

Ethical guidelines for Nordea-fonden's investments

The ethical guidelines for investments form part of the sub-strategy for Nordea-fonden's investments and lay down the framework for ensuring that investments are responsible and support the foundation's object and core values.

General ethical guidelines for the foundation's investments

- The ethical guidelines cover all investments made by the foundation and are based on the foundation's core values.
- Compliance with the ethical guidelines is essential. This means that financially attractive investments are not pursued if compliance with the ethical guidelines cannot be ensured.
- As a non-profit commercial foundation, Nordea-fonden is a (non-business) participant in the *UN Global Compact*, which is a voluntary network under the UN, and the foundation is thus committed to ensuring that the investments made support the UN Global Compact's Ten Principles for human rights, labour rights, environment, and anti-corruption.
- The foundation's investments are made on the basis of promoting the UN's 17 Sustainable Development Goals.
- The foundation and the foundation's asset managers must comply with all international conventions to which Denmark has acceded, which includes ensuring that the investments do not contribute to activities associated with weapons prohibited by conventions.
- From 1 January 2021, in its due diligence in connection with unlisted investments the foundation requires that there is compliance with requirements for good tax practice through increased transparency and through the prevention of aggressive tax planning defined in principles and recommendations, see the Tax Code of Conduct, prepared by a number of Danish pension companies. The Tax Code of Conduct only covers unlisted investments and the foundation's investments in listed companies are made through investment funds or discretionary mandates, where the foundation cannot conduct due diligence for the specific investment assets and where the dialogue can only take place through the asset manager.

Specific ethical guidelines for investments

The work with ethical investments in relation to the UN Global Compact and the Sustainable Development Goals (SDGs) covers a wide range. There are thus ten principles for social responsibility and sustainability under the Global Compact and 17 SDGs. The principles and goals are norm-based rather than absolute. The general principle is that the foundation's investments support the UN Global Compact and the SDGs. In addition, the work with the ethical guidelines is based on the following:

- The foundation takes a focused and guiding approach in areas directly related to the foundation's object and focus areas.

- The guidelines are directional for actions in the sense that persistent violations or an unwillingness towards dialogue and improvement will ultimately have the consequence that the foundation's investment or asset management agreement will be terminated. Before the asset management agreement is terminated, the foundation seeks collaboration with other investors and a dialogue with the asset manager who has invested in the company.
- Specific opt-outs. No investments are made in:
 - tobacco-producing companies and
 - companies that are continuously reported to have a greater negative impact on the environment than that allowed by the national legislation or that persistently violate human rights.

The foundation wants to phase out investments in fossil fuel extraction by 2029 at the latest. Exempt from this, however, are investments in companies that contribute positively to accelerating the transition to a low-emission society and to meeting the goals of the Paris Agreement. The companies must continuously document their performance in executing their transition strategy, which includes:

- A well-defined transition strategy towards the goals of the Paris Agreement
- An initiated execution of the strategy
- Ongoing follow-up on goals and sub-goals
- Identification and management of deviations
- Divestments if breaches of the foundation's ethical guidelines have been ascertained and these breaches are expected to be of long-term duration or persistent.

Operational approach and reporting

The ethical guidelines apply to both direct investments and investments made through asset managers.

The foundation ensures that asset managers are kept up to date on the ethical guidelines, which must form a binding part of the asset management agreement, including the obligation to disclose relevant information about the investments made.

Compliance with the ethical guidelines is monitored on an ongoing basis through an external, independent consulting firm specialising in screening investment portfolios on behalf of investors. Half-yearly reports form the basis for the foundation's work targeted at complying with its ethical guidelines. If breaches of the ethical guidelines are identified, an assessment is made on a case-by-case basis as to whether the investment or asset management agreement should be terminated or whether measures have been implemented within the company or through the asset manager within a short timeframe to restore compliance with the ethical guidelines.

Approved at the board meeting held on 27 February 2023