

Nordea

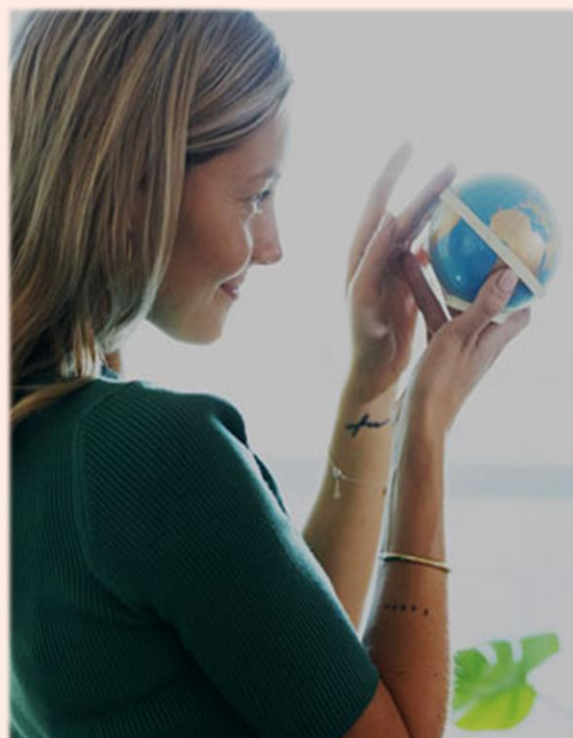
Responsible Investment Product Distribution Policy

Nordea Bank Abp
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1. Abbreviations & definitions

- **Advisory partners** – External managers in the advisory universe that supplement our internal offering but which are not Preferred partners
- **AWM** – Asset & Wealth Management
- **Discretionary portfolio management** – means managing portfolios in accordance with mandates given by a customer on a discretionary customer-by-customer basis where such portfolios include one or more products.
- **ESG** – Environmental, Social and Governance
- **Financial products** – Products in scope of the SFDR, including portfolio management, AIF, IBIP, pension product, pension scheme, UCITS and PEPP
- **IPC** – Investment Product Committee
- **NAM** – Nordea Asset Management
- **NIM AB** – Nordea Investment Management AB
- **NLP** – Nordea Life & Pension
- **Nordea** – Nordea Bank Abp
- **PAI** – Principal Adverse Impacts
- **Preferred partners** – Nordea’s global external managers with which Nordea has a strategic partnership to supplement our internal offering
- **PRI** – The Principles for Responsible Investment
- **Product providers** – Product managers, such as asset managers, asset owners (e.g. NLP) and Nordea Markets, providing investment products to the Nordea product universe
- **Products** – Financial products and structured products in scope of this Policy
- **SFDR** – The Sustainable Finance Disclosure Regulation
- **Strategic partners** – NAM, NLP and Preferred partners
- **Sustainability risk** – An environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment (SFDR definition)
- **the Policy** – The Responsible Investment Product Distribution Policy

2. Purpose and scope

2.1 Purpose

Over the last couple of years, we have seen heightened expectations on banks from customers, investors, regulators, and other stakeholders to take responsibility and play their part in addressing climate change and the world's growing social and environmental challenges. As the leading bank in the Nordic region, Nordea Bank Abp ("Nordea") acknowledges the importance of the financial sector in the ongoing transition and is ready to take a leading role.

Nordea's thematic and sector guidelines aim at explaining Nordea's view on different themes and specific industry sectors. The guidelines specify Nordea's requirements as well as recommendations. Our principles guide us in our daily work and when we make business decisions. We recognise potential negative environmental and social impacts and expect our product providers to meet high standards in managing such risks.

The Nordea Responsible Investment Product Distribution Policy ("the Policy") constitutes the baseline of responsible investment requirements for the Nordea advisory universe. The Policy reflects Nordea's thematic and sector guidelines for products in the Nordea advisory universe. For customers expressing a preference for sustainability, we have an investment product universe with enhanced sustainability criteria. These criteria are described in the [external summary of the Nordea Sustainable Selection framework](#).

This document provides the overall framework for the Policy. The Policy has been adopted by the Investment Product Governance and Oversight unit in Asset and Wealth Management (AWM). The Policy outlines a structured process including the product approval and product review process in the Investment Product Committee (IPC).

2.2 Scope

The Policy applies to product providers, financial products and structured products (hereinafter jointly called "products") in the Nordea advisory universe. In addition, the PRI signatory criteria, outlined in section 3.1.1 of this Policy, are also applicable to fund managers of mutual funds in the execution only offering. Product scope details and how the Policy is applied is described in the table below. The Policy does not cover short positions and derivatives.

3. ESG positions

Product providers and individual products must adhere to the Policy ESG positions. The product provider specific ESG positions are stated in section 3.1. Compliance with the requirements is enabled through our product provider assessment processes. The product specific ESG positions are stated in section 3.2. Compliance with the requirements is enabled through our product assessment processes.

3.1 Product provider specific ESG positions

3.1.1 Responsible investment foundation – the PRI

The Principles for Responsible Investment (PRI), a UN-supported network of investors, is the world's leading proponent of responsible investment. The PRI outlines six principles on how to incorporate ESG

issues into investment practices. In implementing them, signatories contribute to developing a more sustainable global financial system.

All product providers included in Nordea's product universe, advisory and execution only, are required to be signatories to the PRI. As signatories, they should commit to integrating ESG factors into their investment analysis, decision-making processes and active ownership practices. At Nordea, we require all product providers in the advisory universe to have a clear process for complying with the principles set out in the PRI.

Furthermore, product providers in the advisory universe should have a process on how to identify and act towards companies involved in controversies, such as breach of international laws, norms on environmental protection, human rights, labour standards and anti-corruption laws.

3.1.2 Climate commitment

Climate change is one of the largest threats to the global economy and in general to the conditions for all life on earth. In addition, it implies specific risks to companies and other entities subject to investment. It presents challenges in terms of its physical impact as well as through the prospect of radical policy measures and changing consumer behaviour to reduce greenhouse gas (GHG) emissions globally (transition risk).

In alignment with the Paris Agreement, Nordea has committed to become a net zero bank by 2050. In line with this commitment, we require our strategic partners in the advisory product universe to commit to having net zero investment portfolios by 2050 (at the latest). Our strategic partners should also join a global initiative such as the Net Zero Asset Managers Initiative or similar. This includes setting up a transition plan with clear targets on how to become net zero by 2050.

3.1.3 Human rights

Nordea is committed to respecting internationally recognised human rights standards and meeting the corporate responsibility to respect human rights as defined in the UN Guiding Principles on Business and Human Rights. We expect the same from our product providers and their investee companies. Product providers in the advisory universe should have a process on how to identify and act towards companies that breach international laws and norms regarding human rights and labour standards.

3.2 Product specific ESG positions

3.2.1 Sustainability risk integration

Nordea sees integration of sustainability risks in investment decision-making processes as an important component of product risk mitigation and believes that it can enhance the risk-adjusted return. "Sustainability risk" means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. Sustainability factors such as climate change, biodiversity, human rights and gender diversity can pose financially material risks to investors.

Financial products in the advisory universe are required to have proper integration of sustainability risks in investment decision-making processes. Product providers' sustainability risk integration approach for the products in scope is assessed in the selection phase and reviewed annually. Products in the advisory universe are assessed and monitored with respect to their exposure to relevant and material sustainability risks.

Our approach to the integration of sustainability risks is further described in the public [Statement on the integration of sustainability risk in investment decisions and advice](#).

3.2.2 Consideration of principal adverse impacts (PAI)

Nordea recognizes that nearly all types of economic activity have the potential to impact various sustainability factors, both positively and adversely. One example is investments' negative impact on climate, which includes carbon footprint. Other examples of sustainability factors are how and to what degree a company respects human rights or how it addresses other social or employee matters.

Financial products in the advisory universe are ranked and selected based on the PAI indicators that relate to climate and environment, social and employee matters, respect for human rights, anti-corruption, and anti-bribery in our investment decisions. The criteria are incorporated in our selection and monitoring processes with the purpose to mitigate negative impacts on sustainability factors in advice.

Our approach to PAI consideration is further described in the public [Statement on principal adverse impacts of sustainability factors](#).

3.2.3 Climate change

Climate change is one of the largest threats to the global economy and to the conditions for life on earth. It also implies specific risks for investments. Products in the advisory universe are therefore not allowed to invest in the following:

3.2.3.1 Coal mining

Companies with substantial and sustained exposure to coal mining, with a 5% revenue threshold on thermal coal and a 30%

revenue threshold on total coal (including metallurgical coal).

Companies with more than 50Mt annual production of thermal coal without a coal phaseout commitment.

3.2.3.2 Coal-fired electricity generation

Electric utilities without commitment to phase out coal by 2040, with a 35% revenue threshold for advanced economies and 50% for others.

Companies with coal power expansion plans if existing coal power revenue exceeds 10% or coal capacity exceeds 5 GW.

Companies with coal expansion plans of >1 GW.

3.2.3.3 Oil sand

Companies with substantial and sustained exposure to oil sand, with a 5% revenue threshold.

3.2.3.4 Arctic drilling

Companies with exposure to oil and gas extraction through Arctic drilling. The Arctic is defined as the southernmost extent of winter sea ice.

3.2.4 Biodiversity

Products in the advisory universe are not allowed to invest in palm oil producers that do not have an RSPO (Roundtable on Sustainable Palm Oil) certification target for their holdings and estates. Furthermore, companies which have an RSPO target, but do not meet a minimum of 50% RSPO certification are also restricted. Palm oil producers are defined as having >10% revenue from palm oil.

3.2.5 Defence industry

Nordea acknowledges (i) every nation's right to self-defence, (ii) the membership of Denmark, Finland, Norway and Sweden in NATO, (iii) the geopolitical situation as per autumn 2024 prevailing in Europe and the Middle East, (iv) the global nuclear weapon balance, (v) the increasing number of armed conflicts in the world, and considers that government approval of arms export can reduce the legal risk involved but does not eliminate companies' own independent responsibility to respect human rights.

Nordea requires compliance with national legislation and policies aligning with provisions of international conventions and treaties on controversial weapons, the UN Firearms Protocol, NPT and ATT, and for EU member states the EU Common Position on control of arms export.¹

3.2.6 Illegal weapons

Nordea sees illegal weapons and their potential use as controversial, given their indiscriminate effect on human populations. Products in the advisory universe are not allowed to invest in companies that are involved in the production or development of:

- cluster munitions
- anti-personnel mines
- biological weapons
- chemical weapons
- weapons with non-detectable fragments, incendiary and blinding weapons
- depleted uranium munitions

3.2.7 Nuclear weapons

Nordea sees nuclear weapons and their potential use as controversial, given

their potential indiscriminate effect on human populations.

Products are not allowed to be invested in:

- companies that are verified to be directly involved in the production or development of nuclear weapons
- companies involved in the maintenance of nuclear weapons, with a military revenue threshold of 5% (note that military revenue is based on a company's overall revenue from military equipment, which is not the same as revenue from nuclear weapons)

3.2.8 Pornography

Products in the advisory universe are not allowed to invest in companies that are involved in the production or distribution of pornography, with a 5% revenue threshold.

3.2.9 Tobacco

Products in the advisory universe are not allowed to invest in companies that are involved in the production of tobacco, with a 5% revenue threshold.

3.2.10 Sanctions

Products in the advisory universe are not allowed to invest in sovereign bonds issued by governments that are subject to relevant sanctions imposed by the UN, EU, USA or other applicable local regulators.

¹ In addition to that, Nordea expects companies in the defence industry to have a Code of Conduct and a human rights policy in line with the UN Global Compact and the UN Guiding Principles on Business and Human Rights. Nordea also sets expectations

on arms trade and export, which are further described in the Nordea Sector Guideline for the Defence Industries (January 2025).

Table 1. Revenue-based ESG exclusion criteria for products in Nordea's advisory universe

Exclusion category	Revenue threshold
Coal mining	5% thermal coal, 30% total coal*
Coal-fired electricity generation without phaseout commitment	35% advanced economies, 50% others**
Oil sand	5%
Arctic drilling	0%
Illegal weapons	0%
Nuclear weapons	0% directly involved in production or development 5% military revenue threshold for maintenance
Pornography	5%
Tobacco	5%

* Additional exclusions for companies with more than 50Mt annual production of thermal coal without a coal phaseout commitment.

** Electric utilities without a commitment to phase out coal by 2040 are excluded. Companies with coal expansion plans of >1 GW are also excluded, as are companies with coal power expansion plans if existing coal power revenue exceeds 10% or coal capacity exceeds 5 GW.

Products included in Nordea Sustainable Selection apply additional and stricter criteria, for example in relation to fossil fuels, alcohol and gambling, which can be found in the [external summary of the Nordea Sustainable Selection Framework](#).

4. Assessment

4.1 Product provider assessment

Product providers in scope to be added to the Nordea advisory product universe are assessed in relation to the ESG positions in section 3.1. Assessments are performed in the selection phase and are reviewed regularly (at least every 18 months), otherwise as needed, e.g. if there are significant changes to the sustainability characteristics of the product provider, or if any ESG controversy occurs on a product provider level.

In the selection phase, all product providers are required to be PRI signatories and are assessed against their adherence to the six principles of the PRI. Strategic partners are in addition assessed against their net zero 2050 commitments. They are required to have officially committed to becoming net zero by 2050 and to have joined an industry collaboration with the ambition of reaching that target. Furthermore, their targets and reporting related to this commitment are also assessed.

In the review, product providers' adherence to the six PRI principles is reassessed.

Strategic partners are also reassessed on their net zero 2050 targets and reporting.

The outcome of the assessments is presented in IPC where the final decisions are taken.

4.2 Product assessment

Adherence to this Policy should be part of product approval assessments for new and changed products. Regular reviews of the products' adherence to this Policy shall be done in line with applicable approval and review frameworks in Nordea.

Products in scope to be added to and approved for the Nordea advisory universe are assessed in relation to the ESG positions in section 3.2. Assessments are performed in the selection phase for new and changed products (as part of product approval) and in addition the products' adherence to the Policy are reviewed regularly through regular product reviews (at least every 18 months), otherwise as needed, e.g. if there are significant changes to the sustainability characteristics of the product, or if any ESG controversy occurs on a product level. Screening of holdings in liquid funds is conducted semi-annually. Due to the

nature of closed-end products, they are required to be aligned with the version of the Policy that was valid when the product was approved for the advisory universe.

In the selection phase, the sustainability risk integration approach and PAI consideration for all products are assessed. Furthermore, assessments of product policies and exposure are performed for the purpose of evaluating the risk of any breach of the ESG positions in section 3.2. For liquid UCITS and AIFs, holdings screenings are performed with the purpose to identify possible breaches before selecting the product.

In the review, reassessments of the steps in the selection process are conducted. For liquid UCITS funds and AIFs bi-annual screenings of product holdings are in addition performed.

The outcome of the assessments is presented to the IPC where the final decisions are taken.

There is a potential risk that a product with a policy that is misaligned with the ESG positions outlined in section 3.2. will invest in holdings in breach with the Policy. We mitigate that risk with a proper assessment in the selection phase, and with ongoing

monitoring once the products have been selected for the advisory universe.

Only liquid funds are subject to holdings screening by Nordea. Therefore, the policies of other products need to be well aligned with the ESG positions in section 3.2. Furthermore, product providers are obliged to monitor the products themselves on an ongoing basis and have a process for handling possible holdings identified to be in breach of their policy. This is assessed in the selection process and reviewed regularly.

5. Conflict of interest

Nordea is aware that potential or actual conflicts of interests may arise as part of Nordea's engagement activities. Consequently, Nordea has policies in place for the purpose of taking all reasonable steps to prevent conflicts of interests. Where such conflicts cannot be avoided, Nordea will identify, manage and monitor the conflicts and, where appropriate, disclose them to clients to prevent them from adversely affecting the interests of the clients.

This Policy is owned by the Product Governance Assurance unit in Nordea Bank Abp. The Policy was adopted by the Investment Product Governance and Oversight unit in Asset and Wealth Management (AWM) on 13 June 2025. This document has been prepared for informational purposes only and it is not to be relied upon as investment, legal, tax or financial advice.