

22 March 2023

This disclosure is applicable to Nordea Investment Management AB (NIM) and provides information on Environmental, Social and Governance (ESG) risks, including physical risks and transition risks, according to Article 53 of the Investment Firms Regulation (IFR)¹.

ESG risks

NIM defines **ESG risks** as risks of any negative financial impact on NIM stemming from the current or prospective impacts of ESG factors on NIM's counterparties or invested assets. With ESG factors, NIM means environmental, social or governance matters that may have a positive or negative impact on the financial performance or solvency on an entity, sovereign or individual.²

- **Environmental risks** should be understood as the risks of any negative financial impact stemming from financial risks posed by NIM, NIM's counterparties or invested assets that may be negatively affected by, or contribute to, the negative impacts of environmental factors, such as climate change.
- **Social risks** should be understood as the risk of any negative financial impact stemming from the current or prospective impacts of social factors, such as the rights, well-being and interests of people and communities. This includes, *inter alia*, gender equality, fair working conditions and social protection.
- **Governance risks** should be understood as the risk of any negative financial impact stemming from governance matters, such as executive leadership, audit, internal control, tax avoidance, board independence, shareholder rights, corruption and bribery.

Identification and management of ESG risks

NIM is an investment firm that does not deal on its own account. NIM's clients' assets under management may be prone to material ESG risks, and the value and liquidity of these assets could fall and impose ESG risks on NIM in the form of a reduction in fees, lower returns and loss of dissatisfied clients (reducing the assets under management). NIM further faces potential ESG risks in relation to client requests for ESG-favourable investment products.

NIM takes ESG risks into consideration in its strategic assumptions, financial and business planning. ESG risk are further incorporated in NIM's risk management framework.

Additional information

For more information on how NAM works with ESG, please refer to the following documents:

¹ Consolidated text: Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014.

² EBA Report: "[On management and supervision of ESG risks for credit institutions and investment firms](#)", EBA/REP/2021/18

Sustainability risk integration in the investment decision-making process

Principle Adverse Impact statement

Sustainability risk integration in remuneration

SRD II Annual Report