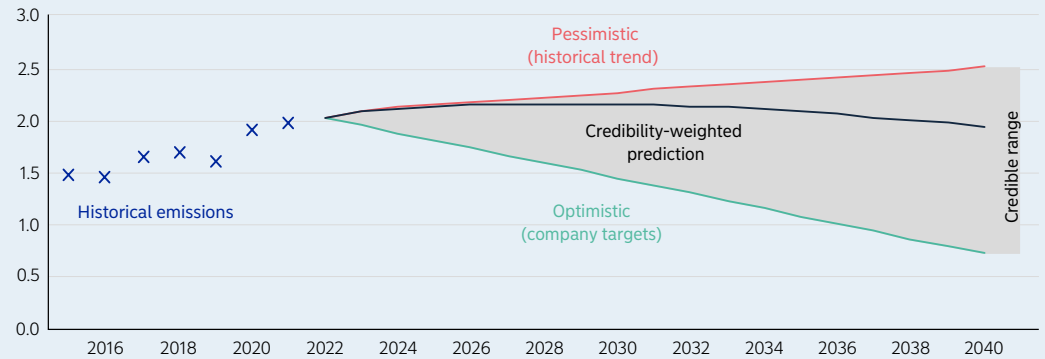
	Alignment KPIs	Aligned	Aligning	Committed	Not aligned
1	Net zero ambition	✓		✓	All other issuers
2	Short-term targets	✓	✓		
3	Emissions performance	✓			
4	GHG disclosures	✓	✓		
5	Decarbonisation strategy	✓	✓		
6	CapEx alignment	✓			

Example Company Ltd – Paris Alignment Maturity Assessment web UI

Company name	High impact sector	Net zero ambition	GHG reduction targets	Current performance on track with targets	GHG disclosures	Decarbonisation strategy & green revenues	Aligned capital expenditure
Example Company Ltd	Yes	Yes	Yes	No	Yes	Yes	No

In-house climate alignment assessment tool based on six climate-related KPIs from the NZIF. Primarily qualitative.

Forward Decarbonisation Projections



In-house decarbonisation forecast tool used to predict companies' and portfolios' future emissions. Primarily quantitative.



Overview

1. Foreword 4
2. Climate and nature at a glance 5
3. Governance 6
4. Strategy 8
   4.1 Commitments and convictions 8
   4.2 Risks and opportunities 11
   4.3 Climate Value-at-Risk 13
   4.4 High priority sectors 15
   4.5 Tools 17
5. Risk and opportunity management 20
   5.1 Integration into processes and products 20
   5.2 Product innovation 27
   5.3 Stewardship activities 28
      5.3.1 Individual company engagements 29
      5.3.2 Collaborative engagements 31
      5.3.3 Voting activities 35
      5.3.4 Policy engagement 36
6. Metrics and targets 38
7. Outlook 43

Integration into processes and products

At Nordea Asset Management (NAM), climate change and nature loss are recognised as financially material factors that can influence long-term investment outcomes. As part of our broader responsible investment approach, we seek to identify, assess and manage sustainability-related risks and opportunities across investment strategies, while supporting the long-term resilience of both portfolios and the real economy. This approach is embedded throughout our investment activities, from research and security selection to portfolio construction, risk monitoring and active ownership.

To support this integration, we combine proprietary research, data-driven analytics and stewardship activities to evaluate how companies are managing sustainability-related challenges and positioning themselves for a changing economic environment. We complement external data and frameworks with in-house assessment tools and investment expertise, enabling climate- and nature-related considerations to be incorporated into investment decision-making in a manner consistent with each strategy's objectives and investment universe.

Our approach is built around three mutually reinforcing elements: **integration, product innovation and active ownership**. Through integration, we consider climate- and nature-related factors alongside traditional financial analysis. Through active ownership, we engage with companies and exercise voting rights to encourage improved management of material sustainability issues. Through product innovation, we provide clients with a range of investment solutions designed to address different sustainability objectives, including strategies focused on climate transition, environmental solutions and broader sustainable investing themes.

Our climate and nature ambitions

- Build climate resilience
- Transition to a low-carbon economy
- Halt and prevent biodiversity loss*
- Channel capital flows towards nature-positive solutions

Supported through:

1. Exclusions
Avoiding activities with the highest climate and nature-related impacts (palm oil; coal activities; Arctic drilling)

2. Risk/opportunity integration and research
Assessing climate- and nature-related risks and opportunities in investment decisions

3. Product innovation
Providing clients with strategies aligned with climate and nature objectives

4. Stewardship activities
Driving progress through engagement, voting, collaborative initiatives and policy support

* In line with the Kunming-Montreal Global Biodiversity Framework.

Integration into policies

As our world reshapes to accommodate climate and environmental transition, some activities are so incompatible that we exclude related investments across all our funds. This is true for coal mining, coal power expansion, Arctic drilling, oil sands extraction and non-certified palm oil production. Our suite of fossil fuel investment restrictions is applied across our entire product range.

Funds representing 76% of our fund assets under management (AuM) do not invest in upstream oil and gas.[9] We primarily apply fossil fuel restrictions through our Fossil Fuel Policy, which covers around three-quarters of our fund AuM. The policy effectively restricts investments in companies within the fossil fuel value chain that

- engage in unconventional oil and gas (O&G) extraction, including oil sands, shale oil, shale gas, hydraulic fracturing, and Arctic drilling (0% revenue threshold)
- do not demonstrate a transition pathway aligned with the Paris Agreement (these include companies involved in upstream oil and gas expansion activities incompatible with Paris-aligned net zero pathways)

For some product categories, we further mitigate environmental and transition risks by lowering tolerance thresholds for fossil fuel involvement.

Theme	Criterion	Restrictions across all funds	Additional Fossil Fuel Policy restrictions	Additional restrictions for select product categories
Palm oil production	Palm oil producers that do not have an RSPO certification target for their holdings and estates[10, 11]	x	x	x
	Palm oil producers that have an RSPO target, but do not meet a minimum of 50% RSPO certification	x	x	x
Coal mining	Thermal coal mining (>5% revenue) and metallurgical coal mining (>30% revenue)	x	x	x
	> 50 Mt annual production of thermal coal without a 2040 coal phase out commitment	x	x	x
Coal power	Any coal power expansion if revenue from coal-fired electricity generation >10% revenue, installed coal capacity exceeds 5 GW, or coal power expansion exceeds 1 GW	x	x	x
	No commitment to coal power phase-out by 2040 (>35% coal-fired electricity revenue threshold for advanced economies, >50% for others)	x	x	x
Unconventional O&G exploration and production	Arctic drilling (>0% revenue)	x	x	x
	Oil sands (>5% revenue)	x	x	x
	Hydraulic fracking/shale oil and gas (>0% revenue)	–	x	x
All fossil fuel activities[12]	Does not meet Fossil Fuel Policy transition criteria	–	x	x
EU PAB criteria	Fossil fuel revenue exceeds one or more EU Paris-aligned benchmark (PAB) fossil fuel exclusion thresholds	–	–	x

9) Data as of 31.12.2025. 10) Palm oil producers are defined as having >10% revenue threshold from palm oil. 11) RSPO: Roundtable on Sustainable Palm Oil. 12) Activities include fossil fuel exploration, extraction, production, distribution, power and heat generation with 5% revenue threshold, and service provision with 50% threshold.

Integration into policies

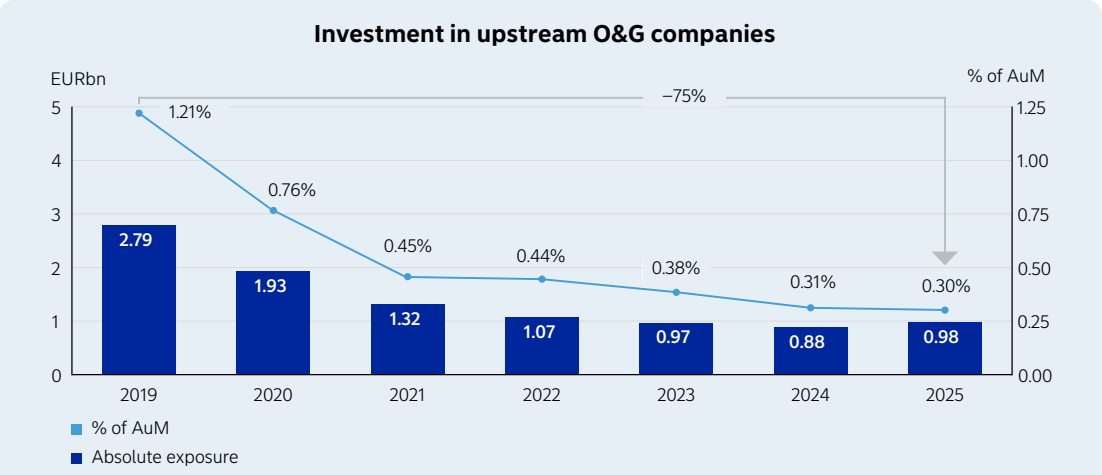
Our approach to investing in oil and gas producers

We are committed to supporting the achievement of net-zero emissions in line with the Paris Agreement. In this context, none of the major oil and gas companies currently show sufficient signs of transitioning. On the contrary, most of the industry continues to support projects that are incompatible with limiting warming to well below 2°C and still dedicates resources to exploration. At the same time, the world economy will continue to be dependent on oil and gas for some time to come, and security of supply remains a geopolitical concern. In addition, oil and gas producers remain significant index constituents in many asset classes and markets, meaning that narrowly defined fiduciary duty concerns preclude full divestment for some clients and funds.

We exclude oil and gas producers (the upstream oil and gas sector) from three-quarters of our funds. The remaining quarter of our funds have limited exposure to oil and gas producers to accommodate customer preferences for investment strategies that aim to replicate an index or specific markets where broad exclusions are not feasible, for customers who explicitly prefer engagement over exclusion.

At the end of 2025, our exposure to upstream oil and gas represented 0.3% of total AuM.

Our upstream oil and gas exposure has been materially reduced since 2019



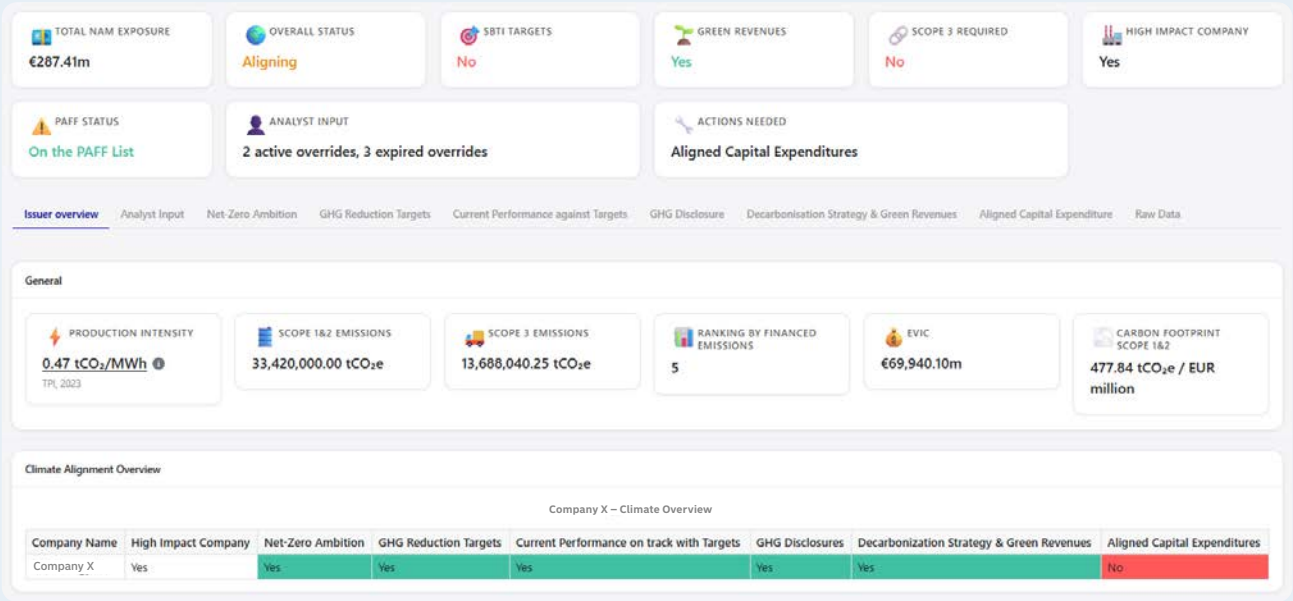
Upstream oil and gas companies are defined as companies that derive more than 5% of their revenue from oil or gas extraction. At the end of 2025 our upstream exposure was EUR 0.98bn, representing 0.3% of our total AuM. Our relative exposure to upstream O&G has decreased by 75% since 2019. The biggest decrease occurred as a result of the introduction of our Paris-aligned Fossil Fuel Policy (2020–21). The increase in absolute exposure from 2024 to 2025 was driven by total AuM growth rather than an increase in relative exposure.

In addition to limiting our overall exposure, we actively engage with oil and gas companies that we do have exposure to through voting and dialogue in support of Paris alignment and improved environmental performance. See 5.3.2 **"Collaborative engagements – Methane Engagement"** for more details.

Integration into investment process – proprietary climate module

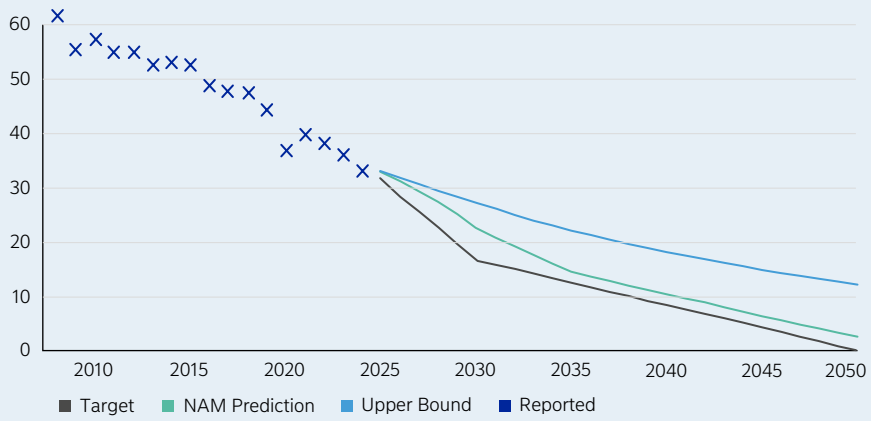
We integrate climate considerations throughout the investment process by incorporating climate risks and opportunities into **company research, investment selection and ongoing risk monitoring**. We use proprietary climate analytics, including our climate module, aligned with the Net Zero Investment Framework (NZIF), to assess issuers' transition readiness and Paris alignment. These assessments combine third-party climate data with proprietary research and engagement insights. Climate integration is complemented by active ownership, whereby we engage with portfolio companies on topics such as emissions reduction, climate governance and transition planning. At the portfolio level, climate targets and alignment metrics are used to monitor progress towards our net zero commitments and identify climate-related risks and investment opportunities.

Issuer-level view of the climate module



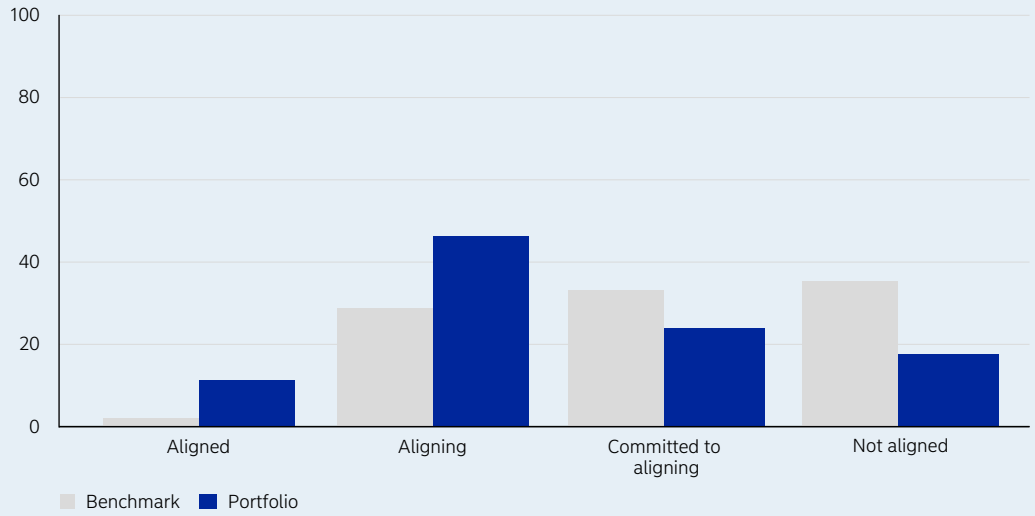
Net Zero Investment Framework (NZIF) framework alignment

Issuer-level view of the decarbonisation module

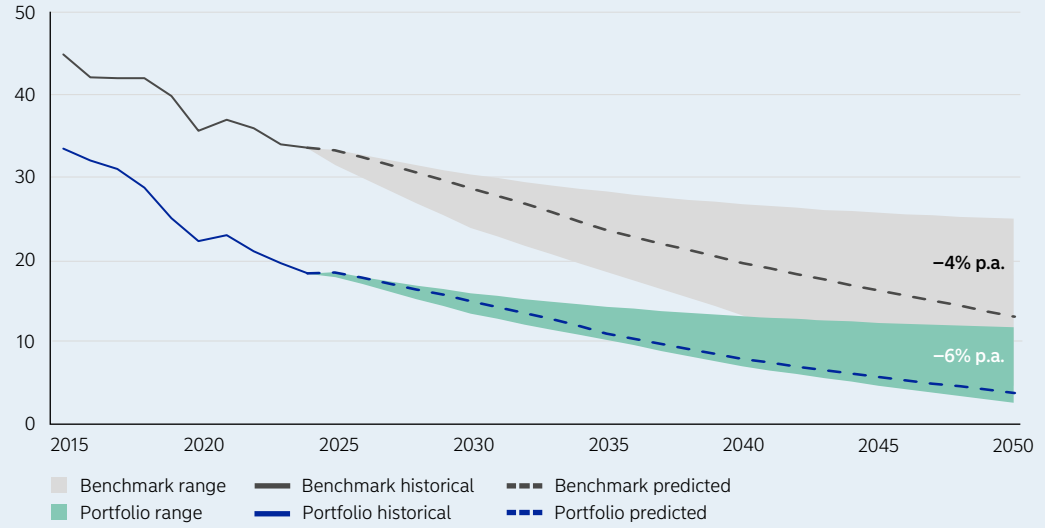


Climate and decarbonisation modules – portfolio-level view

Alignment status
(by % of financed emissions)



Carbon footprint projection (scopes 1–2 tCO_2e/EURm EVIC)[13]
(assuming constant portfolio composition as at 26 February 2026)



Tracking absolute and benchmark-relative progress over time: **BetaPlus Edge Global Sustainable Equity vs MSCI World**

Source: Nordea Investment Management AB and ©2026 MSCI ESG Research LLC. 26 February 2026. Reproduced by permission. For illustrative purposes only. Comparison with other financial products or benchmarks is meant only for indicative purposes. 13) Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions that occur in the value chain of the reporting company, upstream and downstream. EVIC: enterprise value including cash.

Integration into investment process – Principal Adverse Impact indicators

We integrate nature considerations into our investment process, mainly through our Principal Adverse Impact (PAI) module, which is available to all investment teams at NAM and features three distinct nature-related indicators:

- 1.7.1 Activities negatively affecting biodiversity-sensitive areas
- 1.8.1 Emissions to water
- 1.9.1 Hazardous and radioactive waste

Furthermore, on a quarterly basis, we assess our PAI exposure at the entity level and present the findings to our Responsible Investments Committee (RIC) with a recommendation for one of three options: (i) no action, (ii) engagement, or (iii) quarantine/exclusion.

Since implementing this process in 2022, we have engaged with various companies, particularly on indicator 1.7.1, using data provided by Clarity AI. This has involved identifying a broad range of companies exposed to PFAS pollution, spills in the railway sector and controversies in both new and existing mining projects.

Clarity AI
Data provider

- Assesses news articles to find evidence of companies' involvement in covered activities
- Overlays searches with PAI-specific key words and biodiversity-sensitive locations, including the Natura 2000 network, Key Biodiversity Areas and UNESCO World Heritage sites

Responsible Investments team
Analysis and recommendations

- Analyses active breaches of PAI 1.7.1 on a quarterly basis
- Draws on additional sources, including desk research, ISS ESG Norm-Based Research and company information, in its assessment
- Provides recommendations for action to the RIC

RIC
Assessment and decision

- Takes the final decision, with three possible choices

- **Engagement**
- **Exclusion**
- **No action**

Engagement Examples:

Grupo México S.A.B. de C.V
PepsiCo, Inc.
The AES Corp
Norfolk Southern Corp

Exclusion Examples:

Jardine Matheson Holdings Ltd

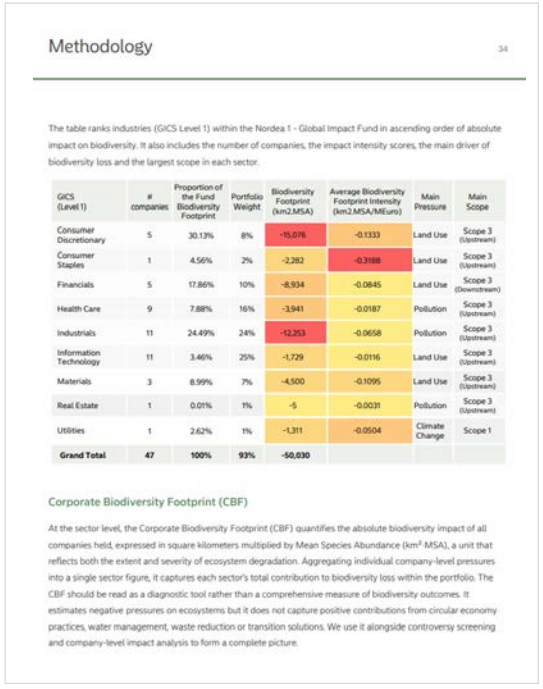
Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration.

Integration into processes – client reporting on biodiversity footprint

In addition to our PAI screening process, we work with our data provider, Iceberg Data Lab (IDL), to provide clients with information on their biodiversity footprint, for example through benchmark comparisons or deep dives within funds. Particularly in the French market, driven by Article 29 of the Energy-Climate Law (LEC), we have seen increasing demand for fund-level disclosures on nature and biodiversity. We aim to continuously engage with clients and data providers to better understand their needs and requirements.

In our previous White Paper on Nature and Biodiversity we disclosed our updated and enhanced dependencies and impacts assessment, using IDL to showcase the varying intensities of invested sectors and the distribution of IDL-modelled pressures. Similar assessments have been provided to clients for their mandates, on both an ad hoc and a regular basis, such as in the annual Impact Report for our Nordea 1 – Global Impact Fund.

Nordea 1 – Global Impact Report: Impact Report 2025



Methodology 34

The table ranks industries (GICS Level 1) within the Nordea 1 - Global Impact Fund in ascending order of absolute impact on biodiversity. It also includes the number of companies, the impact intensity scores, the main driver of biodiversity loss and the largest scope in each sector.

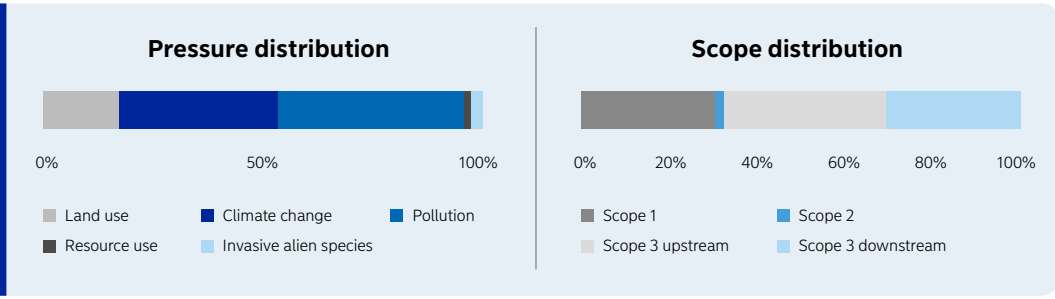
GICS (Level 1)	# companies	Proportion of the Fund Biodiversity Footprint	Portfolio Weight	Biodiversity Footprint (km2.MSA)	Average Biodiversity Footprint Intensity (km2.MSA/MEuro)	Main Pressure	Main Scope
Consumer Discretionary	5	30.13%	8%	-15,076	-0.1333	Land Use	Scope 3 (Upstream)
Consumer Staples	1	4.56%	2%	-2,282	-0.3188	Land Use	Scope 3 (Upstream)
Financials	5	17.86%	10%	-8,934	-0.0845	Land Use	Scope 3 (Downstream)
Health Care	9	7.88%	16%	-3,941	-0.0187	Pollution	Scope 3 (Upstream)
Industrials	11	24.49%	24%	-12,253	-0.0658	Pollution	Scope 3 (Upstream)
Information Technology	11	3.46%	25%	-1,729	-0.0116	Land Use	Scope 3 (Upstream)
Materials	3	8.99%	7%	-4,500	-0.1095	Land Use	Scope 3 (Upstream)
Real Estate	1	0.01%	1%	-5	-0.0031	Pollution	Scope 3 (Upstream)
Utilities	1	2.62%	1%	-1,311	-0.0504	Climate Change	Scope 1
Grand Total	**47**	**100%**	**93%**	**-50,030**			

Corporate Biodiversity Footprint (CBF)

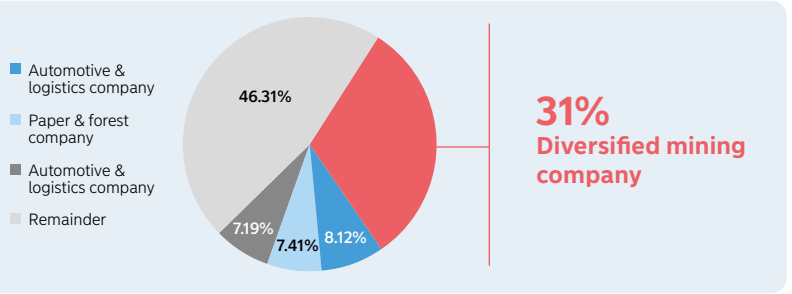
At the sector level, the Corporate Biodiversity Footprint (CBF) quantifies the absolute biodiversity impact of all companies held, expressed in square kilometers multiplied by Mean Species Abundance (km² MSA), a unit that reflects both the extent and severity of ecosystem degradation. Aggregating individual company-level pressures into a single sector figure, it captures each sector's total contribution to biodiversity loss within the portfolio. The CBF should be read as a diagnostic tool rather than a comprehensive measure of biodiversity outcomes. It estimates negative pressures on ecosystems but it does not capture positive contributions from circular economy practices, water management, waste reduction or transition solutions. We use it alongside controversy screening and company-level impact analysis to form a complete picture.

Portfolio assessment and disclosure for a client

- IDL models the environmental footprint of companies by assessing their revenues and converting sector-level revenue into physical commodities
- The overall distribution of pressures in the updated model highlights both **climate change and pollution as the main contributors**



- On an absolute basis, **mining company Y** remains the company with the largest modelled footprint, mainly driven by pollution
- Other companies which featured were paper and packaging names and vehicle manufacturers



For illustrative purposes.

Product innovation: How can clients invest for the climate?

Climate investing is not one size fits all. We offer **strategies across the full climate spectrum** – from engaging with companies undergoing transition to investing in climate leaders and solution providers.

We deliver these outcomes through two complementary approaches: (i) active ownership and engagement, and (ii) portfolio construction and security selection.

Active ownership and engagement
Supporting real-world change by engaging with companies on transition progress

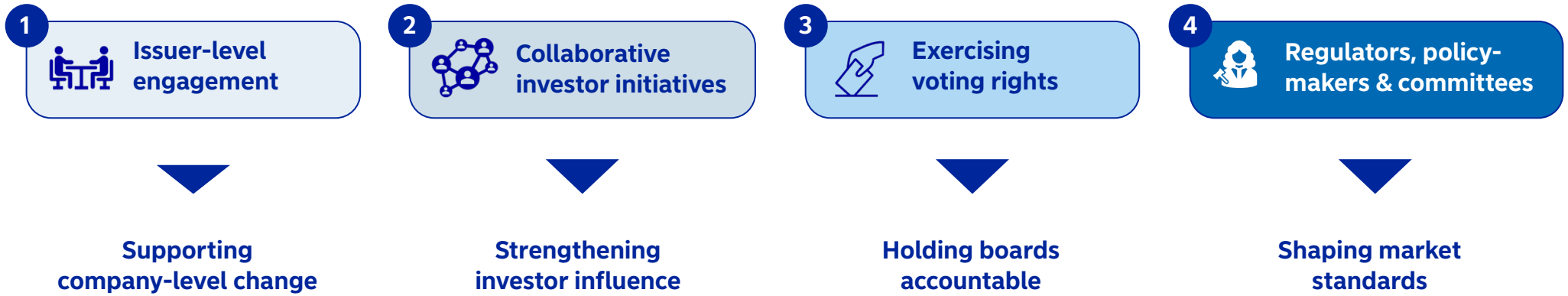
Portfolio construction and security selection
Building portfolios with enhanced climate characteristics

	Improvers Invest and engage to accelerate change	**Transition leaders** Invest in credible transition progress	**Low-carbon leaders** Invest in leaders with stronger climate profiles	**Solution providers** Invest in solutions for a low-carbon future
Company profile	High-emitting companies with significant decarbonisation challenges and improvement potential	Companies making credible progress and actively adapting towards a low-carbon future	Companies with stronger climate and sustainability characteristics than peers	Companies whose products and services enable systemic decarbonisation
Investment thesis	Improve real-world outcomes by supporting companies in accelerating their transition rather than excluding them	Invest in companies expected to benefit from and accelerate the transition	Build diversified portfolios with enhanced climate characteristics while maintaining broad market exposure	Gain direct exposure to businesses providing climate and environmental solutions
Implementation approach	Active ownership and engagement focused on transition progress, targets, and accountability	Portfolio construction and security selection based on transition plans, commitments, and forward-looking transition potential	Portfolio construction and security selection using climate metrics, tilts, and carbon objectives	Portfolio construction and security selection targeting companies with revenues linked to climate solutions
Examples of NAM strategies	**Global Climate Transition Engagement Strategy** • Invests in high-emitting companies in transition-critical sectors • Engagement to accelerate decarbonisation	**Finnish Transition Equity Strategy** • Invests in Finnish companies on the transition path • Prioritises transition-ready companies **BetaPlus Edge Global Developed Sustainable Equity Strategy** • Active equity selection • Targets 100% Paris-aligned holdings by 2040	**Sustainable Stars Equity range** • Fundamental active equity management • Carbon footprint below the benchmark • Sustainable universe **BetaPlus Sustainable Enhanced Equity Strategy** • Low tracking error / near-passive approach • Carbon footprint below the benchmark • Systematic; cost efficient; climate tilt	**Global Climate and Environment Strategy** • Invests only in climate solution providers • Pure play climate exposure (clean energy; green infrastructure) **European HY Sustainable Climate Bond Strategy** • Climate-tailored benchmark • Climate-focused credit selection

Stewardship activities

To address the systemic risks and opportunities that have material impacts on climate and nature and wider society, we apply a structured stewardship framework built around four primary mechanisms: (i) company-level engagement and escalation, (ii) involvement in collaborative investor initiatives, (iii) exercising our voting rights as shareholders, and (iv) engagement with regulators, policymakers and industry standard-setting bodies. Through these complementary channels, NAM seeks to support well-functioning, transparent and resilient financial markets.

NAM stewardship goal: Influence companies, markets and policymakers to support the climate transition and protect natural capital.



Individual company engagements

We actively engage with investee companies and recognise voting as an effective tool for influencing companies and supporting and escalating our engagements.

Climate-focused engagements

A key driver for meeting our climate targets and net zero commitment would be the increasing alignment of companies with net zero pathways. As active owners, we prioritise engagement as the primary mechanism to drive this alignment. During 2025 we engaged with close to 200 of our most material GHG emitters on Paris alignment, and we sharpened our focus to ensure our engagement activity going forward is strategically focused on transition-critical companies, that is, those that contribute the most to global emissions, face the greatest regulatory pressure to transition, and are most capable of being influenced by us (see 6. "Targets and metrics" for more detail).

Example 1: Xcel Energy

Company description: Leading US utility in the renewable energy transition; USD 45bn CapEx plan across wind, solar, storage and transmission; faces structural challenges decarbonising its gas distribution business.

Engagement focus
- Push for more ambitious electrification strategy to enhance decarbonisation targets across gas distribution infrastructure
- Improve methane disclosure and progress towards the Oil & Gas Methane Partnership (OGMP) 2.0 Gold Standard
- Pursue Science Based Targets initiative (SBTi) certification

Actions and outcomes
- Engagement conducted bilaterally and as Climate Action 100+ co-lead
- Despite the increasingly challenging political environment for renewable energy in the United States (US), Xcel has maintained its commitment to coal retirement schedules and renewable capacity expansion targets
- We believe our framing of electrification as a rate base growth opportunity may have contributed to Xcel filing amended plans with greater receptiveness to electrification measures

Example 2: GFL Environmental

Company description: Waste management company operating across Canada and the US. Scope 1 and 2 emissions[14] of approximately 4 million tCO_2e, representing 71% of total emissions profile; landfill operations are the dominant source. Landfill gas capture and conversion to renewable natural gas (RNG) represents both a material decarbonisation lever and a near-term revenue opportunity.

Engagement focus
- Increase ambition of emissions reduction targets to better reflect the company's operational potential and RNG growth projections
- Strengthen credibility of decarbonisation trajectory by clearly demonstrating expected emissions reductions from the RNG pipeline
- Improve public articulation of target setting methodology and its alignment with a 1.5°C pathway

Actions and outcomes
- Engagement conducted via direct dialogue with the CEO and sustainability leadership, NAM-led methane engagement programme, and Climate Engagement Canada membership
- GFL doubled its scope 1 and 2 emissions reduction target, from 15% to 30% by 2030
- Third-party verification of target alignment with a 1.5°C pathway through 2030 completed
- GFL adopted a hybrid target setting methodology covering landfill methane, transport, and electricity emissions in lieu of SBTi certification; we have encouraged the company to more clearly document this methodology and how it compares with established frameworks
- Clear public articulation of the RNG pipeline's expected contribution to the 2030 target remains an outstanding engagement objective

Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration.
14) See page 23 for an explanation of scope 1, 2 and 3 emissions.

Individual company engagements

We actively engage with investee companies and recognise voting as an effective tool for influencing companies and supporting and escalating our engagements.

Nature-focused engagements

While academic research on the importance of biodiversity and companies' impacts on biodiversity loss drivers and dependencies on ecosystem services continues to evolve, we aim to draw on actionable guidance, frameworks from external organisations and collaborative initiatives to support our engagements with companies.

Example 1: Multi-company engagement on nature-related target setting

Context
- Engagement conducted with several companies in 2025 on the adoption of nature-related targets, with a focus on the Science Based Targets Network (SBTN) framework
- Companies targeted were considered potential sector frontrunners operating in nature-relevant industries, with prior experience of climate target-setting, including SBTi commitments

Engagement focus
- Encourage adoption of forward-looking, quantifiable nature-related targets using recognised frame-works such as that of the SBTN
- Emphasise that framework-aligned targets enhance comparability, support sector alignment, and strengthen credibility with stakeholders

Actions and outcomes
- All companies engaged with indicated they are not yet ready to commit beyond initial steps such as assessment and prioritisation
- Key barriers identified: methodological complexity, significant data requirements, uncertainty around the business case, and in some cases concern that required actions could conflict with core business activities
- The SBTN framework continues to develop, for example new validation milestones were introduced in 2025 to support incremental progress
- Adoption remains limited across the market, with only a small number of companies having publicly available SBTN targets
- Engagement has deepened our understanding of company-level barriers to biodiversity target-setting; we will continue to engage with investees to encourage progress and monitor framework developments

Example 2: Nature Action 100 engagement with Nestlé

Company description: Nestlé is the world's largest food company, sourcing raw materials including coffee, cocoa and palm oil from over 100 countries across Asia, Africa and Latin America. The company has deep dependencies on healthy ecosystems, with biodiversity loss and ecosystem degradation posing material risks to supply chain continuity and long-term profitability. Securing sustainable and resilient supply chains is central to its financial investment case.

Engagement focus
- Advance nature-related disclosures and strengthen Nestlé's approach to assessing and managing biodiversity dependencies and impacts across its value chain
- Improve transparency around commodity-level dependency and impact assessments, including water risk management and regenerative agriculture programmes
- Encourage outcome-based reporting that explicitly links regenerative agriculture practices to the specific nature risks identified through Nestlé's assessments

Actions and outcomes
- Engagement conducted under the Nature Action 100 initiative, with Nestlé ranking among the top performers in the food sector peer group
- Nestlé committed to reporting Key Biodiversity Area exposure by geography from 2026, followed by risk-prioritised regenerative agriculture disclosure in 2027
- Confirmed participation in the SBTN water targets pilots, reflecting progress on strategic water risk management
- Outcome-based reporting linking regenerative agriculture practices to identified nature risks remains an outstanding engagement objective

Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration.

Collaborative engagements

Two-thirds of our engagements during 2025 had an environmental focus, ranging from engagements related to our 2030 climate targets to collaborative engagements on the phase-out of hazardous chemicals.

We engage both individually and through collaborative engagements, where we may launch and lead our own initiatives. For both climate- and nature-related topics we believe stewardship is a key lever to drive meaningful progress and change across our investee companies. In the table, we highlight key climate- and nature-related collaborative and thematic engagements, and how they relate to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) drivers of biodiversity loss.



Climate change	Land/sea use change	Natural resource use and direct exploitation	Pollution
Climate Action 100+	Nature Action 100		
Investor Policy Dialogue on Deforestation		NAM Aquaculture Engagement	Investor Initiative on Hazardous Chemicals
NAM Methane Engagement	Hållbart Värdeskapande		NAM PFAS Engagement
IIGCC – Net Zero Engagement Initiative		FAIRR Initiative	Pharmaceutical Supply Chain Initiative
Climate Engagement Canada			Investor Action on Antimicrobial Resistance

NAM-led collaborative engagement

NAM thematic engagement

Collaborative engagements – Methane Engagement

Across the oil and gas, utilities and waste management sectors, our methane collaborative engagement initiative seeks credible progress towards near-zero methane emissions, with expectations tailored to each sector. For **oil and gas companies**, we focus on implementation of the Oil and Gas Methane Partnership 2.0, progress towards Gold Standard reporting and delivery of credible methane reduction commitments.

For utilities, we emphasise reductions across the gas value chain, including purchased gas and material upstream emissions, supported by improved measurement, targets and disclosure. We also explore the role of procurement, supplier engagement and collaboration with regulators and technology providers in addressing emissions beyond operated assets.

In waste management, our priorities are greater transparency on landfill methane, robust measurement and effective capture and mitigation. Field visits, including to a renewable natural gas facility in Texas, help inform company-specific expectations and our understanding of operational practices.

Policy advocacy complements these company engagements. In 2025, we engaged on Canadian and EU methane regulation, provided investor input on the US Environmental Protection Agency's reconsideration of greenhouse gas reporting, and advocated for stronger methane-related disclosure in the SASB Standards revision.



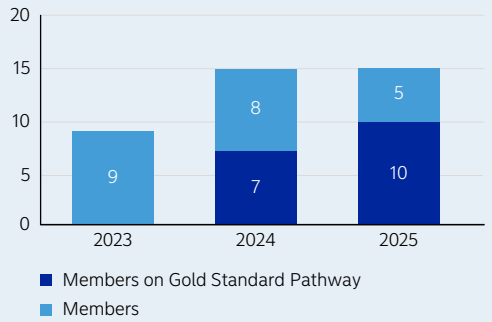
"Cutting methane emissions is the fastest way we have to slow the rate of global warming right now. By connecting this climate imperative to the financial and operational health of the energy sector, Nordea is providing the kind of leadership the market needs. Nordea's methane collaborative engagement proves that when you combine rigorous science with clear expectations, you create a path for industry and investors to reduce emissions while driving good financial outcomes."

Fred Krupp, President and CEO, Environmental Defense Fund

Driving near-zero methane emissions in oil and gas

Methane is a potent greenhouse gas, responsible for more than 30% of current global warming and 80 times more powerful than CO2 over a 20-year period. Reducing methane offers significant near-term climate benefits and is a cost-effective strategy for the oil and gas sector. Since 2022, we have prioritised methane in our stewardship efforts, leading a collaborative engagement with partners and clients to target major methane-emitting sectors, such as the oil and gas sector. The main engagement objective is for companies to achieve near-zero methane emissions, backed by the OGMP 2.0, the United Nations Environment Programme's (UNEP's) global "gold standard" for methane measurement, reporting and target-setting. OGMP 2.0 improves data accuracy and highlights mitigation opportunities, supporting real-world methane reduction. UNEP's International Methane Emissions Observatory (IMEO) targets a reduction of 45% by 2025 and of up to 75% by 2030, aligning with stricter regulations emerging in several jurisdictions. Companies are also asked to map mitigation actions and share cost-benefit analyses, with progress tracked against milestones, general alignment and methane maturity criteria. We lead this initiative, onboarding investors (to date, around 20, with over EUR 3.7tn in assets) and collaborating with expert partners such as the Environmental Defense Fund, Carbon Tracker, and UNEP. The engagement had grown to over 60 companies (including utility companies) by the end of 2025, structured around workstreams for corporate and policy engagement, knowledge-sharing, and methane data and research. 15 upstream oil and gas companies in the engagement have joined the OGMP 2.0. In 2025 ten upstream companies achieved Gold Standard Pathway alignment and one company reached Gold Standard Reporting status for their operated assets. The initiative spans companies in Argentina, Australia, Austria, Brazil, Canada, China, Indonesia, Japan, Kazakhstan, Norway, Thailand, and the US, and continues in 2026.

OGMP 2.0 joiners in NAM engagement group[15]



At the end of 2025, more than 150 oil and gas companies had joined the OGMP 2.0. The figure displays the development in companies in the Nordea Asset Management engagement group that joined the initiative in the period 2023-2025. These companies represent more than 11% of global oil and gas production. In addition, it highlights the number of these companies who have been assessed by UNEP as being on a Gold Standard aligned pathway. Assessed annually, the Gold Standard pathway designation is maintained by demonstrating a credible pathway and continuing to progress reporting to the highest standard for most material assets.

15) Source: UNEP IMEO, https://www.nordea.com/en/doc/enhanced-disclosures-for-nordeas-oil-and-gas-portfolio-2025-0.pdf.

Collaborative and individual engagements – PFAS Engagement

Chemicals are the building blocks of modern economies, underpinning industries from healthcare and agriculture to construction, electronics and clean energy. Yet, the sector faces growing challenges related to climate change, resource scarcity, pollution, hazardous substances and evolving regulation. For investors, sustainable chemistry is more than an environmental concern: it is a material business and financial issue. Companies that proactively manage chemical risks are better positioned to navigate regulatory headwinds, drive innovation and meet growing demand for safer products.

Chemical pollution ranks as the third most significant cause of biodiversity loss and climate change

CNN Health

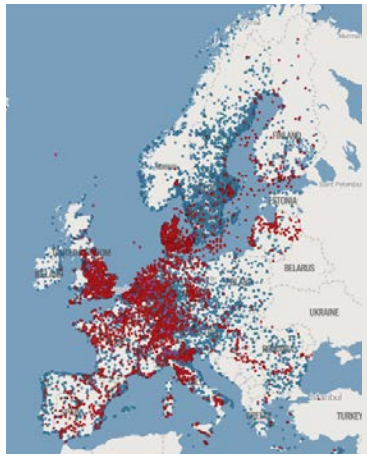
Nearly half of the tap water in the US is contaminated with "forever chemicals", government study finds

An increasing body of evidence highlights how human health is affected by the range of hazardous chemicals we are exposed to

2026 est. medium health costs p.a. in the EEA: **EUR 39.5 bn**[16]

The translation of environmental and human risks into financial risks through litigation, reputational damage and regulatory action

More than **15,000 litigation cases** active in federal courts in 2026



- Known contamination
- Known PFAS User
- Presumptive contamination
- PFAS manufacturing facility

Dagorn, Aubert, Horel, Martinon, Seffen in Le Monde (2023): 'Forever pollution': Explore the map of Europe's PFAS contamination.

In 2022 we initiated our work on PFAS and hazardous chemicals, and by early 2023 our Responsible Investments team had significantly expanded its engagement and research efforts with a dedicated focus on PFAS. Given the pervasive presence of these substances in everyday life – from contaminated drinking water and consumer products such as water-repellent clothing and non-stick cookware to an increasingly prominent role in public and political debate – this is a topic that resonates far beyond the investment community. We believe our depth of expertise and active engagement on this issue position us to make a meaningful contribution to the broader conversation on hazardous chemicals, while reinforcing our commitment to addressing material sustainability risks on behalf of our clients.

There have been several high-profile lawsuits with settlements worth hundreds of millions or even billions of dollars, significant reputational damage from negative media coverage, and incremental restrictions on PFAS usage, such as in food packaging – all of which can materially affect companies' financial performance. Consistent with our mission to deliver returns with responsibility[16], we believe that engaging with companies exposed to PFAS serves a dual purpose: mitigating downside risk for our clients while advancing our expectations around transparency, pollution prevention and the transition towards safer alternatives. Ultimately, we see this not only as a risk management imperative but also as an opportunity to drive meaningful and lasting change across industries where the case for substitution is both commercially viable and urgently needed.

16) The cost of PFAS pollution for our society – Publications Office of the EU. There can be no warranty that an investment objective, targeted returns and results of an investment structure is achieved. The value of your investment can go up and down, and you could lose some or all of your invested money.

Collaborative and individual engagements – PFAS Engagement

By advocating for transparency, phase-outs and substitution, and by understanding our exposure and the regulatory landscape, we aim to help position companies on this increasingly relevant topic while minimising downside risks to our investments. Our PFAS Engagement initiative primarily targets three categories: producers, industrial users and consumer-facing products. We may also engage with companies that fall outside these categories, such as those in the waste management sector, to assess and understand their links to PFAS through substitutes or remedial solutions.

We engage with companies individually and through the Investor Initiative on Hazardous Chemicals (IIHC) to better understand their exposure and communicate our expectations. In the consumer-facing sector, four cosmetics companies have confirmed their commitment to clear, time-bound PFAS phase-outs, mostly driven by regulatory developments. Separately, engagement with paper and packaging companies has advanced our understanding of legacy PFAS exposures and available substitution pathways.

NAM´s key actions on PFAS

Investee dialogues
Conducted engagements with 19 companies across chemicals, cosmetics and waste management

Internal awareness
Presented PFAS-related financial and regulatory risks to NAM investment teams

Policy engagement
Participated in an EU Commission roundtable on chemical regulation, representing the investor perspective on financial impacts and the need for corporate transparency

Industry fora
Actively contributed to industry discussions driving the transition towards sustainable chemistry

IIHC leadership
Assumed company lead engagement roles and a steering committee position within the IIHC

NAM thematic engagement & IIHC lead/co-Lead:

Investee companies engaged with or contacted:

Bayer, 3M, Syensqo, Republic Services, AGC, Ulta Beauty, Avinor, Saint-Gobain, L'Oréal *

>20 companies from various industries

Key asks & objectives:

- Understand involvement ties, legacy and future liabilities
- Clarify use cases, specify function and define essentiality
- R&D for alternatives, substitutes or full phase-outs
- Transparency and oversight

NAM collaborative engagement with IIHC

- **Increase transparency:** Disclose both the share of revenue and the production volume of products that are, or contain, hazardous chemicals.
- **Phase-out of persistent chemicals:** Publish a timed action plan on how to eliminate all persistent chemicals, with clear KPIs covering revenues and volumes to show progress.
- **Reduce hazardous product portfolio:** Draw up a strategy to reduce the company's production of hazardous chemicals, with clear KPIs covering revenues and volumes to show progress.
- **Increase share of safer solutions:** Set a 2030 target for the share of revenue generated by safer solutions and publish a strategy to achieve it.

* IIHC collaborative engagements

Producers, industrial users and consumer-facing users are subject to different milestones.

Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration.

Voting activities

Strategic voting as a primary change lever

Voting is a critical tool for influencing company behavior and, where necessary, escalating engagement where progress is insufficient. Exercising voting rights requires careful deliberation: while we expect companies to demonstrate comprehensive climate and nature risk management and will vote accordingly, we do not support resolutions that are overly prescriptive, duplicate existing disclosure requirements, or are misaligned with business and operational reality. We will continue to use our voting rights in this way going forward, carefully evaluating each resolution to ensure it is appropriately targeted and aligned with driving meaningful climate action.

Guiding principles on climate and nature resolutions

Vote FOR when the resolution	Vote AGAINST when the resolution
• requests decision-useful disclosure that addresses a genuine gap not already met by current standards or imminent regulation	• duplicates disclosure already provided or imminent through regulation
• improves understanding of strategic resilience across transition pathways, including scenarios, assumptions, barriers and capital allocation	• is overly prescriptive regarding strategy, capital expenditure, or operational execution
• seeks credible Paris-aligned targets and transition planning where climate transition risk has material implications for long-term value creation	

For **oil and gas companies**, we generally vote

- for resolutions that limit fossil fuel growth strategies, support capital discipline over production volume growth, or advance investments in transition-aligned businesses
- for resolutions requesting credible methane reduction strategies covering venting, flaring and leaks, with reference to best available measurement technology
- against climate transition plans that do not demonstrate alignment with a well-below 2°C pathway across full life cycle emissions (scopes 1, 2, and 3)

Voting as an escalatory measure

We have strengthened our escalation policy over time and use our voting rights assertively. In 2025 we voted against management for several oil and gas majors, including opposing the re-election of directors of Exxon, BP, Chevron, Shell and Total Energies, and voting against a Say on Climate proposal from Equinor's Board, which we found not to be ambitious enough.

Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration.

Policy engagement

Policy engagement is a core component of our responsible investment approach, complementing our company-level stewardship by addressing system-level risks – such as climate change, biodiversity loss and inadequate disclosure regimes – that require regulatory solutions rather than issuer-level action alone. Effective policy frameworks are essential to enabling markets to price sustainability risks accurately and to drive the systemic change needed for long-term value creation.

We engage selectively on policy developments that materially affect climate risk management, biodiversity and nature, sustainable finance regulation and market transparency. Our priorities are guided by the same four thematic areas underpinning our broader stewardship work – climate, biodiversity, human rights and good governance – ensuring alignment between what we ask of companies and what we advocate for in public policy. All policy engagement activities are overseen through established internal governance processes to ensure consistency with our responsible investment principles.

Actions in 2025

In 2025 we engaged across a range of policy areas both independently and in coordination with the Nordea Group. On climate, we led methane-focused policy engagement under our proprietary Methane Collaborative Engagement programme, coordinating policy briefings for a cohort of more than 20 investors; submitted input to the US Environmental Protection Agency (EPA) on the greenhouse gas reporting programme; advocated for stronger methane disclosure requirements under the Sustainability Accounting Standards Board standards revision process; and continued engagement with Environment and Climate Change Canada. We welcomed the Canadian government's December 2025 announcement to advance strengthened methane regulations. Through our membership of the Institutional Investors Group on Climate Change (IIGCC), we conducted additional policy engagement on sustainable finance regulation and deforestation during the year.

Institution engaged with	ESG topic	Engagement topic	Engagement description
European Commission	Climate	EU's post-2030 climate framework	We joined an IIGCC-led delegation to Brussels, meeting with the European Commission's DG CLIMA and DG FISMA. Discussions focused on strengthening investor support for the EU's post-2030 climate framework, including a 2040 emissions reduction target; improving sustainability data quality; and advocating for the timely and full implementation of the EU Methane Regulation.
Governments of Denmark, Finland and Sweden	Climate – methane	Methane emissions reduction and monitoring	We engaged with the governments of Denmark, Finland and Sweden to support strong national implementation focused on credible measurement, monitoring and reduction of methane emissions.
US Environmental Protection Agency (EPA)	Climate	GHG reporting programme	We provided feedback to the US Environmental Protection Agency (EPA) to support the preservation of the GHG Reporting Programme, aiming to strengthen methane regulation and improve data quality, comparability and alignment with international best practices.
Government of Canada and Environment and Climate Change Canada	Climate – methane	Performance-based methane regulation	Through a Ceres-led intervention with the government of Canada and Environment and Climate Change Canada, we supported performance-based methane regulation and timely implementation to deliver system-level emissions reductions and climate-related risk management.



Overview

1. Foreword 4
2. Climate and nature at a glance 5
3. Governance 6
4. Strategy 8
   4.1 Commitments and convictions 8
   4.2 Risks and opportunities 11
   4.3 Climate Value-at-Risk 13
   4.4 High priority sectors 15
   4.5 Tools 17
5. Risk and opportunity management 20
   5.1 Integration into processes and products 20
   5.2 Product innovation 27
   5.3 Stewardship activities 28
      5.3.1 Individual company engagements 29
      5.3.2 Collaborative engagements 31
      5.3.3 Voting activities 35
      5.3.4 Policy engagement 36
6. Metrics and targets 38
7. Outlook 43

Climate targets

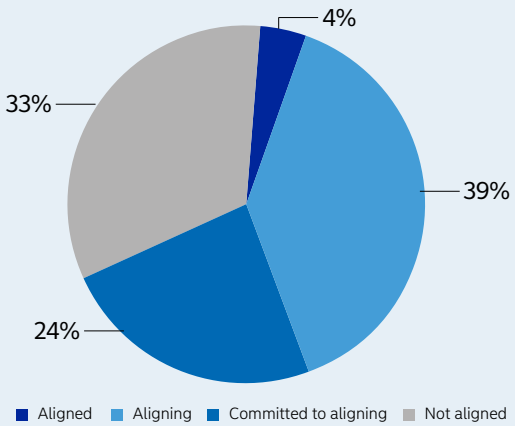
Where it matters most: our 2030 target for transition-critical companies

As a signatory to the Net Zero Asset Managers (NZAM) initiative, we are committed to supporting investment aligned with the global goal of net-zero greenhouse gas emissions. Our near-term climate targets follow the principles of the Institutional Investors Group on Climate Change (IIGCC) Net Zero Investment Framework (NZIF), which provides the methodological basis for translating that commitment into portfolio-level action. Active ownership is our primary approach for seeking to support real-economy transition outcomes. We believe that sustained, substantive engagement with investee companies is more effective than portfolio construction decisions alone.

2030 target

By 2030, 100% of transition-critical investee companies will be Paris aligned or subject to active stewardship to improve alignment.

- Each year, we will review our higher-impact holdings to identify the subset we classify as transition critical. A company is considered transition critical if the portfolio holds a minimum investment of EUR 25m in any of the following sectors: basic materials (cement, chemicals, mining, iron/steel, paper), utilities (electric and gas utilities), transportation (aviation, automobiles, and shipping), energy (oil and gas), and tech (AI and data centres)
- Our sector selection reflects four underlying criteria: (i) scale of contribution to global emissions, (ii) degree of regulatory pressure to decarbonise, (iii) contribution to our carbon footprint, and (iv) materiality of investor engagement as a lever for influencing transition outcomes
- The annual review currently identifies approximately 200 transition-critical companies. These companies collectively account for approximately 60% of our total financed emissions



Source: Nordea Investment Management AB. Data as at 31 December 2025.

Stewardship approach

Our stewardship activities encompass both direct and collaborative engagements, as well as strategic voting at shareholder meetings. Where engagement progress is insufficient, escalation options include voting against management recommendations, co-filing shareholder resolutions, and, where continued ownership is no longer consistent with our climate objectives, divestment.

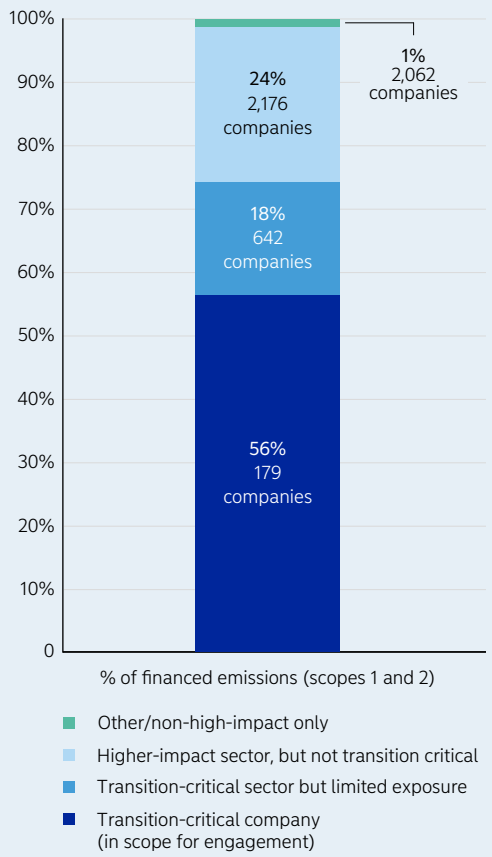
Achievement depends partly on investee company action and broader regulatory, technological and market developments. Active stewardship does not guarantee Paris alignment or emissions reductions.

Climate targets

Portfolio coverage

Listed equities and corporate bonds represent approximately 90% of our assets under management (AuM) with the remainder invested in sovereign bonds and derivatives. Around 60% of our AuM are invested in higher-impact (NZIF climate material) sectors across approximately 3,000 holdings. These holdings account for approximately 98% of our financed scope 1 and 2 emissions and form the universe in which transition-critical companies are identified.

The NZIF recommends engagement coverage of at least 70% of financed emissions in material sectors, increasing to 90% by 2030. Achieving this across our higher-impact holdings would require engaging with around 500 companies annually, more than double our current scope. Rather than expanding engagement at the expense of quality, we prioritise approximately 200 transition-critical companies, achieving around 60% emissions coverage while maintaining the depth of company dialogue needed to influence real-world outcomes.



Evolution from our 2025 target

This target replaces the commitment, made in our 2021 NZAM disclosure, to ensure that, by 2025, 80% of the top 200 financed emissions contributors in our portfolios were either Paris aligned or subject to active engagement. We exceeded this target, reaching 93% in 2025.

The revised 2030 approach reflects lessons learned from implementing the earlier framework. Rather than selecting companies solely based on their contribution to financed emissions, we focus on transition-critical sectors – those responsible for the largest share of global emissions, facing the strongest transition pressures, and most capable of being influenced through investor stewardship to accelerate decarbonisation.

The previous cap of 200 companies has also been removed. While the focus list is expected to remain around this size, companies may be added where analysis identifies heightened transition relevance, rather than to meet a fixed numerical target.

Climate targets

Our 2030 portfolio decarbonisation reference objective

In 2025 we achieved our target to reduce the weighted average carbon intensity (WACI) of our listed equity and corporate bond portfolios by 50% relative to the 2019 baseline, five years ahead of the 2030 target date.

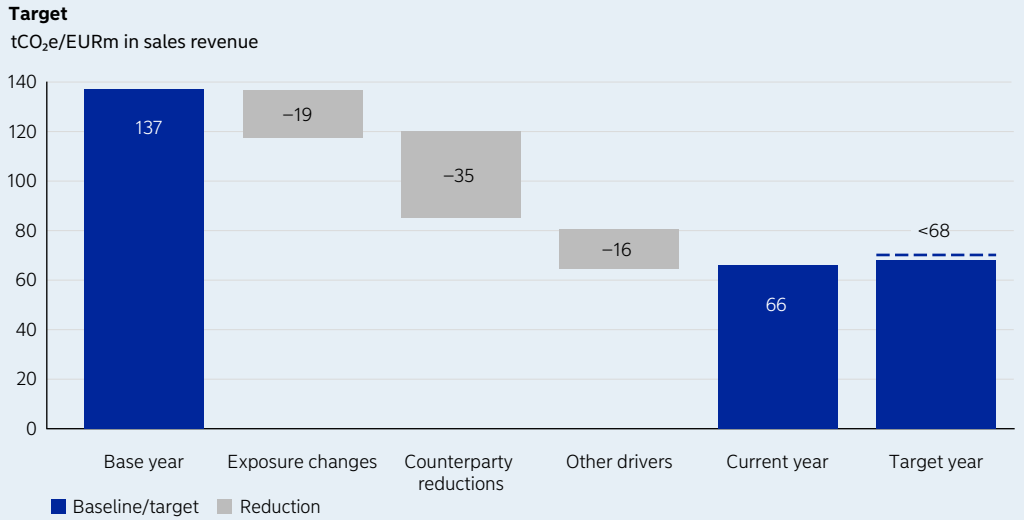
The 52% reduction in WACI between 2019 and 2025 was primarily driven by three factors.

- **Lower carbon intensity of investee companies**. The largest contributor was a reduction in the carbon intensity of companies held in our portfolios over the 2019–25 period. Carbon intensity, measured as scope 1 and 2 GHG emissions per EUR million in revenue, declined because companies reduced emissions while revenues continued to grow. Approximately half of the reduction was attributable to lower absolute emissions, while the other half reflected non-inflationary revenue growth without a corresponding increase in emissions. These improvements were particularly evident in high-emitting sectors such as utilities and industrials
- **Changes in portfolio composition**. Our investment portfolios also became less carbon intensive over the period. Exposure to the energy sector was approximately halved following fossil fuel-related exclusions. Within other high-emitting sectors, capital shifted towards companies with lower emission intensities, particularly in the utilities sector, where exposure increasingly favoured renewable energy providers
- **Inflation and data coverage** (other factors). Inflation and improvements in emissions data coverage also contributed to the reduction in WACI. Inflation increased nominal company revenues, thereby mechanically lowering carbon intensity, while improved data coverage had only a modest overall effect

Looking ahead, and assuming portfolio composition remains broadly unchanged, we expect the WACI of our listed equity and corporate bond portfolios to continue declining. This is expected to be driven primarily by (i) further reductions in investee companies' absolute GHG emissions and (ii) continued growth in company revenues.

Investment portfolio (NAM) decarbonisation levers[17]

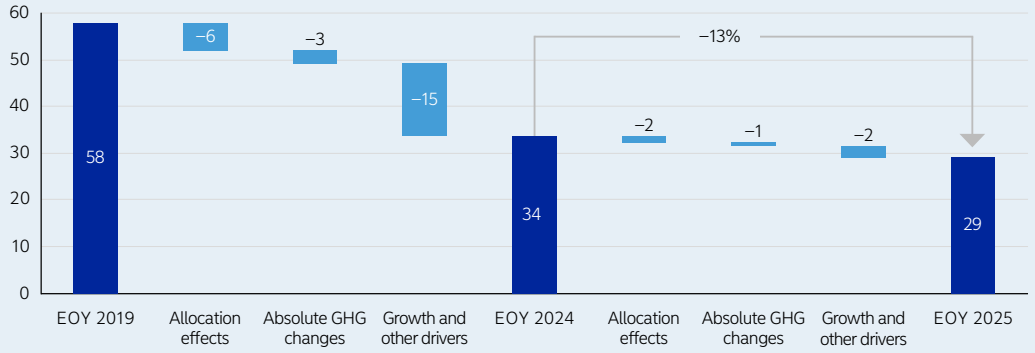
Reduce the WACI of listed equities and corporate bonds by 50% between 2019 and the end of 2030.



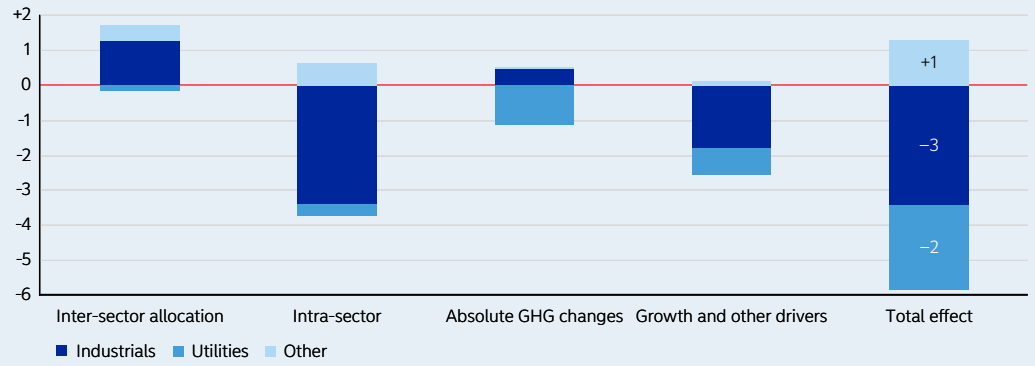
17) The levers have been subject to rounding.

Carbon footprint attribution analysis

Total carbon footprint attribution analysis 31 December 2019 to 31 December 2025
(scope 1–2 tCO_2e/EURm invested)



Sector-level carbon footprint attribution analysis 31 December 2024 to 31 December 2025
(scope 1–2 tCO_2e/EURm invested)



- During 2025, the scope 1–2 carbon footprint of our equities and corporate bond investments fell by 13%. Of that reduction, 14% resulted from absolute GHG reductions by investee companies, corresponding to a 2% reduction in emissions by investee companies on a weighted average basis
- The remainder was attributable to portfolio allocation changes (33%) and other factors, such as growth in enterprise values, which affects the carbon footprint denominator (53%)
- At the sector level, the entire carbon footprint reduction was attributable to our investments in the relatively high-emitting industrials and utilities sectors. Within these two sectors, the largest effects came from
    - an increase in our relative exposure to industrials (inter-sector allocation), driving the carbon footprint up
    - a shift towards lower-emitting companies, primarily within the industrials sector (intra-sector allocation)
    - absolute GHG reductions by investee companies in the utilities sector, where we had relatively higher exposure to companies that reduced emissions more (equivalent to an emissions reduction of 14% on a weighted average basis)
    - increases in market valuations for investee companies in both sectors
- We saw a limited effect on the carbon footprint from the other high-emitting sectors (energy and basic materials), since both our investment exposure to these sectors and the emissions from companies within them remained largely unchanged on aggregate

Note: "Absolute GHG changes" reflects changes in absolute emissions only, while the emission intensity denominator (enterprise value) is included as growth under "Growth and other drivers", which also includes inflationary effects, interaction effects and data coverage effects. This is in contrast to "Counterparty reductions" in the WACI attribution analysis, which reflects changes in aggregate emission intensity. While similar in nature, these analyses are therefore not strictly comparable. The underlying dynamics of WACI and the carbon footprint are the same in the sense that both metrics respond in the same way to a change in absolute emissions among investee companies, but the effect of market dynamics, portfolio composition changes and fluctuations in revenues and enterprise values are different. Hence, these two metrics offer complementary perspectives on the portfolio decarbonisation theme.

Nature targets

In line with our commitments under the Finance for Biodiversity (FfB) Pledge, we set a range of **initiation targets** in 2024, which we published and worked towards achieving throughout 2025.

In the table, we provide an overview of the target areas, the ambitions underlying each target, and how we ultimately progressed against them.

Given that nature and biodiversity have only relatively recently emerged as a broader topic in the financial industry, the measurement and assessment approaches related to climate and nature differ in maturity. This difference is reflected in the targets we feel confident in setting.

Our initial suite of nature targets focused primarily on internal workstreams, although we also enhanced our policies related to palm oil and conducted a structured screening of our portfolio for companies where deforestation was a relevant topic.

Looking ahead, we plan to follow through on our commitments under the FfB Pledge, including by introducing suitable portfolio targets. In addition, our initiation targets have helped us identify several priority areas for future development: the assessment of dependencies and impacts, the implementation of stewardship actions related to our deforestation screening, and ongoing efforts to ensure our broader Responsible Investment (RI) Policy meets the expectations of our clients and other stakeholders.

Target area	Ambition	Implementation
Governance structure	Implement a governance structure for nature-related activities, outlining oversight and management responsibilities	• Implemented and anchored the governance structure in question
Education	Provide training to relevant members of senior management and committees in NAM as well as the NAM Board	• Provided training to relevant members of senior management, the NAM Board and committees
	Offer sessions of topical relevance to the investment teams	• Hosted a session on the circular economy and investing as part of our "Sustainable Investment Academy"
Policy development	Introduce a palm oil producer restriction policy subject to certain certification criteria	• Introduced the policy in question as part of a 2025 RI Policy update
	Develop a deforestation policy screening approach	• Completed portfolio screening for higher-risk companies • Assessed company policies using a custom AI agent
Dependency and impact assessment	Update the ENCORE assessment supplemented with Iceberg Data Lab's Corporate Biodiversity Footprint	• Published the updated assessment in our previous Whitepaper on Nature and Biodiversity

Outlook

Looking beyond the polycrisis: climate and nature remain the most important long-term drivers of investment outcomes

Investors can be forgiven if the events of 2025 and 2026 so far have tested the limits of even their broadest scenario analyses. The hallmarks of today's world are a lack of predictability, political upheaval, conflict, and policy instability. In the face of this new reality, economic actors face a stark choice: fall back to purely tactical decision-making – reacting as if the long term no longer existed – or revert to first principles, hold fast to stated convictions, and build the resilience needed to outlast competitors. At Nordea Asset Management, we believe the latter is the winning strategy, and the best companies and investors are already adopting it. In a polycrisis world, keeping sight of long-term fundamentals matters more, not less.

The energy transition will continue to reshape competitive dynamics. Solar, wind and battery storage are now the cheapest, fastest ways to expand generating capacity while insulating users from fossil fuel volatility – a structural advantage reinforced by the second fossil fuel crisis in under five years. The United States added a record 50 GW of wind, solar and battery capacity in 2025, while China continues to add renewables faster than the rest of the world combined, reshaping global energy markets, trade policy and investment flows.

In Europe, there is growing recognition that simplification should not reward laggards over companies already investing in the transition, a logic we have insisted on through engagement alongside the Institutional Investors Group on Climate Change. This is reflected in the 2026 Emissions Trading System review, continued implementation of the European Union (EU) Deforestation and Methane Regulations, and the Sustainable Finance Disclosure Regulation reform.

We expect the Carbon Border Adjustment Mechanism, central to the EU's 2040 ambitions, to become an increasingly material factor in investment analysis. Alongside climate, biodiversity and nature-related risks will command growing investor attention. The two are intrinsically linked: extreme heat, fires, water stress, land degradation and extreme weather are already affecting the natural systems we all depend on, just as they are impacting operational performance, insurance costs and valuations in, for example, agriculture, food, infrastructure and utilities. Implementation of the Corporate Sustainability Reporting Directive and broader adoption of the Taskforce on Nature-related Financial Disclosures recommendations will raise disclosure expectations, and while nature data remains less mature than climate data, we expect meaningful progress to be made as methodologies and datasets develop.

In this environment, our role is to translate long-term convictions into portfolio action. We do this through three complementary levers.

Stewardship. We will continue to engage directly with around 200 transition-critical companies, including on the rapidly growing footprint of AI infrastructure; lead our Methane Engagement initiative, recognised by the PRI and now covering over 60 companies; and serve on the Steering Committee of the Investors Initiative on Hazardous Chemicals.

We will use voting assertively, as in 2025 when we voted against the re-election of directors at ExxonMobil, BP, Chevron, Shell and TotalEnergies. Policy engagement completes our approach, including advocacy for ambitious implementation of the EU Methane Regulation and frameworks that reward, rather than penalise, transition leaders.

The outlook reflects our current views and expectations. Future outcomes depend on investee company actions and broader regulatory, technological, market and economic developments.

Outlook

Integration: Managing climate and nature risks starts with what we choose to own. Our Paris-aligned Fossil Fuel Policy, covering three-quarters of our fund assets under management, restricts investment in fossil fuel companies without credible transition pathways and has contributed to a 75% reduction in upstream oil and gas exposure since 2019 alongside firm-wide exclusions regarding coal, Arctic drilling, oil sands and non-certified palm oil.

In addition to managing what we own, we make active choices within our climate product range, which covers everything from engagement-led strategies targeting high-emitting companies, to climate-tilted portfolios, to pure-play climate solution providers. This range was expanded in 2025 with two new Article 9 funds. Going forward, we expect the integration of nature to deepen across the firm. We remain committed to developing bespoke solutions for our clients, building on our existing suite, to enable them to meet their goals and commitments.

Analytical tools: Credible management of climate and nature risks requires analytical capabilities that go further than conventional financial analysis, and beyond what is readily available from external data providers. We will continue to develop our proprietary suite of tools and are pleased to showcase several in this report, including our Paris Alignment Maturity Assessment and Forward Decarbonisation Projections tools. The full roll-out of our AI-enhanced Deforestation Policy Screener, developed in 2025, will follow. Beyond existing data sets and tools, we see AI as a broader accelerant, enabling novel insights at the climate-nature interface, where data is sparser and interlinkages more complex.

The events of the past year have reinforced, not weakened, the case for taking climate and nature seriously as long-term drivers of investment outcomes. We will continue to hold fast to that conviction: engaging where we can influence, integrating what matters into our portfolios, and building the analytical foundation to see clearly through the noise. That is what returns with responsibility means in practice.



Eric Pedersen
Head of Responsible Investments

The outlook reflects our current views and expectations. Future outcomes depend on investee company actions and broader regulatory, technological, market and economic developments.

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