

June 2023

## Remuneration Disclosures

### Information on Remuneration Policy

Nordea Investment Funds S.A. (“NIFSA”) and Nordea Investment Management AB (NIM) (together the “Companies”) have gender-neutral Remuneration Policies designed to offer fair and competitive remuneration packages, discourage excessive risk-taking, and promote the long-term interests of the clients and Companies. A total remuneration approach that recognises the importance of well-balanced but varied remuneration structures based on business and local market needs is applied. The remuneration principles are aligned with the Nordea Asset Management (“NAM”) Remuneration Policy. All employees in NIFSA and its branches, and NIM and its branches, are covered by their respective Remuneration Policies. The Policies are aligned to the extent possible and differ only where additional requirements apply to each Company.

The Companies have implemented a series of safeguards that prohibit staff from taking undue risk compared to the activity profile. The Remuneration Policies support the business strategy, values, and long-term interest of clients, the Companies, NAM and Nordea Group. The governance structure of the Remuneration Policies aims at preventing internal conflicts of interest.

Fixed remuneration is defined on a contractual basis, based on (i) job complexity and responsibility (ii) professional experience and (iii) local market and industry standards and practices. All staff members entitled to variable remuneration are subject to an annual performance evaluation including both quantitative and qualitative criteria. The evaluation is based on achievement of predefined financial and non-financial targets linked to the specific job scope, role, value-creation and behaviours. Variable remuneration schemes are limited to a one-year period and assessed at year end.

The overall variable remuneration pool is determined based on Nordea Group and NAM financial and non-financial performance and may be adjusted downwards at the discretion of the Board of Directors in case of weaknesses in the risk and compliance area, the financial health of the Companies, or if otherwise deemed appropriate.

On the basis of regulatory requirements and guidelines, roles that have a material impact on the risk profile of the Companies, and/or the assets managed by the Companies, are identified annually. For such Material Risk Takers (MRTs), 40-60% of variable remuneration may be deferred and paid out in instruments over 3-5 years. To further align the long-term interests of customers and employees, and promote sound risk management, deferred amounts paid out in instruments are linked to the performance of assets under management. The specific allocation of deferred and non-deferred variable remuneration depends on the magnitude of risks that each MRT can impact.

## 1. Purpose

The Remuneration Policies:

- provide a basis for aligned remuneration practices which promote sound and effective risk management, as well as fair treatment of clients and management of potential conflicts of interest;
- ensure that the Companies are able to attract, develop and retain competent and qualified staff by offering a competitive remuneration (both fixed and variable) in line with market practices in the asset management industry;
- support sustainable results and the long-term interests of clients; and
- describe how the principles set out herein should be applied and followed-up by defining a governance structure for remuneration.

## 2. Remuneration components

### - Fixed remuneration

**Fixed salary** is the portion of the total remuneration received in cash on a periodic basis. It remunerates the relevant competences of the member of staff and is guaranteed irrespective of their performance.

**Allowances** are predetermined, transparent to the employee, and paid in cash on a periodic basis in connection with the ordinary salary payment. Allowances can only be role-based or linked to a benefit.

**Pension and insurance schemes** aim to ensure employees have an appropriate standard of living after retirement, and personal insurance during employment. Pension and insurance provisions are according to local laws, regulations and market practice and take the form either of determined public collective agreements, company-determined schemes, or a combination thereof.

**Benefits** are all the advantages received in kind by employees in exchange for their work and in addition to their cash remuneration. Benefits are awarded without consideration of any performance criteria and are either linked to the employment contract or local conditions.

### - Variable remuneration

**Bonus scheme** is offered only to selected groups of employees. The aim is to ensure strong performance and to maintain cost flexibility. Assessment of individual performance is based on a predetermined set of well-defined financial and non-financial success criteria.

**Recognition scheme** is a performance-based scheme which recognises the extraordinary individual or team performance via Recognition scheme awards. Individual or team performance is assessed based on a predetermined set of goals.

**Profit Sharing** aims to stimulate value creation for customers and shareholders and is offered to all employees except for employees eligible for Bonus.

Other incentive programmes may be offered as decided by the respective Boards of Directors.

### **3. Risk Analysis**

Remuneration components are evaluated annually to ensure compliance with both international and local remuneration regulations and guidelines. Key factors addressed include risks related to the governance and structure of the remuneration schemes, target-setting and measurement of results, as well as fraud and reputation.

The Companies mitigate these risks *inter alia* by regularly reviewing the structure of the remuneration components, including the participants and potential pay-out amounts. Furthermore, clear processes for target-setting, aligned with NAM and Nordea Group's strategy, and accounting for all relevant (current and future) risks must be followed.

The Companies also mitigate relevant risks by means of the internal control framework, which is based on the control environment and includes the following elements: values and management culture, goal orientation and follow-up, a clear and transparent organisational structure, separation of duties, the four-eyes principle, quality and efficiency of internal communication and an independent evaluation process.

Payment of variable remuneration, if required by regulations, is conditional upon the performance of NAM, the relevant business unit and the individual. A negative adjustment prior to or after allotment, partly or down to zero, can occur if the person in question e.g., has violated internal or external regulations, participated in or been responsible for an action that has caused NAM or Nordea significant losses, or in the event of a significant downturn in NAM or Nordea's financial results.

Employees may not use personal hedging strategies to undermine or eliminate the effects of deferred variable remuneration being partly or fully forfeited. Risks related to the remuneration schemes and processes governed by the Remuneration Policy exist and will continue to exist going forward. Nordea applies a wide range of processes, tools and control activities to manage the risks, including the involvement of relevant control functions, and thereby reduces potential negative effects.

### **4. Governance framework**

In order to ensure appropriate remuneration practices and avoid potential conflict of interest, the governance framework around the Remuneration Policies involve several corporate functions.

### **NIFSA and NIM Board of Directors**

The respective Boards of Directors are responsible for approving and maintaining the Remuneration Policy and overseeing its implementation. Board decision proposals related to remuneration, including with regard to the Remuneration Policies, are prepared and recommended by the NAM Remuneration Committee. The Remuneration Policies are updated at least annually and outline the remuneration elements and principles applied in the Companies.

### **NIFSA and NIM Managing Director**

The Managing Director in the respective Company, or their delegate, shall assist the Board and/or the NAM Holding CEO, as appropriate, in the oversight and implementation of the Remuneration Policy.

### **Governance in NIFSA and NIM Subsidiaries**

NIFSA and NIM Boards shall act on behalf of Governing Bodies of Subsidiaries to review, oversee, consider and approve remuneration issues pertaining to the specific entity in accordance with the Remuneration Policy and local laws as applicable.

### **NAM Remuneration Committee**

The purpose of the NAM Remuneration Committee is to increase the effectiveness of remuneration in NAM, and thus in NIFSA and NIM. The NAM Remuneration Committee works as a preparatory and advisory committee to the Board of Directors in NAM Holding, NIM and NIFSA and, as appropriate, to other NAM Governing Bodies.

### **NIFSA and NIM Internal Control functions**

Control functions assist the respective Board of Directors, the Managing Director and/or their delegates in ensuring the overall remuneration strategy promotes effective risk management and the interest of the clients. The Control functions take in particular all necessary measures in order to ensure the Policies are compliant with internal and external requirements. To safeguard the independence of internal control functions with regard to the areas they control, including remuneration, members of internal control functions are remunerated primarily by fixed remuneration.

### **Group Internal Audit**

The Group Internal Audit function, in collaboration with the local internal audit, carries out, on a regular basis, an independent review of the design, implementation and effects of the Remuneration Policies on the Companies' risk profile and the way these effects are managed.

### **NAM People (Human Resources)**

NAM People is the owner of the Remuneration Policies. NAM People is responsible for designing remuneration structures, including remuneration levels and incentive schemes, that attract and retain competent staff, and are aligned with the Companies' risk profile.

A copy of the Remuneration Policies can be requested by customers free of charge at NIFSA's or NIM's registered office.

## Additional NIM AB disclosures

This statement discloses requirements stated in article 51 of the Investment Firm Regulation (EU) 2019/2033 for Nordea Investment Management AB (NIM), and that are not otherwise included in the above disclosures related to NIM and NIFSA Remuneration Policies.

The current gender pay gap within NIM is 21.0%<sup>1</sup> and is monitored by the NAM remuneration committee annually, and actively managed by the organisation.

NIM's remuneration structure comprises fixed and variable components which are balanced and in accordance with applicable regulations. The ratio between fixed and variable remuneration varies for different categories of employees and local market practice is taken into consideration. The variable remuneration for categories of staff whose professional activities have a material impact on NIM's risk profile (Materials Risk Takers) is however capped at 100% of their annual fixed remuneration.

Aggregated quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the investment firm:

<b>Awarded compensation for performance year 2022</b>			
	<u>Fixed compensation</u>	<u>Bonus paid upfront in cash</u>	<u>Bonus deferred/retained, linked to instruments</u>
Senior Mgmt (7)	EUR 4,382,256	EUR 782,438	EUR 2,813,417
Other Risk Takers (16)	EUR 4,980,866	EUR 651,912	EUR 2,146,703
<b>Awarded bonus for performance periods prior to 2022</b>			
	<u>Vested in 2022</u>	<u>Due to vest in subsequent years</u>	
Senior Mgmt	EUR 1,202,964	EUR 2,638,813	
Other Risk Taker	EUR 1,182,128	EUR 1,866,186	
<b>Deferred bonus reduced through performance adjustments in 2022</b>			
not applicable			
<b>Guaranteed variable remuneration awarded for 2022</b>			
not applicable			
<b>Severance payments paid during 2022</b>			
not applicable			
<b>Severance payments awarded during 2022</b>			
not applicable			

<sup>1</sup> The gender pay gap is defined in accordance with the Guidelines on the benchmarking exercises on remuneration practices and gender pay gap under Directive (EU) 2019/2034 chapter 8 and comprises all employees in NIM in Sweden.