

Sustainability Risk Integration in the Investment Decision-making Process

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This disclosure is applicable to Nordea Investment Management AB (NIM) as well as Nordea Investment Funds S.A. (NIFSA) jointly referred to as Nordea Asset Management or NAM.

NIFSA has appointed NIM as the investment manager of all the funds managed by NIFSA. Under this appointment, NIM executes the investment decision process in which sustainability risk assessments are integrated, on behalf of the funds managed by NIFSA. Ongoing oversight of the delegated investment management services performed by NIM is embedded in the internal control framework of NIFSA. Sustainability risk is integrated in the risk management process in place at NIFSA, which addresses the fundamental principles under which risks that funds might be exposed to are identified, measured, managed, controlled and reported on.

Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment.

How we integrate sustainability risk in the investment decision process

We believe that including sustainability risks in the investment decision process can enhance the risk-adjusted returns of the portfolios. NAM integrates sustainability by

- Providing portfolio managers and analysts with relevant ESG information, making it possible to identify sustainability risks and opportunities within the investable universe
- Including sustainability risks as part of security evaluation across all our portfolios
- Considering sustainability risks in the investment decision process

Acting in the best interests of our clients, our portfolio managers and analysts include sustainability risks in the investment decision process for all actively managed portfolios¹. How sustainability risks are integrated differs among our investment boutiques, as the materiality of the sustainability risk will vary depending on asset class, investment strategy, client objectives, and market trends. Sustainability risks are included in the investment decision process together with traditional financial factors, such as risk and valuation metrics, when building and monitoring portfolios.

The assessment of sustainability risks is facilitated by ESG data and information made available to analysts and portfolio managers, in all investment boutiques. This is supplemented by the expertise of our analysts in our Responsible Investment team, which is part of our investment organisation and responsible for supporting in all matters related to responsible investments.

In addition to the above, our Risk & Performance Analysis team integrate, where relevant, ESG analysis in the risk reporting, which is made available to analysts and portfolio managers on a daily basis.

¹ Integration may differ for certain funds under the Nordea Specialised Investment Fund SICAV-SIF umbrella