



2025
**Operating Principles for
Impact Management**

Nordea Asset Management Disclosure Statement

May 2025

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Disclosure Statement

Nordea Asset Management (the “Signatory”) hereby affirms its status as a Signatory of the Operating Principles of Impact Management (the “Impact Principles”).

Nordea Asset Management’s (NAM) responsible investment journey spans over three and a half decades, commencing with the launch of our first sector-screened fund. Being of Nordic origin, sustainability and responsible investment are deeply embedded in our corporate culture, philosophy and business model. We recognize our fiduciary duty to consider all material factors affecting our clients’ investments, including non-financial elements such as ESG criteria. NAM was an early signatory to the UN Principles for Responsible Investment in 2007, demonstrating our proactive stance in this field and, for more than 15 years, we have continuously refined our comprehensive Responsible Investment framework to adapt to evolving market dynamics and client needs.

Impact investing represents a natural progression in our commitment to ESG principles and alignment with the UN Sustainable Development Goals. NAM adheres to GIIN’s definition¹ that impact investments are made with the intention to generate positive, measurable social and/or environmental outcomes alongside a financial returns.

In practice, NAM considers “impact” as the positive long-term effect an organization has on the economy, the environment and/or society. NAM distinguishes between “investor impact” – which describes the positive change created in a portfolio company by the investment activity (e.g. capital allocation and active ownership) – and “enterprise impact” – referring to the positive benefits delivered by a company’s products or services to its stakeholders and the broader community.

This Disclosure Statement applies to the following assets under business lines (the “Covered Assets”):

- **Nordea Global Impact Strategy**

The total Covered Assets in alignment with the Impact Principles is US\$ 524.16m as of December 31, 2024.

1) GIIN, January 24, 2025, “What you need to know about impact investing”.

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Principle 1

Define strategic impact objective(s), consistent with the investment strategy

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

The Nordea Global Impact Strategy has established a robust framework for defining and pursuing strategic impact objectives. Our approach is rooted in addressing critical global challenges that our team has identified, drawing upon the United Nations Sustainable Development Goals (SDGs). We have a specific focus on areas where private sector companies can provide scalable, market-based solutions.

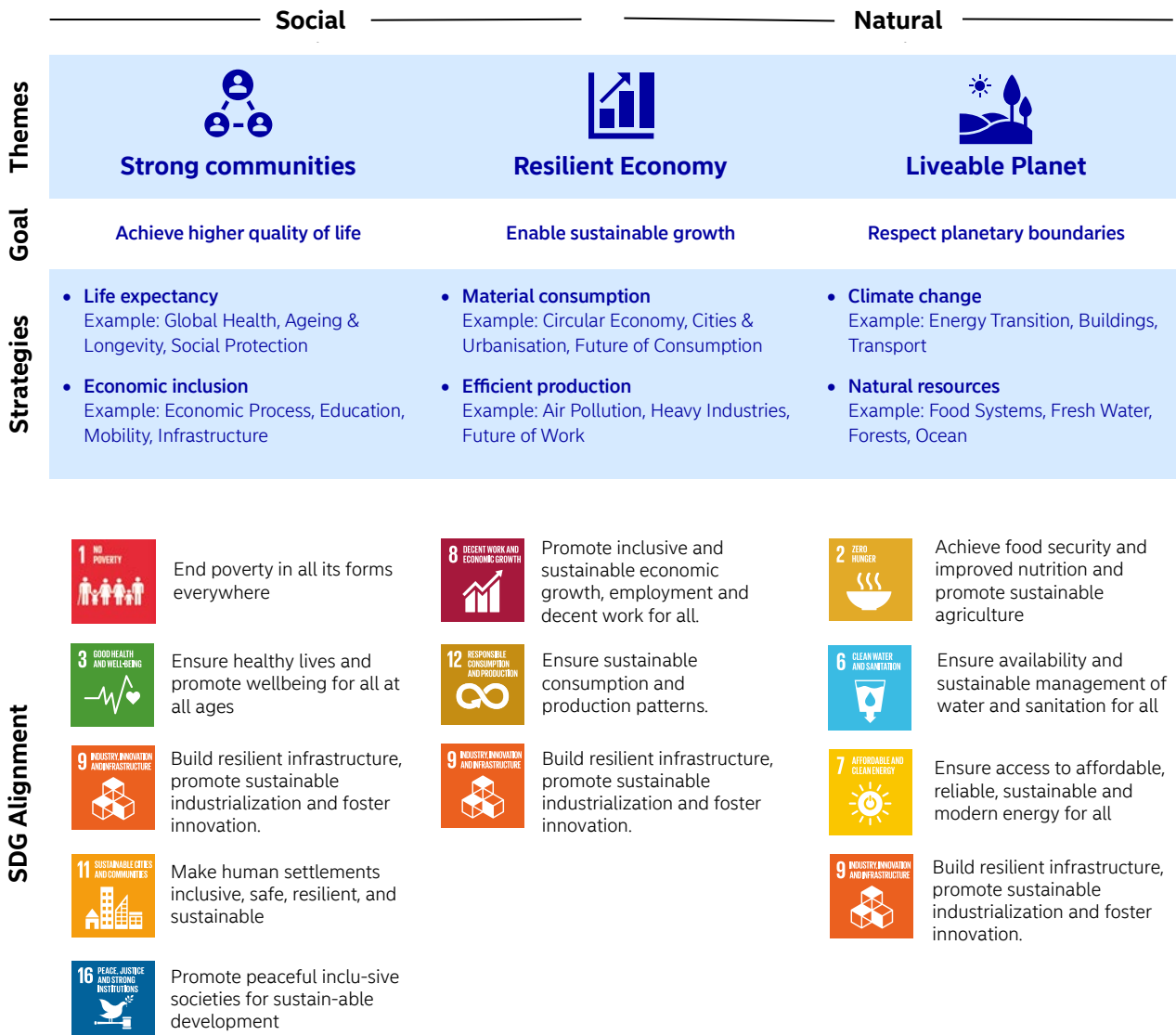
Our investment universe comprises global listed companies whose products and services and/or conduct of operations accelerate progress towards achieving these objectives. We believe that by identifying and investing in such companies, we can both generate competitive financial returns and contribute positive social and environmental outcomes.

To structure our impact objectives, we have clustered the identified sustainability challenges into three themes, each underpinned by a theory of change based on the underlying SDG targets and associated KPIs. These themes guide both our investment strategy and engagement activities.

- **Resilient Economy:** the theme focuses on companies developing responsible consumption patterns and efficient production methods. These enterprises integrate sustainability principles to enhance preparedness for potential disruptions to the way people live and work across the world
- **Livable Planet:** the theme targets investments in companies dedicated to reducing emissions or limiting the depletion of natural capital. The intent is to preserve and enhance our planet's ability to sustain a viable and thriving environment for human civilization
- **Strong Communities:** the theme directs investments towards companies that either provide access to essential goods and services, thereby improving individual quality of life, or create opportunities for economic inclusion. The overarching aim is to foster a more equitable society

Investment universe

Our impact objectives captured in a hand-picked thematic universe



Source: Nordea Investment Management AB, <https://sdgs.un.org/goals>.

2

Principle 2

Manage strategic impact on a portfolio basis

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

The Nordea Global Impact Strategy (the "Strategy") is fundamentally designed to contribute to a more sustainable future for all stakeholders. We deliberately allocate capital to companies contributing to achieve our impact objectives through their products and services and/ or the conduct of their operations. Our stock selection is guided by the exposure of companies to our themes (Strong Communities, Resilient Economy, and Livable Planet) and the possibility to measure their beneficial effects on both society and the environment.

To ensure a robust commitment to impact, the Strategy maintains a minimum threshold of impact investments within the overall portfolio. We employ a comprehensive impact framework to assess each issuer, determining their eligibility based on stringent impact criteria. This framework, applicable to all underlying portfolio investments, is built on three pillars:

- Footprint: positive outcomes from the conduct of operations (i.e., minimal negative effects)
- Handprint: positive outcomes tied to the business model (i.e., benefits of products and services)
- SDG Model: exposure to the SDGs (i.e., alignment in terms of revenue and operating context)

Our impact framework covers the entirety of the investment process, informing company research, sustainability assessment, valuation, and active ownership activities. This holistic approach ensures that impact considerations are central to all investment decisions and portfolio management activities.

Recognizing the importance of aligning incentives with impact objectives, Nordea Asset Manage-

ment (NAM) has implemented a comprehensive approach to employee remuneration. All employees on variable remuneration schemes are evaluated against a mix of qualitative, quantitative, financial, and non-financial performance goals tailored to their specific roles and responsibilities. These goals are carefully crafted to align with NAM's mission of delivering returns with responsibility, encompassing a high focus on investment risks, including sustainability risks. Furthermore, all employees have performance objectives linked to risk and compliance, including adherence to internal policies related to sustainability. This approach ensures that our variable remuneration schemes serve multiple purposes: aligning employee incentives with client interests, promoting NAM's long-term success, and fostering a sound risk management culture that explicitly includes sustainability considerations.

Specifically for the Global Impact Strategy, investment professionals are incentivized not only on financial performance but also on non-financial objectives. This approach incorporates a qualitative assessment of several key factors, including adherence to our impact framework, progress towards impact objectives, and the realization of positive societal and environmental outcomes. While the precise measurement of impact remains a complex endeavour, this incentive structure reflects our commitment to impact-oriented investing. It is designed to encourage our team to maintain a balanced focus on delivering competitive financial returns while simultaneously striving to create meaningful positive change. We aim to continuously refine our assessment methodologies to ensure they remain robust and aligned with evolving industry best practices in impact measurement and management.

3

Principle 3

Establish the Manager’s contribution to the achievement of impact

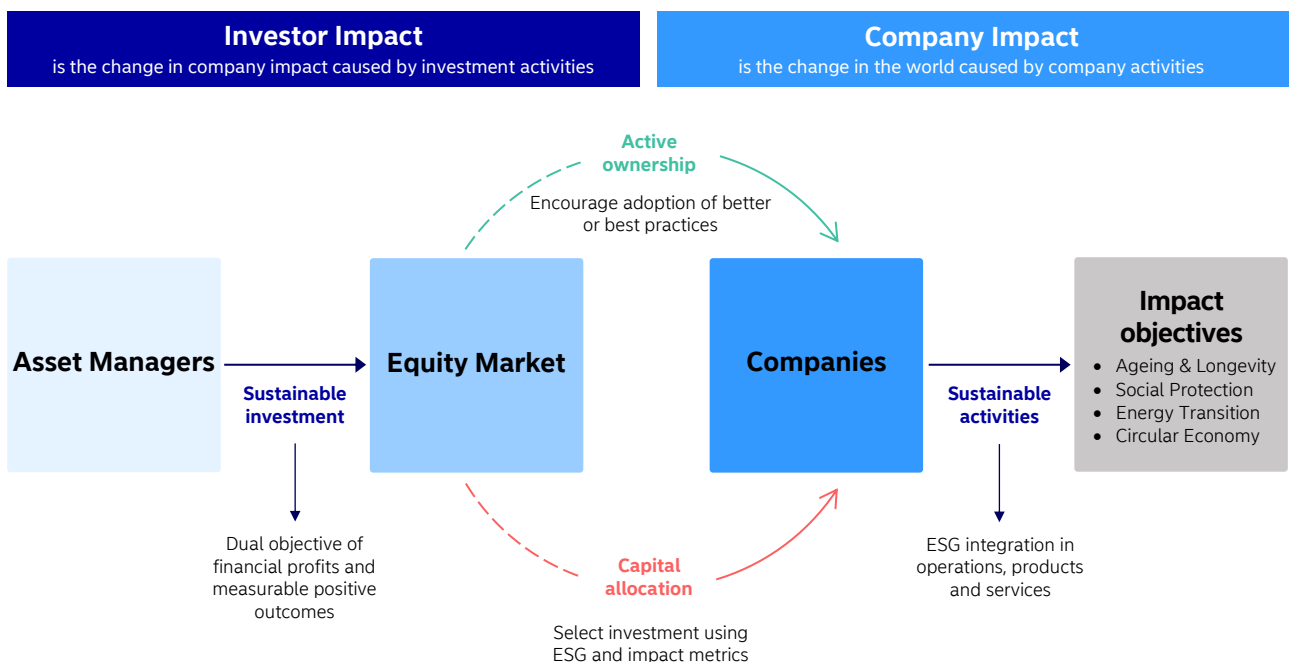
The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

As impact investors in listed equities, our primary channels to deliver social and environmental outcomes are active ownership and, to a lesser extent, capital allocation. On one hand, through engagement with individual investee companies, we aim to influence corporate behaviour and drive positive change. On the other hand, our capital allocation strategy sends a clear market signal that impact alignment and sustainable practices are valued and rewarded.

Given the nature of public equity markets, where ownership frequently changes hands, assessing the direct impact of our capital allocation presents challenges. Therefore, our focus is primarily on evaluating enterprise contribution, i.e. the positive outcomes from a company's activities and how it contributes to achieve our defined impact objectives.

Progress towards our defined impact objectives requires taking into account and limiting negative externalities (safeguarding positive contribution) and/or delivering additional positive outcomes (advocating for more sustainable business practices/ models). Therefore, these two areas are the core of our approach to active ownership in the context of impact investment.

We determine material ESG risks guided by a double materiality approach (to the company and to society). SASB is our main, but not only, framework to determine financial materiality. We consider a broad range of stated policy objectives to determine materiality to society, primarily guided by the UN SDG framework.



We may initiate engagement on any issue material to the investment or impact theses, including governance and reputational risks. Our engagement process is structured around a four-stage milestone system, allowing us to systematically track progress relative to company-specific objectives. These milestones range from initial communication of expectations to the ultimate delivery of desired outcomes by the company:

Milestone 1: Expectations are raised at the appropriate level with the company

Milestone 2: Company acknowledges them and wants to take action

Milestone 3: Company takes action or commits with clear timeframe

Milestone 4: Company's actions deliver the expected outcome

Every engagement comes with clear milestones and timeframes to measure progress towards the original proposal. We measure success by the degree to which we have achieved our initial objectives.

Should a company fail to reach milestone 4 within the established timeframe, we have a robust escalation process in place. This includes writing open letters to management teams, voting against relevant board directors or compensation packages, and collaborating with other investors to increase our influence.

The insights gathered during the engagement process inform our view of the impact case and help perform the assessments necessary under Principles 4, 5 and 6.

4

Principle 4

Assess the expected impact of each investment, based on a systematic approach

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions:

(1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

The Nordea Global Impact Strategy applies a comprehensive approach to assess the potential contribution of each prospective investment to its impact objectives. The Strategy's investment process integrates financially material impact considerations into fundamental valuation to ensure that, as investee companies prosper, positive outcomes tied to their business model expand. We acknowledge that, in the space of global listed equities, the contribution of each holding might be incremental but believe that it becomes meaningful with scale.

Our bespoke impact framework evaluates investments across three key dimensions:

I) Footprint

We thoroughly evaluate material ESG indicators related to business operations (e.g., carbon footprint) to mitigate potential negative sustainability impacts. We utilise our proprietary ESG data platform, which aggregates information from multiple sources, supporting our analysts as they conduct in-depth research on each company. A key component of this platform is the Principal Adverse Impact (PAI) module. This module compiles PAI indicator data for each company under analysis, enabling us to identify outliers on specific indicators or those exhibiting high adverse impact across multiple indicators.

Furthermore, the team relies on proprietary ESG scores, also accessible via our ESG data platform, to enhance our assessment of the company's ESG risks and opportunities. These scores apply a financial risk materiality map as defined by the Sustainability Accounting Standards Board (SASB), allowing us to incorporate risks derived from the company's business model, as well as environmental, social, and governance risks.

As part of this analysis, we develop comprehensive ESG scorecards. These scorecards not only evaluate how a company impacts the environment or society, both positively and negatively, but also provide suggestions for engagement topics and analyse any controversies associated with the company. The resulting scores are categorised as A, B, or C, with C representing the lowest possible score.

II) Handprint

To assess the intended impact of products and services, we employ the Five Dimensions of Impact framework developed by the Impact Management Project. This approach allows us to identify beneficiaries and evaluate the significance of the change experienced. We collect and qualitatively interpret data related to the nature and scale of product or service outcomes, providing context and meaning as proxies for real-world impact. The five dimensions we consider are:

- a) **What:** we identify the outcomes the company contributes to generate and their importance to stakeholders. Our focus is on understanding the market-based solutions offered by the company and their intrinsic benefits. This dimension is linked to the challenges identified when building the themes of this Strategy.
- b) **Who:** we identify the primary stakeholders experiencing the effects of the offered solutions. This includes considering the characteristics and contexts of the affected populations or ecosystems. We pay particular attention to markets or stakeholders with unmet need, assessing whether the impact reaches those who have previously been excluded or underserved.
- c) **How much:** we seek to quantify the positive effects of a company's products or services over a specific time period. This involves using IRIS Catalog of Metrics to determine an impact key performance indicator (KPI) for each holding that can be matched with company-reported data.
- d) **Contribution:** we describe the unique/ improved benefits which the investee company promises to deliver to the current and future customers and our role as an investor within this Strategy. Company contribution evaluates how products or services specifically address social or environmental challenges. Investor contribution examines our role in allocating capital to impactful solutions, but mostly our engagement with companies to enhance their impact practices, and sharing knowledge to improve impact potential.
- e) **Risk:** what are the impact risks associated with this investment that could affect the achievement of the impact objective.

III) SDG Model

We ensure all holdings make a substantial sustainable contribution through their business model. We quantify ex-ante revenue exposure to the SDG framework, requiring a minimum proportion of revenue aligned to a unique SDG for eligibility. The strength of alignment is measured by assessing the significance of the gap in achieving the SDG in the company's operational markets or geographies, supported by data from sources such as the UN SDG indicators database.

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Principle 5

Assess, address, monitor and manage potential negative impacts of each investment

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

As an integrated part of the Global Impact investment process, an ESG analysis is conducted in order to ensure that each portfolio addition contributes positively to our impact objectives but also maintains a robust sustainability profile. The overall strategic assessment of a company is a combination of ESG, impact and fundamental factors, creating a holistic view of each company's positioning. This integrated approach is rigorously documented and applied consistently across our investment candidates.

To be considered eligible for investment in this Strategy, companies must first meet our definition of Sustainable Investments. This designation requires adherence to three critical criteria

1. **Meet minimum Good Governance criteria** – investee companies are screened on topics related to sound management structures, employee relations, remuneration of staff and tax compliance, and must not be subject to significant controversies related to any of these topics;
2. **Do not significant harm (“DNSH”) the environmental (or social) objective** – a company cannot perform negatively on selected principal adverse impact (“PAI”) indicators.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and antibribery matters. The thresholds defining negative outliers and poor performance vary for each PAI indicator;

3. **Environmental or Social Contribution** – our proprietary process applies a pass/fail criteria on contribution to one or more of the UN SDGs or one or more of the environmental objectives in the EU Taxonomy, with a 20% threshold. Contribution may be measured on the proportion of revenue that can be linked to the above objectives. For sectors where capital expenditure or operating expenses or other relevant activity measures are more relevant, these will be used.

Failure to meet any of these criteria renders a company ineligible for investment in the Global Impact Strategy, in alignment with NAM's requirements for Article 9 products.

Furthermore, as previously detailed, our impact framework includes a review of the Footprint of each company that goes beyond traditional ESG risk management. At the core of the Footprint is a thorough assessment of each company's sustainability profile, with a particular emphasis on identifying and promoting industry-leading practices that drive positive change as well as to identify ESG indicators that could potentially mitigate a business's negative sustainability impacts. We leverage on our proprietary ESG data platform, which includes an advanced Principal Adverse Impact (PAI) module, allowing us to identify companies that are not only mitigating potential

negative impacts but are also demonstrating good performance across multiple PAI indicators.

More specifically, our DNSH test monitors eight selected PAI indicators; companies identified as outliers in any of these areas are automatically disqualified from investment consideration. For companies that are not outliers but still demonstrate high adverse impacts, we conduct further analysis to determine their eligibility. In such cases, we may consider investment on the condition of improvement, which we actively pursue through targeted engagement strategies.

6

Principle 6

Monitor the progress of each investment in achieving impact against expectations and respond appropriately

The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

The impact assessment conducted for each portfolio company is documented and stored in a common platform along with the respective ESG assessment. This approach facilitates a comprehensive view of both the impact and sustainability profile of our investments.

As we evaluate the impact profile of all our holdings through the application of bespoke impact framework, we also commit to monitor progress toward the achievement of sustainable development goals and our impact objectives of the investee companies.

Unless there is an event that prompts an immediate revision of the impact case, our assessments are reviewed on a regular basis (latest on an annual basis) to ensure that the companies are still progressing towards their impact objectives.

Our data collection process is guided by the IRIS+ System and primarily utilizes information from corporate disclosures, focusing on "external" indicators (e.g. outcome- or activity-based

measurements) over "internal" indicators (e.g. corporate culture, own workforce and supply chain-related metrics).

In order to bring additionality to our investment process, we seek to gather information and promote best practices through direct engagement with the company's management. We believe that such dialogue can effect positive changes in corporate behaviour and performance. Our engagement may include discussions with executives, recommendations on board composition, collaboration on shareholder voting, and ongoing monitoring of the company.

In order to comply with our principles of transparency and measurability, we report on an annual basis to our clients through our [Impact Report](#) for this Strategy, in which we disclose impact performance at portfolio level, our investment themes and respective theory of change, detailed impact cases as well as impact metrics for all portfolio holdings at a specific point in time.

7

Principle 7

Conduct exits considering the effect on sustained impact

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

Our exit considerations are intrinsically linked to our established sell discipline. Factors that may trigger divestment include strategic shifts or management changes that compromise impact potential, significant regression in ESG or sustainability metrics, persistent non-engagement on critical ESG matters, among other financial-related considerations.

Throughout the exit process, we maintain a commitment to responsible stewardship. This involves pursuing any ongoing dialogue with company management to sustain impact integrity until divestment. We also consider broader market implications and stakeholder effects of our capital allocation decisions.

Post-exit, we might conduct reviews to extract actionable insights. These learnings are incorporated into our investment framework, informing future capital allocation decisions and engagement strategies. This iterative process enhances our capacity to generate and sustain meaningful impact across our portfolio.

8

Principle 8

Review, document and improve decisions and processes based on the achievement of impact and lessons learned

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

We place a strong emphasis on the thorough evaluation of our investments' impact and engagement performances. This systematic review process is a cornerstone of our investment strategy, ensuring that we maintain a clear understanding of our portfolio's effectiveness and continuously improve our approach.

Our review process, which takes place at least annually, encompasses several key components. We begin with individual investee assessments, conducting in-depth analyses of each investee's specific impact metrics and engagement progress. This is complemented by a holistic portfolio evaluation, where we consider the collective impact of our investments, looking for synergies and overall portfolio performance.

Regular performance documentation is a crucial aspect of our methodology. We maintain detailed records of each investment's impact performance, creating a comprehensive database for future reference and analysis. As part of this process, we regularly revisit and test our initial investment assumptions against real-world outcomes, allowing us to refine our investment thesis over

time. This continuous improvement cycle ensures that insights gained from these reviews are systematically incorporated into our decision-making processes, enhancing both our operational efficiency and strategic direction.

The knowledge gained through our review process is not siloed but actively integrated into our investment framework at multiple levels. Specific lessons are applied to individual investment decisions, improving our impact due diligence processes. At the operational level, we continuously refine our management processes based on real-world experiences, enhancing our ability to support and guide investees.

By maintaining this rigorous review and learning process, we demonstrate our commitment to transparency in our investment practices, accountability to our stakeholders, and continuous improvement in our impact and engagement efforts. This approach ensures that we not only track the performance of our investments but also evolve our practices to maximize positive impact.

9

Principle 9

Publicly disclose alignment with the Impact Principles and provide regular independent verifications of the alignment

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

This Disclosure Statement affirms the alignment of Nordea Investment Management AB – Denmark’s policies, tools and procedures with the Impact Principles and will be updated on an annual basis and published on our [website](#).

In accordance with requirements, Nordea Investment Management AB – Denmark appointed Phenix Capital as external and independent auditor.

The independent verification is planned to occur every two years.

The independent verification report on the alignment of Nordea Investment Management AB with the Operating Principles for Impact Management has been completed on April 2025 and the Verifier Statement is available [here](#).

Information on the current independent verifier is as follows:

Based in Amsterdam, Phenix Capital Group is a leading impact investing advisory firm established in 2012. Its mission is to enable institutional investments towards the SDGs in two key ways: providing value-added impact investing intelligence and offering tailored advisory services to create investment strategies and implement impact funds with institutional investors.

The Phenix team has conducted an independent verification to review the alignment of Nordea Global Impact Fund with the Operating Principles for Impact Management. We confirm that there is no conflict of interest in conducting this verification. The team has not been involved in developing or implementing the impact strategy and management system, writing the Impact Principles disclosure statement, or participating in Nordea's operations, management, or investment processes.

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