

Sub-strategy for investments 2024-2028

The overall objective of the sub-strategy for investments is to define a framework and goals for the management of the foundation's assets in order to generate a financial return on investments that secures an optimal financial basis for the foundation and the liquidity it needs to distribute grants.

3.1. Objective of the sub-strategy

The objective of the sub-strategy is to ensure that the Board's decisions and framework in relation to investments, including the ethical guidelines for investments, are clear and directional and can be communicated to external asset managers.

3.2. Setting the framework

Under the overall strategy, the sub-strategy includes the task of generating a return on the foundation's assets, and the sub-strategy forms part of the overall activities for the performance of the core task of supporting the good life.

The objective of the foundation's investments is to achieve an attractive financial return, and, subject to this objective, mission related investments (MRI) can be made that underpin the foundation's mission to support activities that promote the good life. The targeted investments are based on the foundation's grant distribution strategy but are made independently of the grants.

The sub-strategy for investments is subject to a number of statutory requirements for the investment of funds, including sections 38 and 42 of the Danish Act on Commercial Foundations (*Lov om erhvervsdrivende fonde*), stipulating that the foundation's resources must be managed securely and invested based on a weighing of a reasonable return on the investments against secure placing of the funds, including the risk of loss.

Nordea-fonden is subject to the Danish Foundation Tax Act (*Fondsbeskatningsloven*) and bilateral agreements between the tax authorities in Denmark and the Nordic countries.

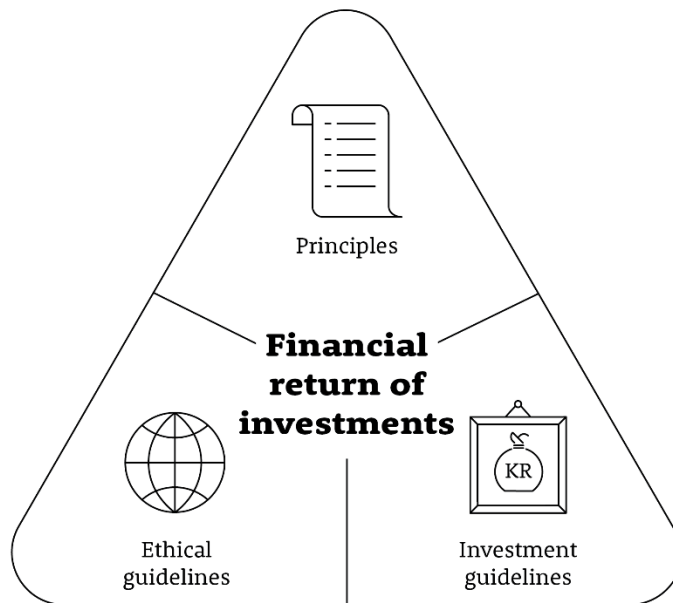
In the implementation of the investment sub-strategy, it must therefore be ensured that these statutory requirements, rules and agreements are complied with.

Investment Committee.

The Board has set up an Investment Committee (IC). Together with the administrative unit, the IC prepares the Board's investment decisions, and the Board has drawn up terms of reference establishing the IC's working basis.

3.3. Contents

The framework for the implementation of the sub-strategy for investments consists of three elements:



Principles. Clear and overall asset management principles that ensure long-term and consistent asset management.

Ethical guidelines for investments. The guidelines are binding and must be met before investments are made. The ethical guidelines are adjusted to the foundation's ongoing work with ESG and to the development in society.

Investment guidelines. Comprise three measurable and operational elements which are updated on an ongoing basis, typically annually:

1. *Liquidity reserve* that ensures that the foundation can meet its payment obligations with a high degree of certainty.
2. *Investment framework* for new investments and asset composition in relation to both asset types and ESG classification.
3. *Decision-making tree* that establishes a clear and consistent decision-making process for the implementation of new investments in relation to compliance with the principles for investments, liquidity resources, ethical guidelines for investments and investment guidelines.

The three elements are described in detail below.

3.3.1 Principles

The foundation's assets are managed in accordance with the following principles:

- **Equity.** In principle, the life of the foundation is perpetual, and, over extended periods, the equity must at least follow the level of inflation and thus be maintained in real terms.
- **Returns.** The investments are made on a long-term basis and with a view to achieving a return commensurate with the market development for similar investments. The aim is thus not to "beat" the market.
- **Risk.** Investment risk is the prerequisite for achieving a higher return, and the foundation may therefore undertake investment risks, provided that these can be measured and checked and that the return is regarded as attractive in relation to the risk of loss.

Risk diversification. For historical reasons, the foundation has high exposure against Nordea Bank Abp. New investments will contribute to gradually reducing the investment risk in relation to Nordea Bank Abp and similar financial service providers (diversification).

- **Transparency.** Nordea-fonden wants openness and transparency about its investments, including the specific individual investments. Importance is attached to the possibility of accessing information in relation to corporate social responsibility, including environmental, social and governance (ESG).
- **Ethical guidelines for investments.** The Board lays down ethical guidelines for the foundation's investments. In addition, the foundation is participating in UN Global Compact. All the foundation's investments must comply with these guidelines. Investments are opted out of or – if possible – sold if the guidelines are not complied with.
- **Costs.** The foundation can influence investment costs and focuses on ensuring that they do not exceed the market level. Investment costs for active management must be justified by a higher expected return and/or lower risk and must be documented by the asset managers.
- **Resource consumption.** The focus of the administrative unit is on preparing proposals for the strategy and implementing the strategy, including finding investment opportunities and conducting due diligence with the involvement of external tax consultancy and legal advice. The specific investments are made through asset managers, investment associations and investment funds, while operations and the basis for reporting are generally handled through outsourcing.
- **Processes and governance.** The asset management is carried out using systematic processes and corporate governance principles, including focus on independence and competence.
Asset management agreements are entered into based on the foundation's general principles for selection of suppliers. This means that several asset managers are examined and assessed before the best asset manager is selected.
Likewise, all selected asset managers are monitored on an ongoing basis in relation to their performance and compliance with both ethical guidelines and other guidelines for investments.

3.2.2 Ethical guidelines for investments:

The foundation's investments must comply with the foundation's ethical guidelines for investments. Read the ethical guidelines [here](#).

In order to ensure transparency, the ethical guidelines for investments are published on the foundation's website.

As a non-profit commercial foundation, Nordea-fonden has been a participant in the UN Global Compact since 8 January 2020, and the foundation is thus committed – also in connection with its investments – to supporting the UN Global Compact's Ten Principles for human rights, labour rights, environment, and anti-corruption. Nordea-fonden publishes a report on its work on this every second year.

3.3.3 Investment guidelines

1. Liquidity reserve

In accordance with the Danish Act on Commercial Foundations, including sections 38 and 42, the Board is responsible for ensuring that sufficient liquid assets are available with a very high degree of certainty to cover the distributions decided in the foundation at any given time. The Board has decided that the liquidity requirement is that the liquid assets must be at least equal to the distributions made over the next nine months on an ongoing basis.

2. Investment framework

The foundation's investments must be made within the framework set by the Board for asset types and ESG classification (investment matrix) as well as in relation to the ethical guidelines: Our investment matrix is available [here](#) (Danish version).

The investment matrix is used actively in the collaboration between the Board, the IC and the administrative unit (management). At the IC's first meeting of the year, the investment focus for the coming year will be established.

3. Decision-making tree

For all new investments, a thorough and systematic review is made of the investment and the asset manager, and it is ensured that all requirements have been met. The review is supported by a decision-making tree.

The decision-making tree is included in the decision-making basis in connection with the administrative unit's recommendations for the implementation of specific investments to the Board and in connection with investment recommendations to the IC.

3.4. Reporting in the foundation

The implementation of the sub-strategy is monitored on an ongoing basis by the foundation's administrative unit with reporting to the Board.

The reporting includes compliance with the liquidity resources, investment framework status as well as the financial results achieved, and forms part of the quarterly financial information provided to the Board, with subsequent briefing at all meetings of the Board. In addition, there is fixed monthly reporting on returns.

The administrative unit elaborates on the reporting at all meetings of the IC, and the achieved return on the individual asset classes is thematically reviewed in a fixed cycle linked to the ICs

annual wheel.

The discussions may include an assessment of the need to strengthen the due diligence process for new potential asset managers and determination of critical conditions regarding current asset managers' results and governance.

Adopted by the Board on January 25, 2024.