This disclosure is applicable to Nordea Funds Ltd (including its branches in Sweden, Norway and Denmark) (“Nordea Funds”).

Nordea Funds has appointed Nordea Investment Management AB (“NAM”), an investment firm belonging to the Nordea Group, as the investment manager of all the funds managed by Nordea Funds. Under this appointment, NAM executes the investment decision process in which sustainability risk assessments are integrated, on behalf of the funds managed by Nordea Funds. Ongoing oversight of the delegated investment management services performed by NAM is embedded in the internal control framework of Nordea Funds.

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 sustainability risk is integrated 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. Nordea Funds and NAM integrate sustainability by

- Providing portfolio managers and analysts with relevant environmental, social and governance (“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 portfolios
- Considering sustainability risks in the investment decision process

Acting in the best interests of our funds and the unitholders, portfolio managers and analysts in NAM include sustainability risks in the investment decision process for all assets managed on behalf of Nordea Funds. Integration of sustainability risks may differ between different fund types, as the materiality of the sustainability risk will vary depending on asset class, investment strategy, client objectives, and market trends. NAM includes sustainability risks 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. This is supplemented by the expertise of the analysts in NAM’s responsible investment team, which is part of the investment organisation and responsible for supporting in all matters related to responsible investments.

In addition to the above, NAM’s risk & performance analysis team integrates, where relevant, ESG analysis in the risk reporting, which is made available to analysts and portfolio managers in NAM on a daily basis.